

ANNUAL FINANCIAL REPORT
COCKE COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2015



DIVISION OF LOCAL GOVERNMENT AUDIT



**ANNUAL FINANCIAL REPORT
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FOR THE YEAR ENDED JUNE 30, 2015**

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

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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	31-34
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	C-2	35
Statement of Revenues, Expenditures, and Changes in Fund Balances	C-3	36-39
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-4	40
Statements of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Fund	C-5	41-43
Solid Waste/Sanitation Fund	C-6	44
Highway/Public Works Fund	C-7	45
Fiduciary Funds:		
Statement of Fiduciary Assets and Liabilities	D	46
Index and Notes to the Financial Statements		47-95
REQUIRED SUPPLEMENTARY INFORMATION:		96
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on Participation in the Public Employee Pension Plan of TCRS – Primary Government	E-1	97
Schedule of Contributions Based on Participation in the Public Employee Pension Plan of TCRS – Primary Government	E-2	98
Schedule of Contributions Based on Participation in the Teacher Retirement Plan of TCRS – Discretely Presented Cocke County School Department	E-3	99

	Exhibit	Page(s)
Schedule of Contributions Based on Participation in the Teacher Legacy Pension Plan of TCRS – Discretely Presented Cocke County School Department	E-4	100
Schedule of Proportionate Share of the Net Pension Asset in the Teacher Legacy Pension Plan of TCRS – Discretely Presented Cock County School Department	E-5	101
Schedule of Funding Progress – Other Postemployment Benefits Plans – Primary Government and Discretely Presented Cocke County School Department	E-6	102
Notes to the Required Supplementary Information		103
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		104
Nonmajor Governmental Funds:		105-106
Combining Balance Sheet	F-1	107-110
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	F-2	111-114
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
Industrial/Economic Development Fund	F-3	115
Drug Control Fund	F-4	116
Sports and Recreation Fund	F-5	117
Rural Debt Service Fund	F-6	118
Major Governmental Funds:		119
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget:		
General Debt Service Fund	G-1	120
General Capital Projects Fund	G-2	121
Fiduciary Funds:		122
Combining Statement of Fiduciary Assets and Liabilities	H-1	123
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	H-2	124-125
Component Unit:		
Discretely Presented Cocke County School Department:		126
Statement of Activities	I-1	127
Balance Sheet – Governmental Funds	I-2	128-129
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	I-3	130
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	I-4	131
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	I-5	132
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Purpose School Fund	I-6	133-134
School Federal Projects Fund	I-7	135
Central Cafeteria Fund	I-8	136
School Transportation Fund	I-9	137

	Exhibit	Page(s)
Statement of Fiduciary Net Position	I-10	138
Statement of Changes in Fiduciary Net Position	I-11	139
Miscellaneous Schedules:		140
Schedule of Changes in Long-term Notes, Other Loans, and Bonds	J-1	141-142
Schedule of Long-term Debt Requirements by Year	J-2	143-144
Schedule of Investments	J-3	145
Schedule of Transfers	J-4	146
Schedule of Salaries and Official Bonds of Principal Officials – Primary Government and Discretely Presented Cocke County School Department	J-5	147
Schedule of Detailed Revenues – All Governmental Fund Types	J-6	148-165
Schedule of Detailed Revenues – All Governmental Fund Types – Discretely Presented Cocke County School Department	J-7	166-169
Schedule of Detailed Expenditures – All Governmental Fund Types	J-8	170-188
Schedule of Detailed Expenditures – All Governmental Fund Types – Discretely Presented Cocke County School Department	J-9	189-199
Schedule of Detailed Receipts, Disbursements, and Changes in Cash Balances – City Agency Funds	J-10	200
 <u>SINGLE AUDIT SECTION</u>		 201
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>		 202-203
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		 204-206
Schedule of Expenditures of Federal Awards and State Grants		207-208
Schedule of Audit Findings Not Corrected		209
Schedule of Findings and Questioned Costs		210-213
Best Practice		214
Auditee Reporting Responsibilities		215

Summary of Audit Findings

Annual Financial Report
Cocke County, Tennessee
For the Year Ended June 30, 2015

Scope

We have audited the basic financial statements of Cocke County as of and for the year ended June 30, 2015.

Results

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

Our audit resulted in two 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

- ◆ Some park and recreation funds were not deposited within three days of collection.

OFFICE OF GENERAL SESSIONS COURT CLERK

- ◆ Duties were not segregated adequately.

INTRODUCTORY SECTION

Cocke County Officials

June 30, 2015

Officials

Crystal Ottinger, County Mayor
Kenneth Ford, Road Superintendent
Manney Moore, Director of Schools
Rob Mathis, Trustee
Margaret Sorrell, Assessor of Property
Jan Brockwell, 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

Clay Blazer, Chairman
Calvin Ball
Terry Dawson
Clayton Ellison
Mitch Fine
Robert Green
Melinda Henderson

Ben Hicks
Cindy Holt
Jimmy Lindsey
Scott McClure
Lonnie Ottinger
Gwen Roach
Andy Tritt

Highway Commission

Ronald Blazer, Chairman
Randy Dyke
Kenneth Hall
Ricky McGaha

Chuck Smithpeters
Jack Smith
Willard Taylor

Board of Education

Richard Coggins, Chairman
Darrin Costner
John Johnson
Dr. Kenneth Johnson

Rose Lovell
Darla Morgan
Pat Proffitt

Audit Committee

Andy Tritt, Chairman
Clay Blazer
Terry Dawson
Clayton Ellison

Mitch Fine
Robert Green
Melinda Henderson

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
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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, 2015, 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, 2015, 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. 68, *Accounting and Financial Reporting for Pensions*; GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*; and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

Emphasis of Matter

We draw attention to Note I.D.10 to the financial statements, which describes a restatement decreasing the beginning Governmental Activities net position by \$142,320 for the primary government and \$6,238,723 for the discretely presented Cocke County School Department on the Government-wide Statement of Activities. These restatements were necessary because of the transitional requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

We also draw attention to Note I.D.9 to the financial statements, which describes a prior-period adjustment decreasing the beginning Governmental Activities net position of the primary government by \$128,400. This adjustment was necessary to correctly reflect the liability for postclosure care costs at the county's closed landfill. 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 schedule of changes in the county's net pension liability and related ratios, schedule of county contributions, schedule of school's proportionate share of the net pension liability, and schedule of funding progress - other postemployment benefits plans on pages 97-103 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, the General Debt Service Fund, and the General Capital Projects 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, the General Debt Service Fund, and the General Capital Projects 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, the General Debt Service Fund, and the General Capital Projects Fund, combining and individual fund financial statements of the Cocke County School

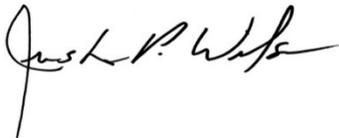
Department (a discretely presented component unit), and miscellaneous schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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 December 10, 2015, 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,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

December 10, 2015

JPW/sb

**Cocke County, Tennessee
Management's Discussion and Analysis
For the Year Ended June 30, 2015**

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, 2015. In addition, this discussion and analysis includes an overview of the financial performance of the discretely presented Cocke County School Department which is a component unit of Cocke County. 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 assets and deferred outflows of resources of Cocke County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by approximately \$1.1 million (net position). However, it should be noted that the financial statements of Cocke County included debt of approximately \$12.8 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.
- Cocke County's total net position increased by approximately \$2.2 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 \$5.4 million. This decrease in net position was due primarily to a restatement decreasing beginning net position by \$6.2 million for liabilities of the pension agent plans and pension cost-sharing plans. Pension liabilities or assets are required to be reflected in the financial statements.
- At the close of the fiscal year, Cocke County's governmental funds reported approximately \$10.9 million in total combined fund balances; this is an approximate increase of \$.2 million from the previous period. Of this amount, approximately \$1.2 represents funds that are available for spending (assigned and unassigned). The discretely presented Cocke County School Department's governmental funds reported approximately \$ 8.1 million; this is an increase of \$.4 million over the previous period.
- The total debt (bonds, other loans, and notes payable) of Cocke County, Tennessee, decreased by approximately \$2.4 million or 7.4 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, General Debt Service, and General Capital Projects 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 four 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 2015 and a comparison to the prior year.

Table 1

	STATEMENT OF NET POSITION			
	Cocke County		Discretely Presented	
	Primary Government		Cocke County School Department	
	2015	2014	2015	2014
Assets				
Current and Other Assets	\$ 24,402,067	\$ 22,170,049	\$ 16,845,838	\$ 13,628,169
Capital Assets	19,546,351	20,665,255	21,526,241	23,239,653
Total Assets	\$ 43,948,418	\$ 42,835,304	\$ 38,372,079	\$ 36,867,822
Total Deferred Outflows of Resources	\$ 823,776	\$ 147,315	\$ 2,359,961	\$ 0
Liabilities				
Long-term Liabilities				
Outstanding	\$ 30,854,545	\$ 33,240,729	\$ 6,702,264	\$ 6,437,319
Other Liabilities	1,218,821	768,758	2,049,945	1,377,243
Total Liabilities	\$ 32,073,366	\$ 34,009,487	\$ 8,752,209	\$ 7,814,562
Total Deferred Inflows of Resources	\$ 11,615,074	\$ 10,130,349	\$ 12,375,435	\$ 4,054,449

Table 1 (Cont.)

	STATEMENT OF NET POSITION			
	Cocke County		Discretely Presented	
	Primary Government		Cocke County	
	2015	2014	2015	2014
Net Position:				
Net Investment in Capital				
Assets	\$ 6,260,980	\$ 7,200,300	\$ 21,523,241	\$ 23,239,653
Restricted	3,665,990	4,192,811	1,923,214	1,246,304
Unrestricted	(8,843,216)	(12,550,328)	(3,842,059)	512,854
Total Net Position	<u>\$ 1,083,754</u>	<u>\$ (1,157,217)</u>	<u>\$ 19,604,396</u>	<u>\$ 24,998,811</u>

The largest portion of Cocke County's and the discretely presented Cocke County School Department's net position, \$6.3 million and \$21.5 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 of \$3.7 million and \$1.9 million, respectively, 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 2015 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 \$2.5 million. A 1.6 percent decline in revenue from the previous year was offset by a 2.6 percent reduction in expenses from the previous year. Other significant differences affecting changes in net position between 2015 and 2014 was a prior-period adjustment for landfill post-closure costs which decreased net position by \$.1 million and a restatement of net position due to pension liability which decreased net position by an additional \$.15 million.

Table 2

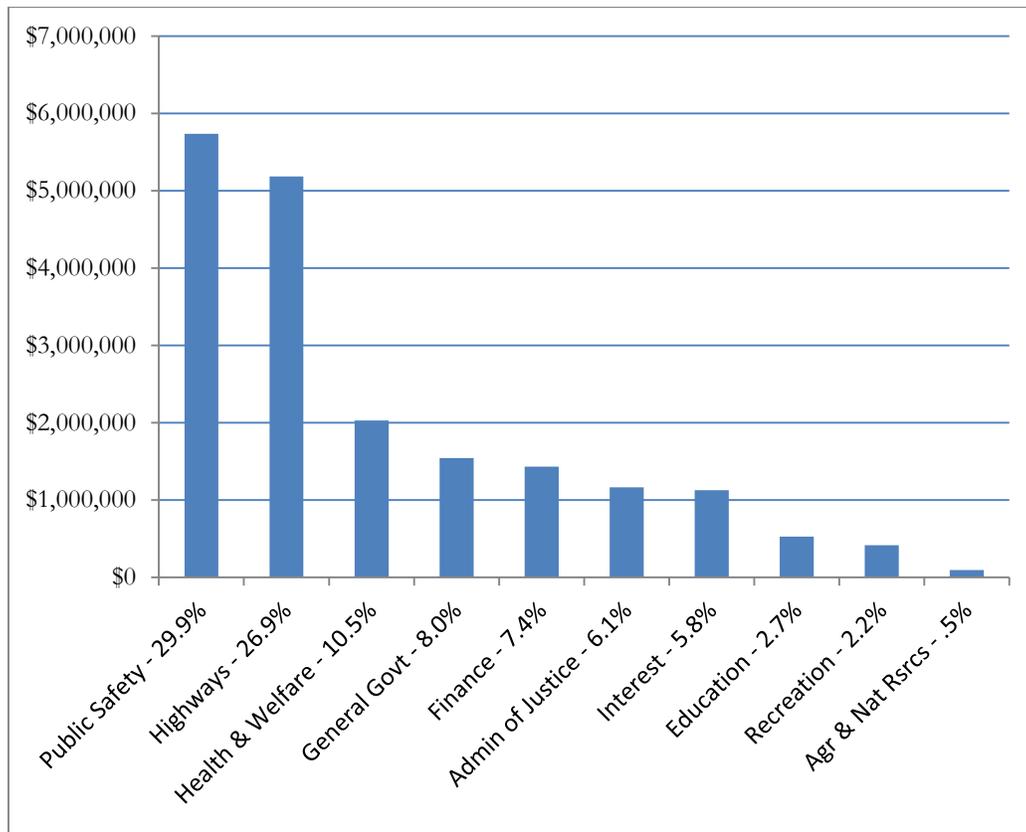
	CHANGES IN NET POSITION			
	Coke County		Discretely Presented	
	Primary Government		Coke County	
	2015	2014	2015	2014
Revenues				
Program Revenues				
Charges for Service	\$ 3,314,344	\$ 3,108,088	\$ 295,959	\$ 600,644
Operating Grants and Contributions	2,520,361	2,829,288	6,922,574	6,687,509
Capital Grants and Contributions	85,731	843,152	546,647	660,519
General Revenues				
Property Taxes	10,350,450	10,074,660	4,209,568	4,150,900
Sales Taxes	1,895,923	1,940,690	3,361,241	3,436,841
Other Taxes	1,160,466	1,132,433	81,071	95,078
Grants and Contributions Not Restricted to Specific Programs	2,101,127	2,050,308	25,431,408	25,757,356
Unrestricted Investment Income	37,907	35,062	54,115	52,376
Miscellaneous	190,837	96,308	61,221	82,542
Pension Income	101,372	0	227,875	2,847
Total Revenues	\$ 21,758,518	\$ 22,109,989	\$ 41,191,679	\$ 41,526,612
Expenses				
General Government	\$ 1,542,294	\$ 2,424,766	\$ 0	\$ 0
Finance	1,429,762	1,357,288	0	0
Administration of Justice	1,164,717	1,159,399	0	0
Public Safety	5,737,676	5,680,264	0	0
Public Health and Welfare	2,026,226	1,991,670	0	0
Social, Cultural, and Recreational Services	415,542	410,745	0	0
Agriculture and Natural Resources	92,799	76,528	0	0
Other Operations	0	0	0	0
Highways	5,185,407	4,717,019	0	0
Education	527,155	632,354	40,347,371	42,533,070
Interest	1,125,249	1,307,728	0	0
Other Debt Service	0	0	0	0
Total Expenses	\$ 19,246,827	\$ 19,757,761	\$ 40,347,371	\$ 42,533,070
Change in Net Position	\$ 2,511,691	\$ 2,352,228	\$ 844,308	\$ (1,006,458)
Net Position, July 1, 2014	(1,157,217)	(3,509,445)	24,998,811	26,005,269
Prior-period Adjustment:				
Landfill Postclosure Costs	(128,400)			
Restatement - Pension Liability	(142,320)		(6,238,723)	0
Net Position, June 30	\$ 1,083,754	\$ (1,157,217)	\$ 19,604,396	\$ 24,998,811

Governmental Program Expense

Public Safety expenses of \$5.7 million and Highway expenses of \$5.2 million are the largest expenses of Cocke County, the primary government. When combined, these two activities comprise 56.8% of the total expenses of county government. Of this amount, \$.6 million was recovered through charges for services, and \$2.2 million from operating and capital grants and contributions. The remainder of these activities, over \$8.1 million, was funded with general government revenues such as property and sales taxes.

The following chart illustrates how the program expenses of Cocke 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 \$2,691,219 and \$1,923,214, 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 \$6,886,217 and \$1,242,446, 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 \$952,398 and \$3,435,228, 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 \$ 281,300 and \$1,535,887, 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, 2015, Cocke County’s governmental funds reported combined ending fund balances of \$10.9 million, an increase of \$.2 million in comparison with the prior year. The discretely presented Cocke County School Department’s governmental funds reported fund balances of \$8.1, million, an increase of \$.4 million in comparison with the prior year.

BUDGETARY HIGHLIGHTS

General Fund Budgetary Highlights

During the fiscal year, there were increases in appropriations from the original budget totaling \$602,977 or 5.22 percent of the original budget as compared to \$651,093 or 5.69 percent of the previous year’s budget. These changes are summarized as follows:

Table 3

GENERAL FUND BUDGET AMENDMENTS

	<u>Original</u>	<u>Amended</u>	<u>Increase (Decrease)</u>
Appropriations			
General Government	\$ 1,174,567	\$ 1,239,604	\$ 65,037
Finance	952,584	1,219,000	266,416
Administration of Justice	1,185,827	1,246,339	60,512
Public Safety	5,598,301	5,791,013	192,712
Public Health and Welfare	518,733	545,930	27,197
Social, Cultural, and Recreational Services	355,855	363,577	7,722
Agriculture and Natural Resources	92,500	92,500	0
Other Operations	1,297,342	1,287,423	(9,919)
Highways	108,170	101,470	(6,700)
Transfers Out	254,900	254,900	0
Total Appropriations	<u>\$ 11,538,779</u>	<u>\$ 12,141,756</u>	<u>\$ 602,977</u>

The increase in appropriations in Finance reflects that the Cocke County Clerk elected to adopt the “budget” or “salary” system to pay the salaries of the County Clerk’s office. Under this method, the clerk pays over to the trustee the fees, commissions and charges collected by the office on a monthly basis and in turn the expenses of the office including the salary of the official, the deputies, and the assistants are reflected in the budget. 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 \$328,631 or .9 percent of the original budget as compared to an increase of \$1,172,149 or 3.4 percent of the previous year's budget.

At the close of the fiscal year, actual expenditures were \$3.6 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, 2015, totaled \$6.3 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, 2015, totaled \$21.5 million (net of accumulated depreciation).

Note IV.B. (Capital Assets) provides capital assets activity during the 2015 fiscal year.

Long-term Debt

Table 4

	LONG-TERM DEBT AND LIABILITIES			
	Cocke County		Discretely Presented	
	Primary Government		Cocke County	
	2015	2014	2015	2014
Bonds	\$ 23,790,000	\$ 25,685,000	\$ 0	\$ 0
Notes	71,428	155,190	0	0
Other Loans - City of Newport (Utilities)	1,820,692	1,889,698	0	0
Other Loans - QSCB	4,241,494	4,589,365	0	0
Landfill Postclosure Care Costs	129,895	8,040	0	0
Unamortized Premium on Debt	399,680	528,319		
Other Postemployment Benefits	401,356	385,117	6,443,904	6,229,319
Termination Benefits	0	0	258,360	208,000
Total Long-term Debt	\$ 30,854,545	\$ 33,240,729	\$ 6,702,264	\$ 6,437,319

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 \$29.9 million. Cocke County maintains a rating of “A+” from Standards and Poor’s for general obligation debt. Debt per capita, including bonds, notes, and other loans, totaled \$845 based on the 2010 census for county residents living outside the Newport School District and \$814 for residents living inside the Newport School District. This was a decrease in per capita debt from year ended 2014 of \$914 and \$874, respectively.

In addition to these loan agreements, Cocke County’s other long-term obligations include landfill postclosure care costs other postemployment benefits, and unamortized debt premium that is being amortized over the life of the applicable debt issue. Additional information on the county’s long-term debt can be found in Note IV.D. of this report. Note V.F. discusses landfill closure/postclosure costs, and Note V.J. 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, 2016, on August 31, 2015. As in prior years, many factors were considered when adopting this budget, including continuing uncertainty in the county’s economic outlook and low interest earnings on invested funds, which affect various revenue categories and limit options for tax growth.

2015 was a property tax reappraisal year for Cocke County. Cocke County adopted the certified tax rate as calculated by the Tennessee State Board of Equalization. The tax rate increased to \$2.58 from \$2.40 reflecting an overall decline in property values throughout the county. The distribution of the tax rate was left unchanged on a percentage basis. The distribution for the 2015 and 2014 tax years are shown below:

Table 5

DISTRIBUTION OF THE PROPERTY TAX RATE

Fund	2015		2014	
	Rate	Ratio	Rate	Ratio
General	\$ 0.9594	37.08%	\$ 0.890	37.08%
Solid Waste/Sanitation	0.2156	8.33%	0.200	8.33%
Economic Development	0.0162	0.63%	0.015	0.63%
Highway/Public Works	0.2857	11.04%	0.265	11.04%
General Purpose School	0.5767	22.29%	0.535	22.29%
School Transportation	0.2264	8.75%	0.210	8.75%
General Debt Service	0.1994	7.71%	0.185	7.71%
General Capital Projects	0.1078	4.17%	0.100	4.17%
Total	\$ 2.5872	100.00%	\$ 2.400	100.00%

The unemployment rate for Cocke County as of September 2015 was 8.3 percent. For that same time period, the state's average unemployment rate was 5.7 percent and the national unemployment average was 4.9 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, 2015

	Primary Government Governmental Activities	Component Unit Cocke County School Department
<u>ASSETS</u>		
Cash	\$ 39,274	\$ 2,000,587
Equity in Pooled Cash and Investments	11,126,583	7,038,806
Investments	51,954	0
Accounts Receivable	85,691	131,110
Due from Other Governments	1,039,209	814,375
Due from Primary Government	0	522,695
Property Taxes Receivable	11,095,403	4,519,893
Allowance for Uncollectible Property Taxes	(555,598)	(226,332)
Prepaid Items	53,932	0
Unamortized Discount on Debt	161,436	0
Net Pension Asset - Agent Plan	1,304,183	1,970,191
Net Pension Asset - Cost-sharing Plan	0	74,513
Capital Assets:		
Assets Not Depreciated:		
Land	1,081,183	601,292
Construction in Progress	0	75,495
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	2,288,739	17,707,381
Other Capital Assets	2,907,876	3,047,993
Infrastructure	13,268,553	94,080
Total Assets	<u>\$ 43,948,418</u>	<u>\$ 38,372,079</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Charge on Refunding	\$ 121,970	\$ 0
Pension Changes in Experience	0	180,900
Pension Contributions After Measurement Date	701,806	2,179,061
Total Deferred Outflows of Resources	<u>\$ 823,776</u>	<u>\$ 2,359,961</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 461,295	\$ 48,648
Accrued Payroll	0	710
Payroll Deductions Payable	95,415	0
Accrued Interest Payable	139,016	0
Due to Component Units	522,695	0
Due to State of Tennessee	400	0
Other Current Liabilities	0	2,000,587

(Continued)

Exhibit A

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

	Primary Government Governmental Activities	Component Unit Cocke County School Department
<u>LIABILITIES (CONT.)</u>		
Noncurrent Liabilities:		
Due Within One Year	\$ 2,430,573	\$ 8,612
Due in More Than One Year (net of unamortized premium on debt)	28,423,972	6,693,652
Total Liabilities	<u>\$ 32,073,366</u>	<u>\$ 8,752,209</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 10,160,349	\$ 4,138,983
Deferred Credit on Refunding	109,594	0
Pension Changes in Experience	383,291	579,027
Pension Changes in Investment Earnings	961,840	7,592,442
Pension Other Deferrals	0	64,983
Total Deferred Inflows of Resources	<u>\$ 11,615,074</u>	<u>\$ 12,375,435</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 6,260,980	\$ 21,526,241
Restricted for:		
General Government	10,860	0
Finance	44,334	0
Administration of Justice	1,335,774	0
Public Safety	188,697	0
Other Operations	265,634	0
Highways	382,983	0
Debt Service	396,870	0
Education	0	1,923,214
Capital Projects	379,980	0
Other Purposes	660,858	0
Unrestricted	<u>(8,843,216)</u>	<u>(3,845,059)</u>
Total Net Position	<u>\$ 1,083,754</u>	<u>\$ 19,604,396</u>

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

Exhibit B

Coke County, Tennessee
 Statement of Activities
 For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component
					Total Governmental Activities	Unit Coke County School Department
Primary Government:						
Governmental Activities:						
General Government	\$ 1,542,294	\$ 251,408	\$ 24,019	\$ 0	\$ (1,266,867)	\$ 0
Finance	1,429,762	861,293	0	0	(568,469)	0
Administration of Justice	1,164,717	1,153,194	15,820	0	4,297	0
Public Safety	5,737,676	627,945	378,514	15,821	(4,715,396)	0
Public Health and Welfare	2,026,226	50,109	321,081	58,825	(1,596,211)	0
Social, Cultural, and Recreational Services	415,542	367,043	2,963	11,085	(34,451)	0
Agriculture and Natural Resources	92,799	0	0	0	(92,799)	0
Highways	5,185,407	3,352	1,777,964	0	(3,404,091)	0
Education	527,155	0	0	0	(527,155)	0
Interest on Long-term Debt	1,125,249	0	0	0	(1,125,249)	0
Total Primary Government	\$ 19,246,827	\$ 3,314,344	\$ 2,520,361	\$ 85,731	\$ (13,326,391)	\$ 0
Component Unit:						
Coke County School Department	\$ 40,347,371	\$ 295,959	\$ 6,922,574	\$ 546,647	\$ 0	\$ (32,582,191)
Total Component Unit	\$ 40,347,371	\$ 295,959	\$ 6,922,574	\$ 546,647	\$ 0	\$ (32,582,191)

(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	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component
					Governmental Total Activities	Unit Cocke County School Department
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					\$ 5,559,468	\$ 2,898,655
Property Taxes Levied for Development					96,585	0
Property Taxes Levied for Highway/Public Works					1,659,031	0
Property Taxes Levied for Public Health and Welfare					1,247,328	0
Property Taxes Levied for School Transportation					0	1,310,913
Property Taxes Levied for Debt Service					1,163,348	0
Property Taxes for Capital Outlay					624,690	0
Local Option Sales Taxes					1,895,923	3,361,241
Hotel/Motel Tax					241,708	0
Litigation Tax - General					28,986	0
Litigation Tax - Special Purpose					4,341	0
Litigation Tax - Jail, Workhouse, Courthouse					206,023	0
Litigation Tax - Courthouse Security					15,173	0
Business Tax					264,075	0
Mineral Severance Tax					72,604	0
Wholesale Beer Tax					233,109	0
Mixed Drink Tax					2,015	0
Interstate Telecommunications Tax					1,015	0
Other Local Taxes					91,417	81,071
Grants and Contributions Not Restricted to Specific Programs					2,101,127	25,431,408
Unrestricted Investment Income					37,907	54,115
Miscellaneous					190,837	61,221
Pension Income					101,372	227,875
Total General Revenues					\$ 15,838,082	\$ 33,426,499
Change in Net Position						
Net Position, July 1, 2014					\$ 2,511,691	\$ 844,308
Prior-period Adjustment - Landfill Postclosure Care Costs (See Note I.D.9)					(1,157,217)	24,998,811
Restatement - Pension Liability (See Note I.D.10)					(128,400)	0
					(142,320)	(6,238,723)
Net Position, June 30, 2015					\$ 1,083,754	\$ 19,604,396

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, 2015

	Major Funds				
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	General Capital Projects
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Equity in Pooled Cash and Investments	2,475,003	368,613	1,215,837	5,503,896	825,260
Investments	0	0	0	0	0
Accounts Receivable	73,960	2,620	0	0	0
Due from Other Governments	363,550	0	355,006	264,078	56,575
Due from Other Funds	10,146	0	0	0	0
Property Taxes Receivable	5,966,712	1,340,835	1,776,605	1,240,272	670,417
Allowance for Uncollectible Property Taxes	(298,781)	(67,142)	(88,963)	(62,107)	(33,570)
Prepaid Items	0	0	0	53,932	0
Total Assets	\$ 8,590,590	\$ 1,644,926	\$ 3,258,485	\$ 7,000,071	\$ 1,518,682
<u>LIABILITIES</u>					
Accounts Payable	\$ 99,179	\$ 109,498	\$ 128,211	\$ 0	\$ 117,268
Payroll Deductions Payable	80,689	2,216	12,510	0	0
Due to Other Funds	0	0	0	0	0
Due to Component Units	0	0	0	0	522,695
Due to State of Tennessee	400	0	0	0	0
Total Liabilities	\$ 180,268	\$ 111,714	\$ 140,721	\$ 0	\$ 639,963
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 5,463,873	\$ 1,227,837	\$ 1,626,883	\$ 1,135,749	\$ 613,919
Deferred Delinquent Property Taxes	186,942	42,010	55,663	38,858	21,005
Other Deferred/Unavailable Revenue	166,141	0	174,865	142,593	0
Total Deferred Inflows of Resources	\$ 5,816,956	\$ 1,269,847	\$ 1,857,411	\$ 1,317,200	\$ 634,924

(Continued)

Exhibit C-1

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

	Major Funds				
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	General Capital Projects
<u>FUND BALANCES</u>					
Nonspendable:					
Prepaid Items	\$ 0	\$ 0	\$ 0	\$ 53,932	\$ 0
Restricted:					
Restricted for General Government	10,860	0	0	0	0
Restricted for Finance	6,095	0	0	0	0
Restricted for Administration of Justice	1,335,774	0	0	0	0
Restricted for Public Safety	6,939	0	0	0	0
Restricted for Other Operations	0	0	0	0	0
Restricted for Highways/Public Works	0	0	223,817	0	0
Restricted for Debt Service	0	0	0	337,613	0
Restricted for Capital Projects	0	0	0	0	243,795
Committed:					
Committed for Public Health and Welfare	0	263,365	0	0	0
Committed for Social, Cultural, and Recreational Services	0	0	0	0	0
Committed for Other Operations	0	0	0	0	0
Committed for Highways/Public Works	0	0	1,036,536	0	0
Committed for Debt Service	0	0	0	5,291,326	0
Assigned:					
Assigned for Other Purposes	952,398	0	0	0	0
Unassigned	281,300	0	0	0	0
Total Fund Balances	\$ 2,593,366	\$ 263,365	\$ 1,260,353	\$ 5,682,871	\$ 243,795
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 8,590,590	\$ 1,644,926	\$ 3,258,485	\$ 7,000,071	\$ 1,518,682

(Continued)

Exhibit C-1

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

	<u>Nonmajor Funds</u>		<u>Total Governmental Funds</u>
	Other Govern- mental Funds		Governmental Funds
<u>ASSETS</u>			
Cash	\$ 39,274	\$	39,274
Equity in Pooled Cash and Investments	737,974		11,126,583
Investments	51,954		51,954
Accounts Receivable	9,111		85,691
Due from Other Governments	0		1,039,209
Due from Other Funds	0		10,146
Property Taxes Receivable	100,562		11,095,403
Allowance for Uncollectible Property Taxes	(5,035)		(555,598)
Prepaid Items	0		53,932
	<hr/>		<hr/>
Total Assets	\$ 933,840	\$	22,946,594
<u>LIABILITIES</u>			
Accounts Payable	\$ 7,139	\$	461,295
Payroll Deductions Payable	0		95,415
Due to Other Funds	10,146		10,146
Due to Component Units	0		522,695
Due to State of Tennessee	0		400
Total Liabilities	<hr/>	\$	1,089,951
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 92,088	\$	10,160,349
Deferred Delinquent Property Taxes	3,151		347,629
Other Deferred/Unavailable Revenue	0		483,599
Total Deferred Inflows of Resources	<hr/>	\$	10,991,577

(Continued)

Exhibit C-1

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

	<u>Nonmajor Funds</u>		<u>Total Governmental Funds</u>
	Other		
	Govern- mental		
	Funds		
<u>FUND BALANCES</u>			
Nonspendable:			
Prepaid Items	\$	0	\$ 53,932
Restricted:			
Restricted for General Government		0	10,860
Restricted for Finance		38,239	44,334
Restricted for Administration of Justice		0	1,335,774
Restricted for Public Safety		93,603	100,542
Restricted for Other Operations		262,483	262,483
Restricted for Highways/Public Works		0	223,817
Restricted for Debt Service		16,821	354,434
Restricted for Capital Projects		115,180	358,975
Committed:			
Committed for Public Health and Welfare		0	263,365
Committed for Social, Cultural, and Recreational Services		7,348	7,348
Committed for Other Operations		287,642	287,642
Committed for Highways/Public Works		0	1,036,536
Committed for Debt Service		0	5,291,326
Assigned:			
Assigned for Other Purposes		0	952,398
Unassigned		0	281,300
Total Fund Balances	\$	821,316	\$ 10,865,066
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$	933,840	\$ 22,946,594

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, 2015

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)		\$ 10,865,066
(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	13,268,553	
Add: buildings and improvements net of accumulated depreciation	2,288,739	
Add: other capital assets net of accumulated depreciation	<u>2,907,876</u>	19,546,351
(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	\$ (71,428)	
Less: other loans payable	(6,062,186)	
Less: bonds payable	(23,790,000)	
Less: deferred credit on refunding	(109,594)	
Add: deferred charge on refunding	121,970	
Add: unamortized discount on debt	161,436	
Less: other postemployment benefits liability	(401,356)	
Less: landfill postclosure care costs	(129,895)	
Less: other deferred revenue - premium on debt	(399,680)	
Less: accrued interest on bonds, notes, and other loans payable	<u>(139,016)</u>	(30,819,749)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years.		
Add: deferred outflows of resources related to pensions	\$ 701,806	
Less: deferred inflows of resources related to pensions	<u>(1,345,131)</u>	(643,325)
(4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.		1,304,183
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>831,228</u>
Net position of governmental activities (Exhibit A)		<u>\$ 1,083,754</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, 2015

	Major Funds				
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	General Capital Projects
<u>Revenues</u>					
Local Taxes	\$ 7,407,032	\$ 1,312,051	\$ 1,822,635	\$ 2,648,911	\$ 656,177
Licenses and Permits	127,731	0	0	0	0
Fines, Forfeitures, and Penalties	217,268	0	0	0	0
Charges for Current Services	426,165	19,098	0	0	0
Other Local Revenues	106,827	39,117	16,800	37,605	0
Fees Received from County Officials	1,403,014	0	0	0	0
State of Tennessee	1,185,320	101,181	1,943,382	58,648	31,702
Federal Government	525,025	0	20,476	38,090	56,575
Other Governments and Citizens Groups	91,105	0	0	249,109	0
Total Revenues	\$ 11,489,487	\$ 1,471,447	\$ 3,803,293	\$ 3,032,363	\$ 744,454
<u>Expenditures</u>					
Current:					
General Government	\$ 1,093,053	\$ 0	\$ 0	\$ 0	\$ 0
Finance	1,097,687	0	0	0	0
Administration of Justice	1,142,076	0	0	0	0
Public Safety	5,534,365	0	0	0	0
Public Health and Welfare	467,505	1,464,710	0	0	0
Social, Cultural, and Recreational Services	348,757	0	0	0	0
Agriculture and Natural Resources	92,799	0	0	0	0
Other Operations	1,206,877	0	0	0	13,419
Highways	92,645	0	3,848,352	0	0
Debt Service:					
Principal on Debt	0	0	0	2,056,634	0
Interest on Debt	0	0	0	1,184,165	0
Other Debt Service	0	0	0	52,156	0

(Continued)

Exhibit C-3

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

	Major Funds				
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	General Capital Projects
<u>Expenditures (Cont.)</u>					
Capital Projects	\$ 0	\$ 0	\$ 0	\$ 0	\$ 734,651
Total Expenditures	\$ 11,075,764	\$ 1,464,710	\$ 3,848,352	\$ 3,292,955	\$ 748,070
Excess (Deficiency) of Revenues Over Expenditures	\$ 413,723	\$ 6,737	\$ (45,059)	\$ (260,592)	\$ (3,616)
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 25,915	\$ 0	\$ 4,495	\$ 0	\$ 0
Transfers In	0	0	0	250,681	0
Transfers Out	(254,581)	0	0	0	0
Total Other Financing Sources (Uses)	\$ (228,666)	\$ 0	\$ 4,495	\$ 250,681	\$ 0
Net Change in Fund Balances	\$ 185,057	\$ 6,737	\$ (40,564)	\$ (9,911)	\$ (3,616)
Fund Balance, July 1, 2014	2,408,309	256,628	1,300,917	5,692,782	247,411
Fund Balance, June 30, 2015	\$ 2,593,366	\$ 263,365	\$ 1,260,353	\$ 5,682,871	\$ 243,795

(Continued)

Exhibit C-3

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

	Nonmajor Funds		Total Governmental Funds
	Other	Govern- mental	
	Funds	Funds	Funds
<u>Revenues</u>			
Local Taxes	\$ 100,566	\$	13,947,372
Licenses and Permits	0		127,731
Fines, Forfeitures, and Penalties	212,127		429,395
Charges for Current Services	293,069		738,332
Other Local Revenues	89,634		289,983
Fees Received from County Officials	0		1,403,014
State of Tennessee	4,755		3,324,988
Federal Government	0		640,166
Other Governments and Citizens Groups	307,613		647,827
Total Revenues	<u>\$ 1,007,764</u>	<u>\$</u>	<u>21,548,808</u>
<u>Expenditures</u>			
Current:			
General Government	\$ 0	\$	1,093,053
Finance	327,428		1,425,115
Administration of Justice	20,953		1,163,029
Public Safety	155,181		5,689,546
Public Health and Welfare	0		1,932,215
Social, Cultural, and Recreational Services	28,380		377,137
Agriculture and Natural Resources	0		92,799
Other Operations	0		1,220,296
Highways	0		3,940,997
Debt Service:			
Principal on Debt	339,006		2,395,640
Interest on Debt	106,656		1,290,821
Other Debt Service	0		52,156

(Continued)

Exhibit C-3

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

	Nonmajor Funds		Total Governmental Funds
	Other Govern- mental Funds		
<hr/>			
<u>Expenditures (Cont.)</u>			
Capital Projects	\$ 4,750	\$	739,401
Total Expenditures	<u>\$ 982,354</u>	<u>\$</u>	<u>21,412,205</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 25,410</u>	<u>\$</u>	<u>136,603</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 548	\$	30,958
Transfers In	3,900		254,581
Transfers Out	0		(254,581)
Total Other Financing Sources (Uses)	<u>\$ 4,448</u>	<u>\$</u>	<u>30,958</u>
Net Change in Fund Balances	\$ 29,858	\$	167,561
Fund Balance, July 1, 2014	791,458		10,697,505
Fund Balance, June 30, 2015	<u>\$ 821,316</u>	<u>\$</u>	<u>10,865,066</u>

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, 2015

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)		\$	167,561
(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	\$	486,111	
Less: current-year depreciation expense		<u>(1,605,015)</u>	(1,118,904)
(2) 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, 2015	\$	831,228	
Less: deferred delinquent property taxes and other deferred June 30, 2014		<u>(710,555)</u>	120,673
(3) 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	\$	1,895,000	
Add: principal payments on notes		83,762	
Add: principal payments on other loans		416,877	
Less: change in discount on debt issuances		(12,456)	
Add: change in premium on debt issuances		128,639	
Less: change in deferred charge on refunding		(25,345)	
Add: change in deferred credit on refunding		68,204	
Less: change in receivable for debt to be retired by School Department		<u>(12,566)</u>	2,542,115
(4) 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	\$	6,762	
Change in other postemployment benefits liability		(16,239)	
Change in landfill postclosure care costs		6,545	
Change in net pension liability/asset		1,446,503	
Change in deferred outflows related to pensions		701,806	
Change in deferred inflows related to pensions		<u>(1,345,131)</u>	800,246
Change in net position of governmental activities (Exhibit B)			<u>\$ 2,511,691</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, 2015

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 7,407,032	\$ 0	\$ 0	\$ 7,407,032	\$ 7,194,454	\$ 7,344,454	\$ 62,578
Licenses and Permits	127,731	0	0	127,731	117,200	117,200	10,531
Fines, Forfeitures, and Penalties	217,268	0	0	217,268	105,380	133,720	83,548
Charges for Current Services	426,165	0	0	426,165	408,200	410,084	16,081
Other Local Revenues	106,827	0	0	106,827	48,000	79,496	27,331
Fees Received from County Officials	1,403,014	0	0	1,403,014	920,000	1,191,491	211,523
State of Tennessee	1,185,320	0	0	1,185,320	1,149,563	1,153,579	31,741
Federal Government	525,025	0	0	525,025	496,379	629,766	(104,741)
Other Governments and Citizens Groups	91,105	0	0	91,105	89,000	89,000	2,105
Total Revenues	\$ 11,489,487	\$ 0	\$ 0	\$ 11,489,487	\$ 10,528,176	\$ 11,148,790	\$ 340,697
Expenditures							
General Government							
County Commission	\$ 79,406	\$ 0	\$ 0	\$ 79,406	\$ 91,069	\$ 95,789	\$ 16,383
Board of Equalization	4,300	0	0	4,300	6,600	6,600	2,300
Beer Board	6,542	0	0	6,542	8,150	8,150	1,608
Other Boards and Committees	2,864	0	0	2,864	4,860	4,860	1,996
County Mayor/Executive	191,357	0	0	191,357	199,327	199,327	7,970
County Attorney	35,805	0	0	35,805	41,670	41,670	5,865
Election Commission	193,207	0	0	193,207	213,943	214,314	21,107
Register of Deeds	214,013	0	0	214,013	228,215	228,215	14,202
Development	11,250	0	0	11,250	11,250	11,250	0
County Buildings	216,307	0	0	216,307	224,500	284,329	68,022
Other General Administration	83,042	0	0	83,042	89,000	89,117	6,075
Preservation of Records	54,960	0	0	54,960	55,983	55,983	1,023
Finance							
Accounting and Budgeting	223,418	0	0	223,418	254,529	254,529	31,111
Property Assessor's Office	362,345	0	0	362,345	383,014	394,414	32,069
Reappraisal Program	37,922	0	0	37,922	60,320	48,920	10,998
County Trustee's Office	71,351	0	0	71,351	79,635	79,760	8,409
County Clerk's Office	402,651	0	0	402,651	175,086	441,377	38,726

(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)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Administration of Justice</u>							
Circuit Court	\$ 386,562	\$ 0	\$ 30,809	\$ 417,371	\$ 459,255	\$ 459,255	\$ 41,884
General Sessions Court	393,252	0	0	393,252	402,515	413,294	20,042
Drug Court	22,506	0	0	22,506	0	22,506	0
Chancery Court	250,566	0	0	250,566	256,679	256,679	6,113
Juvenile Court	34,900	0	0	34,900	38,288	38,288	3,388
Judicial Commissioners	27,063	0	0	27,063	29,090	29,090	2,027
Victims Assistance Programs	27,227	0	0	27,227	0	27,227	0
<u>Public Safety</u>							
Sheriff's Department	2,688,810	0	0	2,688,810	2,577,514	2,725,934	37,124
Special Patrols	137,610	0	0	137,610	138,001	138,001	391
Administration of the Sexual Offender Registry	1,696	0	0	1,696	0	3,376	1,680
Jail	1,364,642	0	0	1,364,642	1,414,886	1,433,850	69,208
Juvenile Services	199,105	0	0	199,105	223,766	223,766	24,661
Fire Prevention and Control	953,392	(5,596)	6,477	954,273	1,042,790	1,042,790	88,517
Civil Defense	65,719	0	0	65,719	76,084	76,084	10,365
Inspection and Regulation	5,060	0	0	5,060	5,980	5,980	920
County Coroner/Medical Examiner	59,365	0	0	59,365	55,500	67,400	8,035
Other Public Safety	58,966	0	0	58,966	63,780	73,832	14,866
<u>Public Health and Welfare</u>							
Local Health Center	327,203	0	0	327,203	399,983	399,983	72,780
Rabies and Animal Control	133,702	0	0	133,702	111,750	138,947	5,245
General Welfare Assistance	6,600	0	0	6,600	7,000	7,000	400
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	3,600	0	0	3,600	3,600	3,600	0
Libraries	70,795	0	0	70,795	70,795	70,795	0
Parks and Fair Boards	6,400	0	0	6,400	0	7,722	1,322
Other Social, Cultural, and Recreational	267,962	0	0	267,962	281,460	281,460	13,498
<u>Agriculture and Natural Resources</u>							
Agricultural Extension Service	67,799	0	0	67,799	67,500	67,500	(299)
Soil Conservation	25,000	0	0	25,000	25,000	25,000	0

(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)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Other Operations</u>							
Industrial Development	\$ 194,200	\$ 0	\$ 0	\$ 194,200	\$ 194,200	\$ 194,200	\$ 0
Housing and Urban Development	2,250	0	0	2,250	0	2,250	0
Veterans' Services	84,278	0	0	84,278	87,954	87,954	3,676
Other Charges	737,487	0	0	737,487	785,000	773,100	35,613
Contributions to Other Agencies	175,500	0	0	175,500	178,000	178,000	2,500
Employee Benefits	10,201	0	0	10,201	46,548	45,679	35,478
Miscellaneous	2,961	0	0	2,961	5,640	6,240	3,279
<u>Highways</u>							
Litter and Trash Collection	92,645	0	0	92,645	108,170	101,470	8,825
Total Expenditures	\$ 11,075,764	\$ (5,596)	\$ 37,286	\$ 11,107,454	\$ 11,283,879	\$ 11,886,856	\$ 779,402
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 413,723	\$ 5,596	\$ (37,286)	\$ 382,033	\$ (755,703)	\$ (738,066)	\$ 1,120,099
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 25,915	\$ 0	\$ 0	\$ 25,915	\$ 0	\$ 24,716	\$ 1,199
Transfers Out	(254,581)	0	0	(254,581)	(254,900)	(254,900)	319
Total Other Financing Sources	\$ (228,666)	\$ 0	\$ 0	\$ (228,666)	\$ (254,900)	\$ (230,184)	\$ 1,518
Net Change in Fund Balance	\$ 185,057	\$ 5,596	\$ (37,286)	\$ 153,367	\$ (1,010,603)	\$ (968,250)	\$ 1,121,617
Fund Balance, July 1, 2014	2,408,309	(5,596)	0	2,402,713	2,320,917	2,320,917	81,796
Fund Balance, June 30, 2015	\$ 2,593,366	\$ 0	\$ (37,286)	\$ 2,556,080	\$ 1,310,314	\$ 1,352,667	\$ 1,203,413

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,312,051	\$ 1,290,040	\$ 1,290,040	\$ 22,011
Charges for Current Services	19,098	16,000	16,000	3,098
Other Local Revenues	39,117	37,400	47,586	(8,469)
State of Tennessee	101,181	96,140	105,001	(3,820)
Total Revenues	<u>\$ 1,471,447</u>	<u>\$ 1,439,580</u>	<u>\$ 1,458,627</u>	<u>\$ 12,820</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Sanitation Management	\$ 612,396	\$ 686,718	\$ 717,104	\$ 104,708
Convenience Centers	852,314	869,200	886,011	33,697
Total Expenditures	<u>\$ 1,464,710</u>	<u>\$ 1,555,918</u>	<u>\$ 1,603,115</u>	<u>\$ 138,405</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 6,737</u>	<u>\$ (116,338)</u>	<u>\$ (144,488)</u>	<u>\$ 151,225</u>
Net Change in Fund Balance	\$ 6,737	\$ (116,338)	\$ (144,488)	\$ 151,225
Fund Balance, July 1, 2014	<u>256,628</u>	<u>248,434</u>	<u>248,434</u>	<u>8,194</u>
Fund Balance, June 30, 2015	<u>\$ 263,365</u>	<u>\$ 132,096</u>	<u>\$ 103,946</u>	<u>\$ 159,419</u>

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

Exhibit C-7

Cocke 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, 2015

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 1,822,635	\$ 0	\$ 0	\$ 1,822,635	\$ 1,749,166	\$ 1,749,166	\$ 73,469
Other Local Revenues	16,800	0	0	16,800	11,500	11,500	5,300
State of Tennessee	1,943,382	0	0	1,943,382	3,319,813	3,319,813	(1,376,431)
Federal Government	20,476	0	0	20,476	21,600	21,600	(1,124)
Total Revenues	\$ 3,803,293	\$ 0	\$ 0	\$ 3,803,293	\$ 5,102,079	\$ 5,102,079	\$ (1,298,786)
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 264,767	\$ 0	\$ 0	\$ 264,767	\$ 273,015	\$ 273,015	\$ 8,248
Highway and Bridge Maintenance	1,861,736	(306,562)	318,202	1,873,376	3,379,282	3,379,282	1,505,906
Operation and Maintenance of Equipment	960,397	(208,109)	0	752,288	1,078,004	1,077,739	325,451
Quarry Operations	344,279	0	0	344,279	427,329	427,594	83,315
Other Charges	414,095	0	0	414,095	428,608	428,608	14,513
Employee Benefits	3,078	0	0	3,078	3,500	3,500	422
Total Expenditures	\$ 3,848,352	\$ (514,671)	\$ 318,202	\$ 3,651,883	\$ 5,589,738	\$ 5,589,738	\$ 1,937,855
Excess (Deficiency) of Revenues Over Expenditures	\$ (45,059)	\$ 514,671	\$ (318,202)	\$ 151,410	\$ (487,659)	\$ (487,659)	\$ 639,069
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 4,495	\$ 0	\$ 0	\$ 4,495	\$ 0	\$ 0	\$ 4,495
Total Other Financing Sources	\$ 4,495	\$ 0	\$ 0	\$ 4,495	\$ 0	\$ 0	\$ 4,495
Net Change in Fund Balance	\$ (40,564)	\$ 514,671	\$ (318,202)	\$ 155,905	\$ (487,659)	\$ (487,659)	\$ 643,564
Fund Balance, July 1, 2014	1,300,917	(514,671)	0	786,246	631,240	631,240	155,006
Fund Balance, June 30, 2015	\$ 1,260,353	\$ 0	\$ (318,202)	\$ 942,151	\$ 143,581	\$ 143,581	\$ 798,570

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

Exhibit D

Coke County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2015

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,868,029
Accounts Receivable	3,437
Due from Other Governments	791,206
Property Taxes Receivable	474,715
Allowance for Uncollectible Property Taxes	(23,771)
Cash Shortage	<u>35,915</u>
Total Assets	<u>\$ 3,149,531</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 25,321
Due to Other Taxing Units	1,216,829
Due to Litigants, Heirs, and Others	<u>1,907,381</u>
Total Liabilities	<u>\$ 3,149,531</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	49
B. Government-wide and Fund Financial Statements	50
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	51
D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance	
1. Deposits and Investments	53
2. Receivables and Payables	54
3. Prepaid Items	55
4. Capital Assets	55
5. Deferred Outflows/Inflows of Resources	56
6. Compensated Absences	56
7. Long-term Obligations	57
8. Net Position and Fund Balance	57
9. Prior-period Adjustments	59
10. Restatement	59
E. Pension Plans	60
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	60
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	61
III. Stewardship, Compliance, and Accountability	
A. Budgetary Information	61
B. Cash Shortage	62
IV. Detailed Notes on All Funds	
A. Deposits and Investments	62
B. Capital Assets	64
C. Construction Commitments	66
D. Interfund Receivables, Payables, and Transfers	66
E. Long-term Obligations	67
F. Pledges of Future Revenues	73
G. On-Behalf Payments	73
H. Short-term Debt	74

(Continued)

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

Note	Page(s)
V. Other Information	
A. Risk Management	74
B. Accounting Changes	75
C. Subsequent Events	75
D. Contingent Liabilities	76
E. Changes in Administration	76
F. Landfill Postclosure Costs	76
G. Joint Ventures	76
H. Jointly Governed Organizations	78
I. Retirement Commitments	78
J. Other Postemployment Benefits (OPEB)	92
K. Termination Benefits	95
L. Office of Central Accounting, Budgeting, and Purchasing	95
M. Purchasing Laws	95

COCKE COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

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, 2015.

Separate financial statements are provided for governmental funds and fiduciary funds. The fiduciary funds are excluded from the government-wide

financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

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

Fund financial statements of Cocke County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, 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. Cocke County does not have any proprietary funds to report. An emphasis is placed on major funds within the governmental category.

Separate financial statements are provided for governmental funds and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All other governmental funds are aggregated into a single column on the fund financial statements. Fiduciary funds in total are reported in a single column.

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

Property taxes for the period levied, in-lieu-of tax payments, sales taxes, interest, and miscellaneous taxes are all considered to be susceptible to

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

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

Cocke County reports the following major governmental funds:

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

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.

General Capital Projects Fund – This fund is used to account for the acquisition or construction of major capital facilities and other capital assets.

Additionally, Cocke County reports the following fund type:

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

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

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

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

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

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. Coker County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit 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 2.66 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 Coker County School Department's General Purpose School Fund, the account Other Current Liabilities totaling \$2,000,587 represents the remaining balance in the teacher's insurance and retirement 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. Prepaids are offset in the nonspendable fund balance account in governmental funds.

4. Capital Assets

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

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

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

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

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

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

5. 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 has items that qualify for reporting in this category. Accordingly, these items are reported in the government-wide Statement of Net Position. These items are for the deferred charge on refunding, pension changes in experience, and employer contributions made to the pension plan subsequent to the measurement date.

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 items are from the following sources: current and delinquent property taxes, deferred credit on refunding, pension changes in experience, pension changes in investment earnings, pension other deferrals, and receivables for various other revenues, which do meet the availability criteria for governmental funds.

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.

Restricted for Other Purposes in the governmental activities represents net position attributable to pension activity.

As of June 30, 2015, Cocke County had \$12,792,962 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. Assigned fund balance in the primary government’s General Fund consists of fund balance appropriated for use in the 2015-16 budget totaling \$952,398. Assigned fund balance in the School Department’s General Purpose School Fund includes textbooks (\$99,245), employee termination benefits (\$258,360), other postemployment benefits (\$860,919), and fund balance appropriated for use in the 2015-16 budget (\$2,216,704).

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.

9. Prior-period Adjustment

A prior-period adjustment was recognized in the Statement of Activities increasing the beginning landfill postclosure care liability by \$128,400 due to a re-calculation of prior postclosure care expenses.

10. Restatement

In prior years, the government was not required to recognize a liability for its defined benefit pension plans. However, with the implementation of GASB Statement No. 68, government employers are required to recognize a net pension liability in their Statement of Net Position. Therefore, a restatement decreasing Cocke County’s beginning net position by \$142,320 has been recognized in the Statement of Activities. In addition, a restatement decreasing the discretely presented School Department’s beginning net position by \$6,238,723 has been recognized in the Statement of Activities for liabilities of the pension agent plan (\$214,999) and the pension cost-sharing plan (\$6,023,724).

E. Pension Plans

Primary Government

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

Discretely Presented Cocke County School Department

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

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

Discretely Presented 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, 2015, Cocke County and the discretely presented Cocke County School Department reported the following significant encumbrances:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
Primary Government:		
Highway/Public Works	Bridge Construction	\$ 223,065
Highway/Public Works	Asphalt	95,137
School Department:		
School Transportation	Buses	522,695

B. Cash Shortage

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, 2015, Mr. Chesteen had paid \$15,907 toward liquidating the remaining shortage, leaving a balance due the office of \$35,915.

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, 2015, Cocke County had the following nonpooled investment carried at fair value.

<u>Investment</u>	<u>Weighted Average Maturities (days)</u>	<u>Fair Value</u>
Nonmajor Governmental Fund:		
Highway Capital Projects Fund:		
State Treasurer's Investment Pool	3 to 139	\$ 51,954

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, 2015, 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, 2015, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-14	Increases	Balance 6-30-15
Capital Assets Not Depreciated:			
Land	\$ 1,081,183	\$ 0	\$ 1,081,183
Total Capital Assets Not Depreciated	<u>\$ 1,081,183</u>	<u>\$ 0</u>	<u>\$ 1,081,183</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 3,872,499	\$ 0	\$ 3,872,499
Roads and Bridges	34,097,830	0	34,097,830
Other Capital Assets	7,380,274	486,111	7,866,385
Total Capital Assets Depreciated	<u>\$ 45,350,603</u>	<u>\$ 486,111</u>	<u>\$ 45,836,714</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 1,490,463	\$ 93,297	\$ 1,583,760
Roads and Bridges	19,838,717	990,560	20,829,277
Other Capital Assets	4,437,351	521,158	4,958,509
Total Accumulated Depreciation	<u>\$ 25,766,531</u>	<u>\$ 1,605,015</u>	<u>\$ 27,371,546</u>
Total Capital Assets Depreciated, Net	<u>\$ 19,584,072</u>	<u>\$ (1,118,904)</u>	<u>\$ 18,465,168</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 20,665,255</u></u>	<u><u>\$ (1,118,904)</u></u>	<u><u>\$ 19,546,351</u></u>

There were no decreases in capital assets to report during the year ended June 30, 2015.

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

Governmental Activities:

General Government	\$ 31,507
Finance	2,773
Public Safety	227,608
Public Health and Welfare	38,159
Social, Cultural, and Recreational Services	13,111
Highways/Public Works	<u>1,291,857</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 1,605,015</u></u>

Discretely Presented Cocke County School Department

Governmental Activities:

	Balance 7-1-14	Increases	Balance 6-30-15
Capital Assets Not Depreciated:			
Land	\$ 601,292	\$ 0	\$ 601,292
Construction in Progress	<u>0</u>	<u>75,495</u>	<u>75,495</u>
Total Capital Assets Not Depreciated	<u>\$ 601,292</u>	<u>\$ 75,495</u>	<u>\$ 676,787</u>
 Capital Assets Depreciated:			
Buildings and Improvements	\$ 38,730,247	\$ 66,760	\$ 38,797,007
Infrastructure	99,599	0	99,599
Other Capital Assets	<u>8,374,411</u>	<u>90,916</u>	<u>8,465,327</u>
Total Capital Assets Depreciated	<u>\$ 47,204,257</u>	<u>\$ 157,676</u>	<u>\$ 47,361,933</u>

Governmental Activities (Cont.):

	Balance 7-1-14	Increases	Balance 6-30-15
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 19,657,336	\$ 1,432,290	\$ 21,089,626
Infrastructure	2,484	3,035	5,519
Other Capital Assets	4,906,076	511,258	5,417,334
Total Accumulated Depreciation	<u>\$ 24,565,896</u>	<u>\$ 1,946,583</u>	<u>\$ 26,512,479</u>
Total Capital Assets Depreciated, Net	<u>\$ 22,638,361</u>	<u>\$ (1,788,907)</u>	<u>\$ 20,849,454</u>
Governmental Activities Capital Assets, Net	<u>\$ 23,239,653</u>	<u>\$ (1,713,412)</u>	<u>\$ 21,526,241</u>

There were no decreases in capital assets to report during the year ended June 30, 2015.

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

Governmental Activities:

Instruction	\$ 1,565,679
Support Services	263,924
Operation of Non-instructional Services	<u>116,980</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,946,583</u>

C. Construction Commitments

At June 30, 2015, the Highway/Public Works Fund had an uncompleted construction contract of \$223,065 for bridge replacement. Funding has been provided for these future expenditures.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2015, is as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
General	Nonmajor governmental	\$ 10,146

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:

Receivable Fund	Payable Fund	Amount
Component Unit: School Department: School Transportation	Primary Government: General Capital Projects	\$ 522,695

Interfund Transfers:

Interfund transfers for the year ended June 30, 2015, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In	
	General Debt Service Fund	Nonmajor Governmental Funds
General Fund	\$ 250,681	\$ 3,900

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.

E. 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 seven years for notes, and up to 40 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and other loans included in long-term debt as of June 30, 2015, 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, 2015, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-15
General Obligation and Refunding Bonds	.9 to 4.1 %	6-1-30	\$ 25,510,000	\$ 20,705,000
Rural School Bonds - Refunding	3	6-1-18	1,155,000	885,000
Build America Bonds	3.44	6-1-30	2,500,000	2,200,000
Capital Outlay Notes	0	7-15-15	500,000	71,428
Other Loans - Qualified School Construction Bonds	0	(1) 9-15-27	5,575,000	4,241,494
Other Loans - City of Newport	2.15 to 4.5	5-1-46	2,299,614	1,820,692

(1) The effective 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 6-30-15	Interest Rates
<u>City of Newport-Newport Utilities</u>			
River Crest (A)	\$ 1,024,000	\$ 906,189	4.13%
River Crest (B)	300,000	264,811	4.38
Hartford	478,417	357,500	2.15
Hwy 25E	497,197	<u>292,192</u>	4.5
Total City of Newport - Newport Utilities		<u>\$ 1,820,692</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, 2015, including interest payments are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2021-2025	8,155,000	2,312,548	10,467,548
2026-2030	6,290,000	641,169	6,931,169
Total	<u>\$ 23,790,000</u>	<u>\$ 6,634,542</u>	<u>\$ 30,424,542</u>

Year Ending June 30	Notes		
	Principal	Interest	Total
2016	\$ 71,428	\$ 0	\$ 71,428
Total	<u>\$ 71,428</u>	<u>\$ 0</u>	<u>\$ 71,428</u>

The minimum annual requirements to amortize the loans payable outstanding as of June 30, 2015, 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
2016	\$ 42,747	\$ 56,652	\$ 99,399
2017	44,093	55,312	99,405
2018	45,476	53,925	99,401
2019	46,919	52,490	99,409
2020	48,414	51,006	99,420
2021-2025	266,284	230,865	497,149
2026-2030	284,302	185,016	469,318
2031-2035	208,339	140,141	348,480
2036-2040	255,716	92,764	348,480
2041-2045	286,210	34,606	320,816
Total	\$ 1,528,500	\$ 952,777	\$ 2,481,277

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
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
2021-2025	1,739,355	0	1,739,355
2026-2028	762,784	0	762,784
Total	\$ 4,241,494	\$ 0	\$ 4,241,494

There is \$5,699,692 available in the debt service funds to service long-term debt. Debt per capita, including bonds, notes, and other loans, totaled \$845, based on the 2010 federal census for residents living outside the Newport School District and \$814 for residents living inside the Newport School District.

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2015, was as follows:

Governmental Activities:

	Bonds	Notes	Other Loans - City of Newport
Balance, July 1, 2014	\$ 25,685,000	\$ 155,190	\$ 1,889,698
Additions	0	0	0
Reductions	(1,895,000)	(83,762)	(69,006)
Balance, June 30, 2015	\$ 23,790,000	\$ 71,428	\$ 1,820,692
Balance Due Within One Year	\$ 1,960,000	\$ 71,428	\$ 42,747

	Other Loans - QSCB	*Restated Landfill Postclosure Care Costs
Balance, July 1, 2014	\$ 4,589,365	\$ 136,440
Additions	0	0
Reductions	(347,871)	(6,545)
Balance, June 30, 2015	\$ 4,241,494	\$ 129,895
Balance Due Within One Year	\$ 347,871	\$ 8,527

*The July 1, 2014, landfill postclosure care costs liability balance includes a prior-period adjustment of \$128,400 as discussed in Note I.D.9.

	Other Postemployment Benefits
Balance, July 1, 2014	\$ 385,117
Additions	36,525
Reductions	(20,286)
Balance, June 30, 2015	\$ 401,356
Balance Due Within One Year	\$ 0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2015	\$ 30,454,865
Less: Balance Due Within One Year	(2,430,573)
Add: Unamortized Premium on Debt	<u>399,680</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u><u>\$ 28,423,972</u></u>

Landfill postclosure care costs will be paid from the Solid Waste/Sanitation Fund. Other postemployment benefits will be paid by the employing funds, primarily the General, Solid Waste/Sanitation, and Highway/Public Works funds.

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, 2015, was as follows:

Governmental Activities:

	Termination Benefits	Other Postemployment Benefits
Balance, July 1, 2014	\$ 208,000	\$ 6,229,319
Additions	67,584	780,418
Reductions	(17,224)	(565,833)
Balance, June 30, 2015	<u>\$ 258,360</u>	<u>\$ 6,443,904</u>
Balance Due Within One Year	<u>\$ 8,612</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2015	\$ 6,702,264
Less: Balance Due Within One Year	<u>(8,612)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u><u>\$ 6,693,652</u></u>

Termination benefits will be paid from the General Purpose School Fund. Other postemployment benefits will be paid by the employing funds, the General Purpose School, School Federal Projects, Central Cafeteria, and School Transportation 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, 2015, the General Purpose School Fund contributed \$304,650 to the Rural Debt Service Fund, which consisted of principal (\$270,000) and interest (\$34,650). As of June 30, 2015, the balance remaining on the rural school refunding bonds was \$885,000.

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, 2015, the General Purpose School Fund contributed \$71,427 to the General Debt Service Fund. As of June 30, 2015, the balance remaining on the energy efficiency capital outlay note was \$71,428.

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, 2015, the General Purpose School Fund contributed \$164,730 to the General Debt Service Fund. As of June 30, 2015, the balance on the Qualified School Construction Bonds other loan was \$4,241,494.

F. Pledges of Future Revenues

As discussed in Note IV.E., 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, 2015, was \$1,820,692. The details of the county's commitment and the annual principal and interest requirements are discussed in that note.

G. On-Behalf Payments

Primary Government

The State of Tennessee pays health insurance premiums for retired employees on-behalf of Cocke County. These payments are made by the state to the Medicare Supplement Plan. This plan is administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Medicare Supplement Plan for the year ended June 30, 2015, were \$600. The county has recognized these on-behalf payments as revenues and expenditures in the General Fund.

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, 2015, were \$200,601 and \$33,275, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

H. Short-term Debt

Cocke County issued tax anticipation notes in advance of property tax collections and deposited the proceeds in the General and Solid Waste/Sanitation funds. These notes were necessary because funds were not available to meet current operations. Short-term debt activity for the year ended June 30, 2015, was as follows:

Fund	Balance 7-1-14	Issued	Paid	Balance 6-30-15
Tax Anticipation Notes:				
General	\$ 0	\$ 400,000	\$ (400,000)	\$ 0
Solid Waste/Sanitation	0	305,426	(305,426)	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 8-27-702, *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. 68, *Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement No. 27*; Statement No. 69, *Government Combinations and Disposals of Government Operations*; and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an Amendment of GASB Statement No. 68* became effective for the year ended June 30, 2015.

GASB Statement No. 68, replaces the requirements of Statements No. 27 and No. 50 as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not covered by the scope of this statement. This statement establishes standards for measuring and recognizing liabilities, deferred outflows/inflows, and expenses/expenditures.

GASB Statement No. 69, establishes accounting and financial reporting standards related to government combinations and disposals of government operations such as mergers, acquisitions, and transfer of operations.

GASB Statement No. 71, addresses issues related to amounts of contributions made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

C. Subsequent Events

Subsequent to June 30, 2015, the Cocke County Legislative Body approved a resolution to issue general obligation refunding bonds, not to exceed \$10 million for the purpose of refunding the Series 2008A and 2008B general obligation refunding bonds. These refunding bonds had not yet been issued as of the date of this report.

Also, subsequent to June 30, 2015, the primary government's General Fund borrowed \$440,695 and the Solid Waste/Sanitation Fund borrowed \$234,837 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.

On September 21, 2015, the Coker County Legislative Body passed a resolution increasing the formal bid threshold for purchases from \$10,000 to \$25,000, as provided by Section 12-3-1212, *Tennessee Code Annotated*.

D. Contingent Liabilities

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

E. Changes in Administration

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.

F. Landfill Postclosure Costs

Coker 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. Coker County closed its sanitary landfill in 2000. The \$129,895 reported as postclosure care liability at June 30, 2015, represents amounts based on what it would cost to perform all postclosure care in 2015. The postclosure care liability includes a prior-period adjustment of \$128,400 as discussed in Note I.D.9. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

G. 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, Coker, 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, 2015, 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 Nolichucky 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 \$70,795 to the operations of the library during the year ended June 30, 2015. 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

H. 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.

I. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Employees of Cocke County and non-certified employees of the discretely presented Cocke County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 39.83 percent and the non-certified employees of the discretely present School Department comprise 60.17 percent of the plan based on census data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the

plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

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

Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees Covered by Benefit Terms. At the measurement date of June 30, 2014, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently	
Receiving Benefits	232
Inactive Employees Entitled to But Not Yet Receiving	
Benefits	226
Active Employees	<u>467</u>
 Total	 <u><u>925</u></u>

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. Cocke County makes employer contributions at the rate set by

the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, employer contributions for Cocke County were \$1,239,094 based on a rate of 14.85 percent of pensionable payroll for public safety personnel and 11.35 percent of pensionable payroll for other employees. By law, employer contributions are required to be paid. The TCRS may intercept Cocke County's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Cocke County's net pension liability (asset) was measured as of June 30, 2014, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability as of the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2014, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset

classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

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

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

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from Cocke County will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was

applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance, July 1, 2013	\$ 34,710,256	\$ 32,957,445	\$ 1,752,811
Changes for the Year:			
Service Cost	\$ 942,835	\$ 0	\$ 942,835
Interest	2,618,321	0	2,618,321
Differences Between Expected and Actual Experience	(1,154,782)	0	(1,154,782)
Contributions-Employer	0	1,395,492	(1,395,492)
Contributions-Employees	0	548,948	(548,948)
Net Investment Income	0	5,506,973	(5,506,973)
Benefit Payments, Including Refunds of Employee Contributions	(1,484,294)	(1,484,294)	0
Administrative Expense	0	(17,854)	17,854
Other Changes	0	0	0
Net Changes	<u>\$ 922,080</u>	<u>\$ 5,949,265</u>	<u>\$ (5,027,185)</u>
Balance, June 30, 2014	<u>\$ 35,632,336</u>	<u>\$ 38,906,710</u>	<u>\$ (3,274,374)</u>

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	39.83%	\$ 14,192,359	\$ 15,496,543	\$ (1,304,183)
School Department	60.17%	<u>21,439,977</u>	<u>23,410,167</u>	<u>(1,970,191)</u>
Total		<u>\$ 35,632,336</u>	<u>\$ 38,906,710</u>	<u>\$ (3,274,374)</u>

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of Cocke County calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

Cocke County	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Net Pension Liability	\$ 1,213,217	\$ (3,274,374)	\$ (7,030,236)

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

Pension Income. For the year ended June 30, 2015, Cocke County recognized pension income of \$254,512.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, Cocke County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 0	\$ 962,318
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	2,414,863
Contributions Subsequent to the Measurement Date of June 30, 2014 (1)	<u>1,239,094</u>	<u>N/A</u>
Total	<u>\$ 1,239,094</u>	<u>\$ 3,377,181</u>

- (1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2014,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 701,806	\$ 1,345,131
School Department	<u>537,288</u>	<u>2,032,050</u>
Total	<u>\$ 1,239,094</u>	<u>\$ 3,377,181</u>

Amounts reported as deferred outflows of resources, with the exception of contributions after the measurement date, and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending <u>June 30</u>	<u>Amount</u>
2016	\$ (796,180)
2017	(796,180)
2018	(796,180)
2019	(796,180)
2020	(192,464)
Thereafter	0

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

Pension Payable

At June 30, 2015, Cocke County reported a payable of \$60,577 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2015.

Discretely Presented Cocke County School Department

Non-certified Employees

General Information About the Pension Plan

Plan Description. As noted above under the primary government, employees of Cocke County and non-certified employees of the discretely presented Cocke County School Department are provided a

defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 39.83 percent and the non-certified employees of the discretely present School Department comprise 60.17 percent of the plan based on census data.

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

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

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members are eligible to retire at age 65 with five years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Members of the Teachers Retirement Plan are entitled to receive unreduced service retirement benefits, which are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted

if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute five percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2015, to the Teacher Retirement Plan were \$32,387, which is four percent of pensionable payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liabilities. Since the measurement date is June 30, 2014, which is prior to the July 1, 2014, inception of the Teacher Retirement Plan, there is no net pension liability to report at June 30, 2015.

Pension Expense. Since the measurement date is June 30, 2014, the Cocke County School Department did not recognize any pension expense at June 30, 2015.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, the Cocke County School Department reported deferred outflows of resources related to pensions from the following sources:

Deferred Outflows of Resources	Deferred Inflows of Resources
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LEAs Contributions Subsequent to the Measurement Date of June 30, 2014	\$	32,387	N/A
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The Cocke County School Department’s employer contributions of \$32,387 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a reduction of net pension liability in the year ending June 30, 2016.

Teacher Legacy Pension Plan

General Information About the Pension Plan

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

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member’s highest five consecutive year average compensation and the member’s years of service credit. A reduced early retirement benefit is available to vested members at age 55. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement

benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute five percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Cocke County School Department for the year ended June 30, 2015, to the Teacher Legacy Pension Plan were \$1,609,386, which is 9.04 percent of pensionable payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Assets. At June 30, 2015, the Cocke County School Department reported an asset of \$74,513 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Cocke County School Department's proportion of the net pension asset was based on the Cocke County School Department's employer contributions to the pension plan during the year ended June 30, 2014, relative to the contributions of all participating LEAs for the year ended June 30, 2014. At the June 30, 2014, measurement date, the Cocke County School Department's proportion was .458556 percent. The proportion as of June 30, 2013, was .463163 percent.

Pension Income. For the year ended June 30, 2015, the Cocke County School Department recognized a pension income of \$74,735.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, the Cocke County School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 180,900	\$ 0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	6,139,419
Changes in Proportion and Differences Between LEAs Contributions and Proportionate Share of Contributions LEAs Contributions Subsequent to the Measurement Date of June 30, 2014	0	64,983
	<u>1,609,386</u>	<u>N/A</u>
Total	<u>\$ 1,790,286</u>	<u>\$ 6,204,402</u>

The Cocke County School Department's employer contributions of \$1,609,386 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2016	\$ (1,515,535)
2017	(1,515,535)
2018	(1,515,535)
2019	(1,515,535)
2020	19,319
Thereafter	19,319

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

Actuarial Assumptions. The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2014, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

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

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

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents Coker County School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what Coker County School Department's proportionate share of the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
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Net Pension Liability \$ 12,567,504 \$ (74,513) \$ (10,540,733)

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

2. Deferred Compensation

Teachers hired after July 1, 2014, by the discretely presented Cocke County School Department are required to participate in a hybrid pension plan administered by the Tennessee Consolidated Retirement System. This hybrid pension plan requires that these teachers contribute five percent of their salaries into a deferred compensation plan managed by the hybrid plan pursuant to IRC Section 401(k). As part of their employment package, the Cocke County School Department has assumed all costs of funding this program on-behalf of the plan participants. The Section 401(k) plan assets remain the property of the participating teachers and are not presented in the accompanying financial statements. IRC Section 401(k), establishes participation, contribution, and withdrawal provisions for the plans. During the year, the Cocke County School Department contributed \$39,524 to the 401(k) portion of the hybrid pension plan on-behalf of the plan participants.

J. Other Postemployment Benefits (OPEB)

Plan Description

Cocke County and the School Department participate in the state-administered Local Education Group Insurance Plan and the Local Government Group Insurance Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-302, *Tennessee Code Annotated (TCA)*, for local education employees and Section 8-27-702, *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, 2015, Coker County and the Coker County School Department contributed \$20,286 and \$565,833, respectively, for postemployment health care.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Local Government Group Plan
ARC	\$ 774,000	\$ 35,000
Interest on the NOPEBO	249,173	15,405
Adjustment to the ARC	(242,755)	(13,880)
Annual OPEB cost	\$ 780,418	\$ 36,525
Amount of contribution	(565,833)	(20,286)
Increase/decrease in NOPEBO	\$ 214,585	\$ 16,239
Net OPEB obligation, 7-1-14	6,229,319	385,117
Net OPEB obligation, 6-30-15	<u>\$ 6,443,904</u>	<u>\$ 401,356</u>

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-13	Local Education Group	\$ 1,318,880	43%	\$ 6,091,635
6-30-14	"	754,277	82	6,229,319
6-30-15	"	780,418	73	6,443,094
6-30-13	Local Government Group	81,291	16	356,167
6-30-14	"	34,367	16	385,117
6-30-15	"	36,525	56	401,356

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 of seven percent for fiscal year 2015. The trend rate will decrease to 6.5 percent in 2016 and then 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.

K. Termination Benefits

To reward a teacher for long and meritorious service, the Cocke County Board of Education pays a one-time amount of \$8,000 at the end of 30 years of service or thereafter to each retiring teacher who has a minimum of 15 years of service in the Cocke County School System. Those eligible to receive the benefit, may elect to receive payment in a lump sum upon retirement or in a lump sum the following January 1 of the subsequent year of that teacher's retirement, 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, 2015, 30 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 \$258,360. Of the amount reported in the government-wide Statement of Net Position, \$8,612 is expected to be paid within one year.

L. Office of Central Accounting, Budgeting, and Purchasing

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

M. Purchasing Laws

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 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

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

	<u>2014</u>
Total Pension Liability (Asset)	
Service Cost	\$ 942,835
Interest	2,618,321
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	(1,154,782)
Changes in Assumptions	0
Benefit Payments, Including Refunds of Employee Contributions	<u>(1,484,294)</u>
Net Change in Total Pension Liability (Asset)	\$ 922,080
Total Pension Liability (Asset), Beginning	<u>34,710,256</u>
 Total Pension Liability (Asset), Ending (a)	 <u>\$ 35,632,336</u>
 Plan Fiduciary Net Position	
Contributions - Employer	\$ 1,395,492
Contributions - Employee	548,948
Net Investment Income	5,506,973
Benefit Payments, Including Refunds of Employee Contributions	(1,484,294)
Administrative Expense	<u>(17,854)</u>
Net Change in Plan Fiduciary Net Position	\$ 5,949,265
Plan Fiduciary Net Position, Beginning	<u>32,957,445</u>
 Plan Fiduciary Net Position, Ending (b)	 <u>\$ 38,906,710</u>
 Net Pension Liability (Asset), Ending (a - b)	 <u>\$ (3,274,374)</u>
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	109.19%
Covered Employee Payroll	\$ 10,978,842
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	29.82%

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

Note: data presented includes primary government and non-certified employees of the discretely presented School Department.

Exhibit E-2

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

	<u>2014</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 1,395,492	\$ 1,239,094
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(1,395,492)</u>	<u>(1,239,094)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered Employee Payroll	\$ 10,978,845	\$ 12,582,770
Contributions as a Percentage of Covered Employee Payroll	12.71%	9.85%

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

Note: data presented includes primary government and non-certified employees of the discretely presented School Department.

Exhibit E-3

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

	<u>2015</u>
Actuarially Determined Contribution	\$ 20,242
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(32,387)</u>
Contribution Deficiency (Excess)	<u>\$ (12,145)</u>
Covered Employee Payroll	\$ 836,840
Contributions as a Percentage of Covered Employee Payroll	3.87%

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

Exhibit E-4

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

	<u>2014</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 1,598,249	\$ 1,609,386
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(1,598,249)</u>	<u>(1,609,386)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered Employee Payroll	\$ 17,998,295	\$ 18,015,131
Contributions as a Percentage of Covered Employee Payroll	8.88%	8.93%

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

Exhibit E-5

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

	<u>2014</u>
School Department's Proportion of the Net Pension Asset	0.458556%
School Department's Proportionate Share of the Net Pension Asset	\$ 74,513
Covered Employee Payroll	\$ 17,998,295
School Department's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Employee Payroll	0.41%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%

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

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

Exhibit E-6

Coke County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Coke County School Department
June 30, 2015

(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, 2015

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for 2015 were calculated based on the July 1, 2013, actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Frozen Initial Liability
Amortization Method	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization Period	One Year
Asset Valuation	10-Year Smoothed Within a 20% Corridor to Market Value
Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Investment Expense, Including Inflation
Retirement Age	Pattern of Retirement Determined by Experience Study
Mortality	Customized Table Based on Actual Experience Including an Adjustment for Some Anticipated Improvement
Cost of Living Adjustments	2.5%

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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 Fund

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

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

Exhibit F-1

Cocke County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2015

	Special Revenue Funds					Debt Service Fund
	Industrial / Economic Development	Drug Control	Sports and Recreation	Constitu- tional Officers - Fees	Total	Rural Debt Service
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 0	\$ 39,274	\$ 39,274	\$ 0
Equity in Pooled Cash and Investments	549,837	100,742	7,348	0	657,927	16,821
Investments	0	0	0	0	0	0
Accounts Receivable	0	0	0	9,111	9,111	0
Property Taxes Receivable	100,562	0	0	0	100,562	0
Allowance for Uncollectible Property Taxes	(5,035)	0	0	0	(5,035)	0
Total Assets	\$ 645,364	\$ 100,742	\$ 7,348	\$ 48,385	\$ 801,839	\$ 16,821
<u>LIABILITIES</u>						
Accounts Payable	\$ 0	\$ 7,139	\$ 0	\$ 0	\$ 7,139	\$ 0
Due to Other Funds	0	0	0	10,146	10,146	0
Total Liabilities	\$ 0	\$ 7,139	\$ 0	\$ 10,146	\$ 17,285	\$ 0
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 92,088	\$ 0	\$ 0	\$ 0	\$ 92,088	\$ 0
Deferred Delinquent Property Taxes	3,151	0	0	0	3,151	0
Total Deferred Inflows of Resources	\$ 95,239	\$ 0	\$ 0	\$ 0	\$ 95,239	\$ 0
<u>FUND BALANCES</u>						
Restricted:						
Restricted for Finance	\$ 0	\$ 0	\$ 0	\$ 38,239	\$ 38,239	\$ 0

(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	Constitu- tional Officers - Fees	Total	Rural Debt Service
<u>FUND BALANCES (CONT.)</u>						
Restricted (Cont.):						
Restricted for Public Safety	\$ 0	\$ 93,603	\$ 0	\$ 0	\$ 93,603	\$ 0
Restricted for Other Operations	262,483	0	0	0	262,483	0
Restricted for Debt Service	0	0	0	0	0	16,821
Restricted for Capital Projects	0	0	0	0	0	0
Committed:						
Committed for Social, Cultural, and Recreational Services	0	0	7,348	0	7,348	0
Committed for Other Operations	287,642	0	0	0	287,642	0
Total Fund Balances	<u>\$ 550,125</u>	<u>\$ 93,603</u>	<u>\$ 7,348</u>	<u>\$ 38,239</u>	<u>\$ 689,315</u>	<u>\$ 16,821</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 645,364</u>	<u>\$ 100,742</u>	<u>\$ 7,348</u>	<u>\$ 48,385</u>	<u>\$ 801,839</u>	<u>\$ 16,821</u>

(Continued)

Exhibit F-1

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

	<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<u>ASSETS</u>		
Cash	\$ 0	\$ 39,274
Equity in Pooled Cash and Investments	63,226	737,974
Investments	51,954	51,954
Accounts Receivable	0	9,111
Property Taxes Receivable	0	100,562
Allowance for Uncollectible Property Taxes	0	(5,035)
	<hr/>	<hr/>
Total Assets	\$ 115,180	\$ 933,840
	<hr/>	<hr/>
<u>LIABILITIES</u>		
Accounts Payable	\$ 0	\$ 7,139
Due to Other Funds	0	10,146
Total Liabilities	<hr/>	<hr/>
	\$ 0	\$ 17,285
	<hr/>	<hr/>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 0	\$ 92,088
Deferred Delinquent Property Taxes	0	3,151
Total Deferred Inflows of Resources	<hr/>	<hr/>
	\$ 0	\$ 95,239
	<hr/>	<hr/>
<u>FUND BALANCES</u>		
Restricted:		
Restricted for Finance	\$ 0	\$ 38,239

(Continued)

Exhibit F-1

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

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

<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 0	\$ 93,603
0	262,483
0	16,821
115,180	115,180
0	7,348
0	287,642
<u>\$ 115,180</u>	<u>\$ 821,316</u>
<u>\$ 115,180</u>	<u>\$ 933,840</u>

Exhibit F-2

Cocke County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2015

	Special Revenue Funds					Debt Service Fund
	Industrial / Economic Development	Drug Control	Sports and Recreation	Constitu- tional Officers - Fees	Total	Rural Debt Service
<u>Revenues</u>						
Local Taxes	\$ 100,566	\$ 0	\$ 0	\$ 0	\$ 100,566	\$ 0
Fines, Forfeitures, and Penalties	0	212,127	0	0	212,127	0
Charges for Current Services	0	0	18,146	274,923	293,069	0
Other Local Revenues	81,950	5,216	2,423	0	89,589	0
State of Tennessee	4,755	0	0	0	4,755	0
Other Governments and Citizens Groups	0	0	2,963	0	2,963	304,650
Total Revenues	<u>\$ 187,271</u>	<u>\$ 217,343</u>	<u>\$ 23,532</u>	<u>\$ 274,923</u>	<u>\$ 703,069</u>	<u>\$ 304,650</u>
<u>Expenditures</u>						
Current:						
Finance	\$ 0	\$ 0	\$ 0	\$ 327,428	\$ 327,428	\$ 0
Administration of Justice	0	0	0	20,953	20,953	0
Public Safety	0	155,181	0	0	155,181	0
Social, Cultural, and Recreational Services	0	0	28,380	0	28,380	0
Debt Service:						
Principal on Debt	69,006	0	0	0	69,006	270,000
Interest on Debt	72,006	0	0	0	72,006	34,650
Capital Projects	4,059	0	0	0	4,059	0
Total Expenditures	<u>\$ 145,071</u>	<u>\$ 155,181</u>	<u>\$ 28,380</u>	<u>\$ 348,381</u>	<u>\$ 677,013</u>	<u>\$ 304,650</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 42,200</u>	<u>\$ 62,162</u>	<u>\$ (4,848)</u>	<u>\$ (73,458)</u>	<u>\$ 26,056</u>	<u>\$ 0</u>

(Continued)

Exhibit F-2

Cocke 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	Constitu- tional Officers - Fees	Total	Rural Debt Service
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 0	\$ 0	\$ 548	\$ 0	\$ 548	\$ 0
Transfers In	0	0	3,900	0	3,900	0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 4,448	\$ 0	\$ 4,448	\$ 0
Net Change in Fund Balances	\$ 42,200	\$ 62,162	\$ (400)	\$ (73,458)	\$ 30,504	\$ 0
Fund Balance, July 1, 2014	507,925	31,441	7,748	111,697	658,811	16,821
Fund Balance, June 30, 2015	\$ 550,125	\$ 93,603	\$ 7,348	\$ 38,239	\$ 689,315	\$ 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 Fund	Total Nonmajor Governmental Funds
	Highway Capital Projects	
<hr/>		
<u>Revenues</u>		
Local Taxes	\$ 0	\$ 100,566
Fines, Forfeitures, and Penalties	0	212,127
Charges for Current Services	0	293,069
Other Local Revenues	45	89,634
State of Tennessee	0	4,755
Other Governments and Citizens Groups	0	307,613
Total Revenues	<u>\$ 45</u>	<u>\$ 1,007,764</u>
<u>Expenditures</u>		
Current:		
Finance	\$ 0	\$ 327,428
Administration of Justice	0	20,953
Public Safety	0	155,181
Social, Cultural, and Recreational Services	0	28,380
Debt Service:		
Principal on Debt	0	339,006
Interest on Debt	0	106,656
Capital Projects	691	4,750
Total Expenditures	<u>\$ 691</u>	<u>\$ 982,354</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (646)</u>	<u>\$ 25,410</u>

(Continued)

Exhibit F-2

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

	<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	Highway Capital Projects	
<u>Other Financing Sources (Uses)</u>		
Insurance Recovery	\$ 0	\$ 548
Transfers In	0	3,900
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 4,448</u>
Net Change in Fund Balances	\$ (646)	\$ 29,858
Fund Balance, July 1, 2014	<u>115,826</u>	<u>791,458</u>
Fund Balance, June 30, 2015	<u>\$ 115,180</u>	<u>\$ 821,316</u>

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 100,566	\$ 105,550	\$ 105,550	\$ (4,984)
Other Local Revenues	81,950	0	0	81,950
State of Tennessee	4,755	4,546	4,546	209
Total Revenues	<u>\$ 187,271</u>	<u>\$ 110,096</u>	<u>\$ 110,096</u>	<u>\$ 77,175</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 69,006	\$ 80,000	\$ 80,000	\$ 10,994
<u>Interest on Debt</u>				
General Government	72,006	80,000	80,000	7,994
<u>Capital Projects</u>				
Public Utility Projects	2,059	4,000	4,000	1,941
Other General Government Projects	2,000	0	2,000	0
Total Expenditures	<u>\$ 145,071</u>	<u>\$ 164,000</u>	<u>\$ 166,000</u>	<u>\$ 20,929</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 42,200</u>	<u>\$ (53,904)</u>	<u>\$ (55,904)</u>	<u>\$ 98,104</u>
Net Change in Fund Balance	\$ 42,200	\$ (53,904)	\$ (55,904)	\$ 98,104
Fund Balance, July 1, 2014	<u>507,925</u>	<u>507,925</u>	<u>507,925</u>	<u>0</u>
Fund Balance, June 30, 2015	<u>\$ 550,125</u>	<u>\$ 454,021</u>	<u>\$ 452,021</u>	<u>\$ 98,104</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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 212,127	\$ 4,800	\$ 192,105	\$ 20,022
Other Local Revenues	5,216	0	5,216	0
Total Revenues	<u>\$ 217,343</u>	<u>\$ 4,800</u>	<u>\$ 197,321</u>	<u>\$ 20,022</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Sheriff's Department	\$ 134,995	\$ 13,500	\$ 187,933	\$ 52,938
Drug Enforcement	20,186	15,200	36,995	16,809
Total Expenditures	<u>\$ 155,181</u>	<u>\$ 28,700</u>	<u>\$ 224,928</u>	<u>\$ 69,747</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 62,162</u>	<u>\$ (23,900)</u>	<u>\$ (27,607)</u>	<u>\$ 89,769</u>
Net Change in Fund Balance	\$ 62,162	\$ (23,900)	\$ (27,607)	\$ 89,769
Fund Balance, July 1, 2014	<u>31,441</u>	<u>27,082</u>	<u>30,789</u>	<u>652</u>
Fund Balance, June 30, 2015	<u>\$ 93,603</u>	<u>\$ 3,182</u>	<u>\$ 3,182</u>	<u>\$ 90,421</u>

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 18,146	\$ 19,500	\$ 19,500	\$ (1,354)
Other Local Revenues	2,423	2,000	3,726	(1,303)
Other Governments and Citizens Groups	2,963	4,100	4,100	(1,137)
Total Revenues	\$ 23,532	\$ 25,600	\$ 27,326	\$ (3,794)
<u>Expenditures</u>				
<u>Social, Cultural, and Recreational Services</u>				
Other Social, Cultural, and Recreational	\$ 28,380	\$ 35,980	\$ 37,706	\$ 9,326
Total Expenditures	\$ 28,380	\$ 35,980	\$ 37,706	\$ 9,326
Excess (Deficiency) of Revenues Over Expenditures	\$ (4,848)	\$ (10,380)	\$ (10,380)	\$ 5,532
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 548	\$ 0	\$ 0	\$ 548
Transfers In	3,900	3,900	3,900	0
Total Other Financing Sources	\$ 4,448	\$ 3,900	\$ 3,900	\$ 548
Net Change in Fund Balance	\$ (400)	\$ (6,480)	\$ (6,480)	\$ 6,080
Fund Balance, July 1, 2014	7,748	7,195	7,195	553
Fund Balance, June 30, 2015	\$ 7,348	\$ 715	\$ 715	\$ 6,633

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Governments and Citizens Groups	\$ 304,650	\$ 304,650	\$ 304,650	\$ 0
Total Revenues	\$ 304,650	\$ 304,650	\$ 304,650	\$ 0
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 270,000	\$ 270,000	\$ 270,000	\$ 0
<u>Interest on Debt</u>				
Education	34,650	34,650	34,650	0
Total Expenditures	\$ 304,650	\$ 304,650	\$ 304,650	\$ 0
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ 0	\$ 0	\$ 0
Net Change in Fund Balance	\$ 0	\$ 0	\$ 0	\$ 0
Fund Balance, July 1, 2014	16,821	16,821	16,821	0
Fund Balance, June 30, 2015	\$ 16,821	\$ 16,821	\$ 16,821	\$ 0

Major Governmental Funds

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.

General Capital Projects Fund

The General Capital Projects Fund is used to account for the acquisition or construction of major capital facilities and other capital assets such as equipment.

Exhibit G-1

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,648,911	\$ 2,612,559	\$ 2,612,559	\$ 36,352
Other Local Revenues	37,605	28,000	28,120	9,485
State of Tennessee	58,648	56,067	56,067	2,581
Federal Government	38,090	41,000	41,000	(2,910)
Other Governments and Citizens Groups	249,109	255,879	255,879	(6,770)
Total Revenues	<u>\$ 3,032,363</u>	<u>\$ 2,993,505</u>	<u>\$ 2,993,625</u>	<u>\$ 38,738</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 37,250	\$ 37,500	\$ 37,500	\$ 250
Highways and Streets	226,704	227,000	227,000	296
Education	1,792,680	1,793,134	1,793,134	454
<u>Interest on Debt</u>				
General Government	100,684	101,000	101,000	316
Highways and Streets	346,655	347,000	347,000	345
Education	736,826	737,393	737,393	567
<u>Other Debt Service</u>				
General Government	47,696	58,000	58,120	10,424
Education	4,460	4,500	4,500	40
Total Expenditures	<u>\$ 3,292,955</u>	<u>\$ 3,305,527</u>	<u>\$ 3,305,647</u>	<u>\$ 12,692</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (260,592)</u>	<u>\$ (312,022)</u>	<u>\$ (312,022)</u>	<u>\$ 51,430</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 250,681	\$ 251,000	\$ 251,000	\$ (319)
Total Other Financing Sources	<u>\$ 250,681</u>	<u>\$ 251,000</u>	<u>\$ 251,000</u>	<u>\$ (319)</u>
Net Change in Fund Balance	\$ (9,911)	\$ (61,022)	\$ (61,022)	\$ 51,111
Fund Balance, July 1, 2014	5,692,782	5,685,529	5,685,529	7,253
Fund Balance, June 30, 2015	<u>\$ 5,682,871</u>	<u>\$ 5,624,507</u>	<u>\$ 5,624,507</u>	<u>\$ 58,364</u>

Exhibit G-2

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, 2015

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 656,177	\$ 0	\$ 0	\$ 656,177	\$ 614,129	\$ 614,129	\$ 42,048
State of Tennessee	31,702	0	0	31,702	28,800	28,800	2,902
Federal Government	56,575	0	0	56,575	0	56,575	0
Total Revenues	\$ 744,454	\$ 0	\$ 0	\$ 744,454	\$ 642,929	\$ 699,504	\$ 44,950
<u>Expenditures</u>							
<u>Other Operations</u>							
Other Charges	\$ 13,419	\$ 0	\$ 0	\$ 13,419	\$ 14,000	\$ 14,000	\$ 581
<u>Capital Projects</u>							
General Administration Projects	0	0	0	0	35,000	35,000	35,000
Public Safety Projects	137,600	(60,000)	10,600	88,200	80,000	95,000	6,800
Public Health and Welfare Projects	0	0	0	0	6,725	6,725	6,725
Social, Cultural, and Recreation Projects	8,500	0	0	8,500	10,000	10,000	1,500
Public Utility Projects	56,575	0	0	56,575	0	56,575	0
Highway and Street Capital Projects	9,281	(9,281)	0	0	0	0	0
Education Capital Projects	522,695	0	0	522,695	550,000	550,000	27,305
Total Expenditures	\$ 748,070	\$ (69,281)	\$ 10,600	\$ 689,389	\$ 695,725	\$ 767,300	\$ 77,911
Excess (Deficiency) of Revenues Over Expenditures	\$ (3,616)	\$ 69,281	\$ (10,600)	\$ 55,065	\$ (52,796)	\$ (67,796)	\$ 122,861
Net Change in Fund Balance	\$ (3,616)	\$ 69,281	\$ (10,600)	\$ 55,065	\$ (52,796)	\$ (67,796)	\$ 122,861
Fund Balance, July 1, 2014	247,411	(69,281)	0	178,130	174,672	174,672	3,458
Fund Balance, June 30, 2015	\$ 243,795	\$ 0	\$ (10,600)	\$ 233,195	\$ 121,876	\$ 106,876	\$ 126,319

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, 2015

	<u>Agency Funds</u>			
	City	Constitu-		
	School	tional		
	ADA -	Officers -		
	Newport	Agency		
	Cities -			
	Sales			
	Tax			Total
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 1,868,029	\$ 1,868,029
Accounts Receivable	0	0	3,437	3,437
Due from Other Governments	674,069	117,137	0	791,206
Property Taxes Receivable	0	474,715	0	474,715
Allowance for Uncollectible Property Taxes	0	(23,771)	0	(23,771)
Cash Shortage	0	0	35,915	35,915
Total Assets	<u>\$ 674,069</u>	<u>\$ 568,081</u>	<u>\$ 1,907,381</u>	<u>\$ 3,149,531</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 0	\$ 25,321	\$ 0	\$ 25,321
Due to Other Taxing Units	674,069	542,760	0	1,216,829
Due to Litigants, Heirs, and Others	0	0	1,907,381	1,907,381
Total Liabilities	<u>\$ 674,069</u>	<u>\$ 568,081</u>	<u>\$ 1,907,381</u>	<u>\$ 3,149,531</u>

Exhibit H-2

Cocke County, Tennessee
Combining Statement of Changes in Assets
and Liabilities - All Agency Funds
For the Year Ended June 30, 2015

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 3,553,435	\$ 3,553,435	\$ 0
Due from Other Governments	544,338	674,069	544,338	674,069
Total Assets	\$ 544,338	\$ 4,227,504	\$ 4,097,773	\$ 674,069
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 544,338	\$ 4,227,504	\$ 4,097,773	\$ 674,069
Total Liabilities	\$ 544,338	\$ 4,227,504	\$ 4,097,773	\$ 674,069
<u>City School ADA - Newport Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,116,592	\$ 1,116,592	\$ 0
Due from Other Governments	109,091	117,137	109,091	117,137
Property Taxes Receivable	475,386	474,715	475,386	474,715
Allowance for Uncollectible Property Taxes	(36,069)	(23,771)	(36,069)	(23,771)
Total Assets	\$ 548,408	\$ 1,684,673	\$ 1,665,000	\$ 568,081
<u>Liabilities</u>				
Accounts Payable	\$ 0	\$ 25,321	\$ 0	\$ 25,321
Due to Other Taxing Units	548,408	1,659,352	1,665,000	542,760
Total Liabilities	\$ 548,408	\$ 1,684,673	\$ 1,665,000	\$ 568,081
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 2,302,369	\$ 6,874,993	\$ 7,309,333	\$ 1,868,029
Accounts Receivable	3,437	0	0	3,437
Cash Shortage	36,740	0	825	35,915
Total Assets	\$ 2,342,546	\$ 6,874,993	\$ 7,310,158	\$ 1,907,381
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 2,342,546	\$ 6,874,993	\$ 7,310,158	\$ 1,907,381
Total Liabilities	\$ 2,342,546	\$ 6,874,993	\$ 7,310,158	\$ 1,907,381

(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	\$ 2,302,369	\$ 6,874,993	\$ 7,309,333	\$ 1,868,029
Equity in Pooled Cash and Investments	0	4,670,027	4,670,027	0
Accounts Receivable	3,437	0	0	3,437
Due from Other Governments	653,429	791,206	653,429	791,206
Property Taxes Receivable	475,386	474,715	475,386	474,715
Allowance for Uncollectible Property Taxes	(36,069)	(23,771)	(36,069)	(23,771)
Cash Shortage	36,740	0	825	35,915
Total Assets	<u>\$ 3,435,292</u>	<u>\$ 12,787,170</u>	<u>\$ 13,072,931</u>	<u>\$ 3,149,531</u>
<u>Liabilities</u>				
Accounts Payable	\$ 0	\$ 25,321	\$ 0	\$ 25,321
Due to Other Taxing Units	1,092,746	5,886,856	5,762,773	1,216,829
Due to Litigants, Heirs, and Others	2,342,546	6,874,993	7,310,158	1,907,381
Total Liabilities	<u>\$ 3,435,292</u>	<u>\$ 12,787,170</u>	<u>\$ 13,072,931</u>	<u>\$ 3,149,531</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

Cocke County, Tennessee
Statement of Activities
Discretely Presented Cocke County School Department
For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position Total Governmental Activities
Governmental Activities:					
Instruction	\$ 24,276,239	\$ 0	\$ 2,590,061	\$ 23,952	\$ (21,662,226)
Support Services	12,477,764	4,374	1,118,518	522,695	(10,832,177)
Operation of Non-instructional Services	3,593,368	291,585	3,213,995	0	(87,788)
Total Governmental Activities	\$ 40,347,371	\$ 295,959	\$ 6,922,574	\$ 546,647	\$ (32,582,191)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 2,898,655
Property Taxes Levied for School Transportation					1,310,913
Local Option Sales Taxes					3,361,241
Other Local Taxes					81,071
Grants and Contributions Not Restricted to Specific Programs					25,431,408
Unrestricted Investment Income					54,115
Pension Income					227,875
Miscellaneous					61,221
Total General Revenues					\$ 33,426,499
Change in Net Position					\$ 844,308
Net Position, July 1, 2014					24,998,811
Restatement - Pension Liability (see Note I.D.10.)					(6,238,723)
Net Position, June 30, 2015					\$ 19,604,396

Exhibit I-2

Cocke County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Cocke County School Department
June 30, 2015

	Major Funds			Nonmajor Fund	Total Governmental Funds
	General Purpose School	School Federal Projects	School Transportation	Central Cafeteria	
<u>ASSETS</u>					
Cash	\$ 2,000,587	\$ 0	\$ 0	\$ 0	\$ 2,000,587
Equity in Pooled Cash and Investments	4,517,277	255,332	1,198,762	1,067,435	7,038,806
Accounts Receivable	125,513	0	5,466	131	131,110
Due from Other Governments	769,707	44,668	0	0	814,375
Due from Primary Government	0	0	522,695	0	522,695
Property Taxes Receivable	3,112,017	0	1,407,876	0	4,519,893
Allowance for Uncollectible Property Taxes	(155,833)	0	(70,499)	0	(226,332)
Total Assets	<u>\$ 10,369,268</u>	<u>\$ 300,000</u>	<u>\$ 3,064,300</u>	<u>\$ 1,067,566</u>	<u>\$ 14,801,134</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 42,820	\$ 0	\$ 5,451	\$ 377	\$ 48,648
Accrued Payroll	665	0	45	0	710
Other Current Liabilities	2,000,587	0	0	0	2,000,587
Total Liabilities	<u>\$ 2,044,072</u>	<u>\$ 0</u>	<u>\$ 5,496</u>	<u>\$ 377</u>	<u>\$ 2,049,945</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 2,849,755	\$ 0	\$ 1,289,228	\$ 0	\$ 4,138,983
Deferred Delinquent Property Taxes	97,502	0	44,110	0	141,612
Other Deferred/Unavailable Revenue	333,819	0	0	0	333,819
Total Deferred Inflows of Resources	<u>\$ 3,281,076</u>	<u>\$ 0</u>	<u>\$ 1,333,338</u>	<u>\$ 0</u>	<u>\$ 4,614,414</u>

(Continued)

Exhibit I-2

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

	Major Funds			Nonmajor Fund	Total Governmental Funds
	General Purpose School	School Federal Projects	School Transportation	Central Cafeteria	
<u>FUND BALANCES</u>					
Restricted:					
Restricted for Education	\$ 73,005	\$ 0	\$ 783,020	\$ 1,067,189	\$ 1,923,214
Committed:					
Committed for Education	0	300,000	942,446	0	1,242,446
Assigned:					
Assigned for Education	3,435,228	0	0	0	3,435,228
Unassigned	1,535,887	0	0	0	1,535,887
Total Fund Balances	<u>\$ 5,044,120</u>	<u>\$ 300,000</u>	<u>\$ 1,725,466</u>	<u>\$ 1,067,189</u>	<u>\$ 8,136,775</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 10,369,268</u>	<u>\$ 300,000</u>	<u>\$ 3,064,300</u>	<u>\$ 1,067,566</u>	<u>\$ 14,801,134</u>

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, 2015

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)		\$ 8,136,775
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 601,292	
Add: construction in progress	75,495	
Add: buildings and improvements net of accumulated depreciation	17,707,381	
Add: other capital assets net of accumulated depreciation	3,047,993	
Add: infrastructure net of accumulated depreciation	<u>94,080</u>	21,526,241
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: termination benefits payable	\$ (258,360)	
Less: other postemployment benefits liability	<u>(6,443,904)</u>	(6,702,264)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years.		
Add: deferred outflows of resources related to pensions	\$ 2,359,961	
Less: deferred inflows of resources related to pensions	<u>(8,236,452)</u>	(5,876,491)
(4) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.		2,044,704
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>475,431</u>
Net position of governmental activities (Exhibit A)		<u>\$ 19,604,396</u>

Exhibit I-4

Cocke County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Cocke County School Department
For the Year Ended June 30, 2015

	Major Funds			Nonmajor Fund	Total Governmental Funds
	General Purpose School	School Federal Projects	School Transpor - tation	Central Cafeteria	
<u>Revenues</u>					
Local Taxes	\$ 6,423,316	\$ 0	\$ 1,455,144	\$ 0	\$ 7,878,460
Licenses and Permits	995	0	0	0	995
Charges for Current Services	35,988	0	94,695	163,257	293,940
Other Local Revenues	524,157	0	960	57,100	582,217
State of Tennessee	23,568,989	0	666,959	0	24,235,948
Federal Government	549,821	4,240,937	0	2,642,889	7,433,647
Other Governments and Citizens Groups	0	0	522,695	0	522,695
Total Revenues	\$ 31,103,266	\$ 4,240,937	\$ 2,740,453	\$ 2,863,246	\$ 40,947,902
<u>Expenditures</u>					
Current:					
Instruction	\$ 19,791,256	\$ 3,304,384	\$ 0	\$ 0	\$ 23,095,640
Support Services	10,085,943	936,553	1,890,535	0	12,913,031
Operation of Non-instructional Services	802,649	0	0	2,826,037	3,628,686
Capital Outlay	418,086	0	0	0	418,086
Debt Service:					
Other Debt Service	553,760	0	0	0	553,760
Total Expenditures	\$ 31,651,694	\$ 4,240,937	\$ 1,890,535	\$ 2,826,037	\$ 40,609,203
Excess (Deficiency) of Revenues Over Expenditures	\$ (548,428)	\$ 0	\$ 849,918	\$ 37,209	\$ 338,699
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 16,458	\$ 0	\$ 30,952	\$ 1,152	\$ 48,562
Total Other Financing Sources (Uses)	\$ 16,458	\$ 0	\$ 30,952	\$ 1,152	\$ 48,562
Net Change in Fund Balances	\$ (531,970)	\$ 0	\$ 880,870	\$ 38,361	\$ 387,261
Fund Balance, July 1, 2014	5,576,090	300,000	844,596	1,028,828	7,749,514
Fund Balance, June 30, 2015	\$ 5,044,120	\$ 300,000	\$ 1,725,466	\$ 1,067,189	\$ 8,136,775

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, 2015

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)		\$ 387,261
<p>(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:</p>		
Add: capital assets purchased in the current period	\$ 233,171	
Less: current-year depreciation expense	<u>(1,946,583)</u>	(1,713,412)
<p>(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2015	\$ 475,431	
Less: deferred delinquent property taxes and other deferred June 30, 2014	<u>(459,529)</u>	15,902
<p>(3) 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.</p>		
Add: principal payment on note for primary government		12,335
<p>(4) 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.</p>		
Change in accrued interest payable on note for primary government	\$ 231	
Change in termination benefits	(50,360)	
Change in other postemployment benefits liability	(214,585)	
Change in net pension liability/asset	8,283,427	
Change in deferred outflows related to pensions	2,359,961	
Change in deferred inflows related to pensions	<u>(8,236,452)</u>	<u>2,142,222</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 844,308</u>

Exhibit I-6

Coke County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 Discretely Presented Coke County School Department
 General Purpose School Fund
 For the Year Ended June 30, 2015

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 6,423,316	\$ 0	\$ 0	\$ 6,423,316	\$ 6,524,331	\$ 6,524,331	\$ (101,015)
Licenses and Permits	995	0	0	995	1,000	1,000	(5)
Charges for Current Services	35,988	0	0	35,988	41,715	41,715	(5,727)
Other Local Revenues	524,157	0	0	524,157	450,742	525,491	(1,334)
State of Tennessee	23,568,989	0	0	23,568,989	23,626,514	23,637,349	(68,360)
Federal Government	549,821	0	0	549,821	335,626	562,675	(12,854)
Total Revenues	\$ 31,103,266	\$ 0	\$ 0	\$ 31,103,266	\$ 30,979,928	\$ 31,292,561	\$ (189,295)
Expenditures							
Instruction							
Regular Instruction Program	\$ 15,870,979	\$ 0	\$ 0	\$ 15,870,979	\$ 18,092,311	\$ 18,103,686	\$ 2,232,707
Alternative Instruction Program	262,139	0	0	262,139	299,346	299,347	37,208
Special Education Program	2,338,245	0	0	2,338,245	2,538,000	2,545,051	206,806
Vocational Education Program	1,319,572	0	0	1,319,572	1,322,587	1,338,586	19,014
Student Body Education Program	321	0	0	321	2,700	2,700	2,379
Support Services							
Attendance	159,562	0	0	159,562	175,141	175,141	15,579
Health Services	344,283	0	0	344,283	349,537	349,887	5,604
Other Student Support	988,263	0	0	988,263	1,091,358	1,091,357	103,094
Regular Instruction Program	1,176,059	0	0	1,176,059	1,326,838	1,325,463	149,404
Special Education Program	422,313	0	0	422,313	505,725	505,725	83,412
Vocational Education Program	78,853	0	0	78,853	83,351	83,351	4,498
Other Programs	233,876	0	0	233,876	0	233,876	0
Board of Education	423,034	0	0	423,034	468,886	468,886	45,852
Director of Schools	238,015	0	0	238,015	255,227	255,227	17,212
Office of the Principal	2,329,275	(3,851)	4,415	2,329,839	2,452,074	2,455,077	125,238
Fiscal Services	217,925	0	0	217,925	195,099	254,806	36,881
Human Services/Personnel	0	0	0	0	59,707	0	0
Operation of Plant	2,489,454	(223)	43	2,489,274	2,763,957	2,763,957	274,683
Maintenance of Plant	527,726	0	0	527,726	588,610	588,610	60,884

(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 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Transportation	\$ 38,068	\$ 0	\$ 0	\$ 38,068	\$ 63,255	\$ 63,255	\$ 25,187
Central and Other	419,237	0	0	419,237	363,136	427,535	8,298
<u>Operation of Non-instructional Services</u>							
Food Service	78,121	0	0	78,121	78,350	78,350	229
Community Services	450,112	0	0	450,112	500,284	494,237	44,125
Early Childhood Education	274,416	0	0	274,416	301,621	301,621	27,205
<u>Capital Outlay</u>							
Regular Capital Outlay	418,086	0	0	418,086	530,000	530,000	111,914
<u>Principal on Debt</u>							
Education	0	0	0	0	525,263	0	0
<u>Interest on Debt</u>							
Education	0	0	0	0	35,267	0	0
<u>Other Debt Service</u>							
Education	553,760	0	0	553,760	0	560,530	6,770
Total Expenditures	\$ 31,651,694	\$ (4,074)	\$ 4,458	\$ 31,652,078	\$ 34,967,630	\$ 35,296,261	\$ 3,644,183
Excess (Deficiency) of Revenues							
Over Expenditures	\$ (548,428)	\$ 4,074	\$ (4,458)	\$ (548,812)	\$ (3,987,702)	\$ (4,003,700)	\$ 3,454,888
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 16,458	\$ 0	\$ 0	\$ 16,458	\$ 50,000	\$ 66,000	\$ (49,542)
Total Other Financing Sources	\$ 16,458	\$ 0	\$ 0	\$ 16,458	\$ 50,000	\$ 66,000	\$ (49,542)
Net Change in Fund Balance							
Fund Balance, July 1, 2014	\$ (531,970)	\$ 4,074	\$ (4,458)	\$ (532,354)	\$ (3,937,702)	\$ (3,937,700)	\$ 3,405,346
	5,576,090	(4,074)	0	5,572,016	5,472,143	5,472,143	99,873
Fund Balance, June 30, 2015	\$ 5,044,120	\$ 0	\$ (4,458)	\$ 5,039,662	\$ 1,534,441	\$ 1,534,443	\$ 3,505,219

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 4,240,937	\$ 4,091,969	\$ 5,080,039	\$ (839,102)
Total Revenues	\$ 4,240,937	\$ 4,091,969	\$ 5,080,039	\$ (839,102)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 2,332,875	\$ 2,011,086	\$ 2,813,464	\$ 480,589
Special Education Program	886,635	897,657	1,006,069	119,434
Vocational Education Program	84,874	85,277	84,874	0
<u>Support Services</u>				
Other Student Support	139,132	167,310	159,753	20,621
Regular Instruction Program	601,746	734,984	777,299	175,553
Special Education Program	13,000	3,580	16,580	3,580
Vocational Education Program	3,000	3,000	3,000	0
Transportation	179,675	189,075	219,000	39,325
Total Expenditures	\$ 4,240,937	\$ 4,091,969	\$ 5,080,039	\$ 839,102
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ 0	\$ 0	\$ 0
Net Change in Fund Balance	\$ 0	\$ 0	\$ 0	\$ 0
Fund Balance, July 1, 2014	300,000	300,000	300,000	0
Fund Balance, June 30, 2015	\$ 300,000	\$ 300,000	\$ 300,000	\$ 0

Exhibit I-8

Cocke County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Cocke County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 163,257	\$ 260,513	\$ 260,513	\$ (97,256)
Other Local Revenues	57,100	67,688	67,688	(10,588)
Federal Government	2,642,889	2,805,930	2,857,196	(214,307)
Total Revenues	<u>\$ 2,863,246</u>	<u>\$ 3,134,131</u>	<u>\$ 3,185,397</u>	<u>\$ (322,151)</u>
<u>Expenditures</u>				
<u>Operation of Non-instructional Services</u>				
Food Service	\$ 2,826,037	\$ 3,134,131	\$ 3,185,397	\$ 359,360
Total Expenditures	<u>\$ 2,826,037</u>	<u>\$ 3,134,131</u>	<u>\$ 3,185,397</u>	<u>\$ 359,360</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 37,209</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 37,209</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 1,152	\$ 0	\$ 0	\$ 1,152
Total Other Financing Sources	<u>\$ 1,152</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,152</u>
Net Change in Fund Balance	\$ 38,361	\$ 0	\$ 0	\$ 38,361
Fund Balance, July 1, 2014	<u>1,028,828</u>	<u>1,022,735</u>	<u>1,022,659</u>	<u>6,169</u>
Fund Balance, June 30, 2015	<u>\$ 1,067,189</u>	<u>\$ 1,022,735</u>	<u>\$ 1,022,659</u>	<u>\$ 44,530</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, 2015

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 1,455,144	\$ 0	\$ 0	\$ 1,455,144	\$ 1,503,237	\$ 1,503,237	\$ (48,093)
Charges for Current Services	94,695	0	0	94,695	90,000	90,000	4,695
Other Local Revenues	960	0	0	960	8,100	8,100	(7,140)
State of Tennessee	666,959	0	0	666,959	665,385	665,385	1,574
Other Governments and Citizens Groups	522,695	0	0	522,695	550,000	550,000	(27,305)
Total Revenues	\$ 2,740,453	\$ 0	\$ 0	\$ 2,740,453	\$ 2,816,722	\$ 2,816,722	\$ (76,269)
<u>Expenditures</u>							
<u>Support Services</u>							
Board of Education	\$ 29,060	\$ 0	\$ 0	\$ 29,060	\$ 32,000	\$ 32,000	\$ 2,940
Transportation	1,861,475	(18,504)	558,512	2,401,483	2,839,722	2,839,722	438,239
Total Expenditures	\$ 1,890,535	\$ (18,504)	\$ 558,512	\$ 2,430,543	\$ 2,871,722	\$ 2,871,722	\$ 441,179
Excess (Deficiency) of Revenues Over Expenditures	\$ 849,918	\$ 18,504	\$ (558,512)	\$ 309,910	\$ (55,000)	\$ (55,000)	\$ 364,910
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 30,952	\$ 0	\$ 0	\$ 30,952	\$ 40,000	\$ 40,000	\$ (9,048)
Total Other Financing Sources	\$ 30,952	\$ 0	\$ 0	\$ 30,952	\$ 40,000	\$ 40,000	\$ (9,048)
Net Change in Fund Balance	\$ 880,870	\$ 18,504	\$ (558,512)	\$ 340,862	\$ (15,000)	\$ (15,000)	\$ 355,862
Fund Balance, July 1, 2014	844,596	(18,504)	0	826,092	829,609	829,609	(3,517)
Fund Balance, June 30, 2015	\$ 1,725,466	\$ 0	\$ (558,512)	\$ 1,166,954	\$ 814,609	\$ 814,609	\$ 352,345

Exhibit I-10

Cocke County, Tennessee
Statement of Fiduciary Net Position
Discretely Presented Cocke County School Department
Fiduciary Fund
June 30, 2015

	<u>Private - Purpose Trust Fund</u> <u>Endowment Fund</u>
<u>ASSETS</u>	
Equity in Pooled Cash and Investments	\$ 385,698
Total Assets	<u>\$ 385,698</u>
<u>NET POSITION</u>	
Funds Held in Trust for Scholarships	<u>\$ 385,698</u>
Total Net Position	<u><u>\$ 385,698</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, 2015

	Private - Purpose Trust Fund <hr/> Endowment Fund <hr/>
<u>ADDITIONS</u>	
Investment Income	\$ 1,410
Total Additions	<hr/> \$ 1,410
Change in Net Position	\$ 1,410
Net Position, July 1, 2014	<hr/> 384,288
Net Position, June 30, 2015	<hr/> <hr/> \$ 385,698

MISCELLANEOUS SCHEDULES

Exhibit J-1

Cocke County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, and Bonds
For the Year Ended June 30, 2015

Description of Indebtedness	Original Amount of Issue	Interest Rate		Date of Issue	Last Maturity Date	Outstanding 7-1-14	Paid and/or Matured During Period	Outstanding 6-30-15
<u>NOTES PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
School Energy Conservation and Renovation	\$ 500,000	0	%	5-30-08	7-15-15	\$ 142,855	\$ 71,427	\$ 71,428
Total Payable through General Debt Service Fund						<u>\$ 142,855</u>	<u>\$ 71,427</u>	<u>\$ 71,428</u>
<u>Payable by the School Department through General Purpose School Fund</u>								
Land	100,000	5		2-17-05	2-17-15	\$ 12,335	\$ 12,335	\$ 0
Total Payable by the School Department through General Purpose School Fund						<u>\$ 12,335</u>	<u>\$ 12,335</u>	<u>\$ 0</u>
Total Notes Payable						<u>\$ 155,190</u>	<u>\$ 83,762</u>	<u>\$ 71,428</u>
<u>OTHER LOANS PAYABLE</u>								
<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	\$ 921,690	\$ 15,501	\$ 906,189
City of Newport - River Crest Project (B)	300,000	4.38		2-14-06	5-1-45	269,288	4,477	264,811
City of Newport - Hwy 25E Projects	497,197	4.5		7-13-06	(1)	319,710	27,518	292,192
City of Newport - Hartford Project	478,417	2.15		2-14-08	12-31-27	379,010	21,510	357,500
Total Payable through Industrial/Economic Development Fund						<u>\$ 1,889,698</u>	<u>\$ 69,006</u>	<u>\$ 1,820,692</u>
<u>Payable through General Debt Service Fund</u>								
Qualified School Construction Bonds	5,575,000	0	(2)	10-7-10	9-15-27	\$ 4,589,365	\$ 347,871	\$ 4,241,494
Total Payable through General Debt Service Fund						<u>\$ 4,589,365</u>	<u>\$ 347,871</u>	<u>\$ 4,241,494</u>
Total Other Loans Payable						<u>\$ 6,479,063</u>	<u>\$ 416,877</u>	<u>\$ 6,062,186</u>

(Continued)

Exhibit J-1

Cocke 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 7-1-14	Paid and/or Matured During Period	Outstanding 6-30-15
<u>BONDS PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
General Obligation Refunding Bonds, Series 2008	\$ 7,300,000	3 to 4.1 %	4-16-08	5-1-28	\$ 6,600,000	\$ 25,000	\$ 6,575,000
General Obligation Refunding Bonds, Series 2008B	5,525,000	4 to 5	12-15-08	5-1-28	3,345,000	235,000	3,110,000
Build America Bonds, Series 2009B	2,500,000	3.44	10-20-09	6-1-30	2,300,000	100,000	2,200,000
General Obligation Bonds, Series 2011A	900,000	.9 to 2.7	11-30-11	6-1-19	600,000	100,000	500,000
General Obligation and Refunding Bonds, Series 2011B	6,685,000	1.5 to 3.2	11-30-11	6-1-30	6,585,000	50,000	6,535,000
School Refunding Bonds, Series 2013A	5,100,000	4	11-25-13	6-1-18	5,100,000	1,115,000	3,985,000
Total Payable through General Debt Service Fund					<u>\$ 24,530,000</u>	<u>\$ 1,625,000</u>	<u>\$ 22,905,000</u>
<u>Payable through Rural Debt Service Fund</u>							
Rural School Refunding Bonds, Series 2013B	1,155,000	3	11-25-13	6-1-18	\$ 1,155,000	\$ 270,000	\$ 885,000
Total Payable through Rural Debt Service Fund					<u>\$ 1,155,000</u>	<u>\$ 270,000</u>	<u>\$ 885,000</u>
Total Bonds Payable					<u>\$ 25,685,000</u>	<u>\$ 1,895,000</u>	<u>\$ 23,790,000</u>

(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		Total
	Principal	Interest	
2016	\$ 71,428	\$ 0	\$ 71,428
Total	\$ 71,428	\$ 0	\$ 71,428

Year Ending June 30	Other Loans - City of Newport		
	Principal (1)	Interest (1)	Total
2016	\$ 42,747	\$ 56,652	\$ 99,399
2017	44,093	55,312	99,405
2018	45,476	53,925	99,401
2019	46,919	52,490	99,409
2020	48,414	51,006	99,420
2021	49,951	49,469	99,420
2022	51,542	47,878	99,420
2023	53,200	46,231	99,431
2024	54,907	44,526	99,433
2025	56,684	42,761	99,445
2026	58,513	40,933	99,446
2027	60,417	39,041	99,458
2028	62,378	37,081	99,459
2029	66,208	35,051	101,259
2030	36,786	32,910	69,696
2031 - 2045	750,265	267,511	1,017,776
Total	\$ 1,528,500	\$ 952,777	\$ 2,481,277

(1) Amounts included for Other Loans - City of Newport represent the minimum requirements for the River Crest and Hartford project loans. Annual requirements for the Highway 25E project loan with a balance of \$292,192 as of June 30, 2015, 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
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	\$ 4,241,494	\$ 0	\$ 4,241,494

Year Ending June 30	Bonds		
	Principal	Interest	Total
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	\$ 23,790,000	\$ 6,634,542	\$ 30,424,542

Exhibit J-3

Cocke County, Tennessee
Schedule of Investments
June 30, 2015

<u>Fund and Type</u>	<u>Amount</u>
<u>Highway Capital Projects Fund</u>	
State Treasurer's Investment Pool	<u>\$ 51,954</u>
Total Investments	<u><u>\$ 51,954</u></u>

Exhibit J-4

Cocke County, Tennessee
Schedule of Transfers
For the Year Ended June 30, 2015

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	Sports and Recreation	Operations	\$ 3,900
"	General Debt Service	Debt service	<u>250,681</u>
Total Transfers			<u>\$ 254,581</u>

Exhibit J-5

Cocke County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Cocke County School Department
For the Year Ended June 30, 2015

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor:				
Vaughn Moore (7-1-14 through 8-31-14)	Section 8-24-102, <i>TCA</i>	\$ 13,526	\$ 50,000	Hartford Fire Insurance Company
Crystal Ottinger (9-1-14 through 6-30-15)	Section 8-24-102, <i>TCA</i>	67,627	100,000	Auto Owners Insurance Company
Road Superintendent	Section 8-24-102, <i>TCA</i>	77,290	100,000	"
Director of Schools	State Board of Education and County Board of Education	118,107 (1)	50,000	Western Surety Company
Trustee	Section 8-24-102, <i>TCA</i>	70,263	1,402,773	Auto Owners Insurance Company
Assessor of Property	Section 8-24-102, <i>TCA</i>	70,263	50,000	Hartford Fire Insurance Company
Director of Accounts and Budgets	County Commission	70,263	100,000	Auto Owners Insurance Company
County Clerk:				
Janice Butler (7-1-14 through 8-31-14)	Section 8-24-102, <i>TCA</i>	11,711	50,000	Hartford Fire Insurance Company
Jan Brockwell (9-1-14 through 6-30-15)	Section 8-24-102, <i>TCA</i>	58,552	100,000	Auto Owners Insurance Company
Circuit Court Clerk	Section 8-24-102, <i>TCA</i>	70,263	100,000	"
General Sessions Court Clerk	Section 8-24-102, <i>TCA</i>	70,263	100,000	"
Clerk and Master	Section 8-24-102, <i>TCA</i> , and Chancery Court Judge	70,263 (2)	100,000	"
Register of Deeds	Section 8-24-102, <i>TCA</i>	70,263	100,000	Auto Owners Insurance Company
Sheriff	Section 8-24-102, <i>TCA</i>	77,290 (3)	100,000	"
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 \$412.
(2) Does not include special commissioner fees of \$20,953.
(3) Does not include a law enforcement training supplement of \$600.

Exhibit J-6

Cocke County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2015

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	Sports and Recreation
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 5,095,973	\$ 1,145,228	\$ 85,871	\$ 0	\$ 0
Trustee's Collections - Prior Year	218,011	51,297	2,565	0	0
Circuit/Clerk and Master Collections - Prior Years	165,772	34,094	6,227	0	0
Interest and Penalty	41,220	9,628	518	0	0
Payments in-Lieu-of Taxes - T.V.A.	2,531	569	43	0	0
Payments in-Lieu-of Taxes - Local Utilities	291,285	65,458	4,909	0	0
Payments in-Lieu-of Taxes - Other	1,854	417	31	0	0
<u>County Local Option Taxes</u>					
Local Option Sales Tax	479,432	0	0	0	0
Hotel/Motel Tax	241,708	0	0	0	0
Litigation Tax - General	28,986	0	0	0	0
Litigation Tax - Special Purpose	4,341	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	206,023	0	0	0	0
Litigation Tax - Courthouse Security	15,173	0	0	0	0
Business Tax	264,075	0	0	0	0
Mixed Drink Tax	2,015	0	0	0	0
Mineral Severance Tax	0	0	0	0	0
Other County Local Option Taxes	91,417	0	0	0	0
<u>Statutory Local Taxes</u>					
Bank Excise Tax	23,853	5,360	402	0	0
Wholesale Beer Tax	233,109	0	0	0	0
Interstate Telecommunications Tax	254	0	0	0	0
Total Local Taxes	\$ 7,407,032	\$ 1,312,051	\$ 100,566	\$ 0	\$ 0

(Continued)

Exhibit J-6

Coke 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	\$ 1,107	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	120,876	0	0	0	0
<u>Permits</u>					
Beer Permits	5,748	0	0	0	0
Total Licenses and Permits	<u>\$ 127,731</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 4,454	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	17,276	0	0	0	0
Drug Control Fines	2,152	0	0	0	0
Drug Court Fees	12,082	0	0	0	0
DUI Treatment Fines	1,662	0	0	0	0
Data Entry Fee - Circuit Court	908	0	0	0	0
Courtroom Security Fee	206	0	0	0	0
<u>General Sessions Court</u>					
Fines	48,093	0	0	0	0
Officers Costs	32,691	0	0	0	0
Game and Fish Fines	1,056	0	0	0	0
Drug Control Fines	0	0	0	9,454	0
Drug Court Fees	6,033	0	0	0	0
Jail Fees	41,909	0	0	0	0
DUI Treatment Fines	1,235	0	0	0	0
Data Entry Fee - General Sessions Court	15,392	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>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>Juvenile Court</u>					
Fines	\$ 594	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	1,383	0	0	0	0
Data Entry Fee - Juvenile Court	273	0	0	0	0
<u>Chancery Court</u>					
Officers Costs	532	0	0	0	0
Data Entry Fee - Chancery Court	1,004	0	0	0	0
<u>Other Courts - In-county</u>					
Fines for Littering	285	0	0	0	0
Officers Costs	36	0	0	0	0
<u>Judicial District Drug Program</u>					
Victims Assistance Assessments	28,012	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	0	0	0	202,673	0
Total Fines, Forfeitures, and Penalties	\$ 217,268	\$ 0	\$ 0	\$ 212,127	\$ 0
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Tipping Fees	\$ 0	\$ 16,295	\$ 0	\$ 0	\$ 0
Solid Waste Disposal Fee	0	2,803	0	0	0
Work Release Charges for Board	14,510	0	0	0	0
Other General Service Charges	146	0	0	0	0
<u>Fees</u>					
Recreation Fees	348,948	0	0	0	18,095
Copy Fees	2,565	0	0	0	0
Greenbelt Late Application Fee	50	0	0	0	0

(Continued)

Exhibit J-6

Coke 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>					
Telephone Commissions	\$ 38,955	\$ 0	\$ 0	\$ 0	\$ 0
Vending Machine Collections	123	0	0	0	51
Constitutional Officers' Fees and Commissions	0	0	0	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	0
Data Processing Fee - Register	9,664	0	0	0	0
Data Processing Fee - Sheriff	2,193	0	0	0	0
Sexual Offender Registration Fee - Sheriff	4,950	0	0	0	0
Data Processing Fee - County Clerk	4,061	0	0	0	0
Total Charges for Current Services	\$ 426,165	\$ 19,098	\$ 0	\$ 0	\$ 18,146
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	9,800	0	0	0	0
Sale of Materials and Supplies	346	28,931	0	0	0
Commissary Sales	16,467	0	0	0	640
Sale of Recycled Materials	0	2,080	0	0	0
Miscellaneous Refunds	77,583	8,106	0	5,216	1,783
<u>Nonrecurring Items</u>					
Sale of Property	2,631	0	81,950	0	0
Total Other Local Revenues	\$ 106,827	\$ 39,117	\$ 81,950	\$ 5,216	\$ 2,423
<u>Fees Received from County Officials</u>					
<u>Excess Fees</u>					
County Clerk	\$ 77,523	\$ 0	\$ 0	\$ 0	\$ 0
Trustee	241,379	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>Fees Received from County Officials (Cont.)</u>					
<u>Fees in-Lieu-of Salary</u>					
County Clerk	\$ 273,911	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	368,032	0	0	0	0
General Sessions Court Clerk	275,835	0	0	0	0
Clerk and Master	47,937	0	0	0	0
Juvenile Court Clerk	10,896	0	0	0	0
Register	102,185	0	0	0	0
Sheriff	5,316	0	0	0	0
Total Fees Received from County Officials	\$ 1,403,014	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 15,820	\$ 0	\$ 0	\$ 0	\$ 0
Solid Waste Grants	0	18,910	0	0	0
On-behalf Contributions for OPEB	600	0	0	0	0
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	30,000	0	0	0	0
<u>Health and Welfare Grants</u>					
Health Department Programs	242,203	0	0	0	0
<u>Public Works Grants</u>					
Litter Program	41,100	18,868	0	0	0
<u>Other State Revenues</u>					
Income Tax	62,148	0	0	0	0
Beer Tax	0	0	0	0	0
Vehicle Certificate of Title Fees	9,342	0	0	0	0
Alcoholic Beverage Tax	0	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>State of Tennessee (Cont.)</u>					
<u>Other State Revenues (Cont.)</u>					
State Revenue Sharing - T.V.A.	\$ 282,146	\$ 63,403	\$ 4,755	\$ 0	\$ 0
Contracted Prisoner Boarding	486,797	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	\$ 1,185,320	\$ 101,181	\$ 4,755	\$ 0	\$ 0
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA - Other	\$ 55	\$ 0	\$ 0	\$ 0	\$ 0
Community Development	0	0	0	0	0
Civil Defense Reimbursement	29,826	0	0	0	0
Other Federal through State	108,838	0	0	0	0
<u>Direct Federal Revenue</u>					
Forest Service	95,559	0	0	0	0
Tax Credit Bond Rebate	250,681	0	0	0	0
Other Direct Federal Revenue	40,066	0	0	0	0
Total Federal Government	\$ 525,025	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 91,105	\$ 0	\$ 0	\$ 0	\$ 0
<u>Citizens Groups</u>					
Donations	0	0	0	0	2,963
Total Other Governments and Citizens Groups	\$ 91,105	\$ 0	\$ 0	\$ 0	\$ 2,963
Total	\$ 11,489,487	\$ 1,471,447	\$ 187,271	\$ 217,343	\$ 23,532

(Continued)

Exhibit J-6

Coke 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	\$ 1,517,648	\$ 1,059,476	\$ 0	\$ 572,582
Trustee's Collections - Prior Year	0	75,663	52,580	0	24,365
Circuit/Clerk and Master Collections - Prior Years	0	47,592	38,512	0	18,717
Interest and Penalty	0	13,986	9,725	0	4,612
Payments in-Lieu-of Taxes - T.V.A.	0	754	526	0	284
Payments in-Lieu-of Taxes - Local Utilities	0	86,734	60,549	0	32,729
Payments in-Lieu-of Taxes - Other	0	552	385	0	208
<u>County Local Option Taxes</u>					
Local Option Sales Tax	0	0	1,421,438	0	0
Hotel/Motel Tax	0	0	0	0	0
Litigation Tax - General	0	0	0	0	0
Litigation Tax - Special Purpose	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0
Litigation Tax - Courthouse Security	0	0	0	0	0
Business Tax	0	0	0	0	0
Mixed Drink Tax	0	0	0	0	0
Mineral Severance Tax	0	72,604	0	0	0
Other County Local Option Taxes	0	0	0	0	0
<u>Statutory Local Taxes</u>					
Bank Excise Tax	0	7,102	4,958	0	2,680
Wholesale Beer Tax	0	0	0	0	0
Interstate Telecommunications Tax	0	0	762	0	0
Total Local Taxes	\$ 0	\$ 1,822,635	\$ 2,648,911	\$ 0	\$ 656,177

(Continued)

Exhibit J-6

Coke 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
Cable TV Franchise	0	0	0	0	0
<u>Permits</u>					
Beer Permits	0	0	0	0	0
Total Licenses and Permits	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	0	0	0	0	0
Drug Control Fines	0	0	0	0	0
Drug Court Fees	0	0	0	0	0
DUI Treatment Fines	0	0	0	0	0
Data Entry Fee - Circuit Court	0	0	0	0	0
Courtroom Security Fee	0	0	0	0	0
<u>General Sessions Court</u>					
Fines	0	0	0	0	0
Officers Costs	0	0	0	0	0
Game and Fish Fines	0	0	0	0	0
Drug Control Fines	0	0	0	0	0
Drug Court Fees	0	0	0	0	0
Jail Fees	0	0	0	0	0
DUI Treatment Fines	0	0	0	0	0
Data Entry Fee - General Sessions Court	0	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 Capital Projects
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>Juvenile Court</u>					
Fines	\$ 0	\$ 0	\$ 0	\$ 0	0
Officers Costs	0	0	0	0	0
Data Entry Fee - Juvenile Court	0	0	0	0	0
<u>Chancery Court</u>					
Officers Costs	0	0	0	0	0
Data Entry Fee - Chancery Court	0	0	0	0	0
<u>Other Courts - In-county</u>					
Fines for Littering	0	0	0	0	0
Officers Costs	0	0	0	0	0
<u>Judicial District Drug Program</u>					
Victims Assistance Assessments	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Tipping Fees	\$ 0	\$ 0	\$ 0	\$ 0	0
Solid Waste Disposal Fee	0	0	0	0	0
Work Release Charges for Board	0	0	0	0	0
Other General Service Charges	0	0	0	0	0
<u>Fees</u>					
Recreation Fees	0	0	0	0	0
Copy Fees	0	0	0	0	0
Greenbelt Late Application Fee	0	0	0	0	0

(Continued)

Exhibit J-6

Coke 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>					
Telephone Commissions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Vending Machine Collections	0	0	0	0	0
Constitutional Officers' Fees and Commissions	253,970	0	0	0	0
Special Commissioner Fees/Special Master Fees	20,953	0	0	0	0
Data Processing Fee - Register	0	0	0	0	0
Data Processing Fee - Sheriff	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	0	0	0	0	0
Data Processing Fee - County Clerk	0	0	0	0	0
Total Charges for Current Services	\$ 274,923	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 37,485	\$ 0	\$ 0
Lease/Rentals	0	0	0	0	0
Sale of Materials and Supplies	0	3,352	0	0	0
Commissary Sales	0	0	0	0	0
Sale of Recycled Materials	0	0	0	0	0
Miscellaneous Refunds	0	13,448	120	0	0
<u>Nonrecurring Items</u>					
Sale of Property	0	0	0	0	0
Total Other Local Revenues	\$ 0	\$ 16,800	\$ 37,605	\$ 0	\$ 0
<u>Fees Received from County Officials</u>					
<u>Excess Fees</u>					
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Trustee	0	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 Capital Projects
<u>Fees Received from County Officials (Cont.)</u>					
<u>Fees in-Lieu-of Salary</u>					
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	0	0	0	0	0
General Sessions Court Clerk	0	0	0	0	0
Clerk and Master	0	0	0	0	0
Juvenile Court Clerk	0	0	0	0	0
Register	0	0	0	0	0
Sheriff	0	0	0	0	0
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Solid Waste Grants	0	0	0	0	0
On-behalf Contributions for OPEB	0	0	0	0	0
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	0	0	0	0	0
<u>Health and Welfare Grants</u>					
Health Department Programs	0	0	0	0	0
<u>Public Works Grants</u>					
Litter Program	0	0	0	0	0
<u>Other State Revenues</u>					
Income Tax	0	0	0	0	0
Beer Tax	0	18,055	0	0	0
Vehicle Certificate of Title Fees	0	0	0	0	0
Alcoholic Beverage Tax	0	65,482	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 Capital Projects
<u>State of Tennessee (Cont.)</u>					
<u>Other State Revenues (Cont.)</u>					
State Revenue Sharing - T.V.A.	\$ 0	\$ 84,010	\$ 58,648	\$ 0	\$ 31,702
Contracted Prisoner Boarding	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	1,750,103	0	0	0
Petroleum Special Tax	0	25,732	0	0	0
Registrar's Salary Supplement	0	0	0	0	0
Total State of Tennessee	\$ 0	\$ 1,943,382	\$ 58,648	\$ 0	\$ 31,702
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA - Other	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Community Development	0	0	0	0	56,575
Civil Defense Reimbursement	0	0	0	0	0
Other Federal through State	0	0	0	0	0
<u>Direct Federal Revenue</u>					
Forest Service	0	20,476	0	0	0
Tax Credit Bond Rebate	0	0	38,090	0	0
Other Direct Federal Revenue	0	0	0	0	0
Total Federal Government	\$ 0	\$ 20,476	\$ 38,090	\$ 0	\$ 56,575
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 249,109	\$ 304,650	\$ 0
<u>Citizens Groups</u>					
Donations	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 249,109	\$ 304,650	\$ 0
Total	\$ 274,923	\$ 3,803,293	\$ 3,032,363	\$ 304,650	\$ 744,454

(Continued)

Exhibit J-6

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

	Capital Projects Fund (Cont.)	
	Highway Capital Projects	Total
<u>Local Taxes</u>		
<u>County Property Taxes</u>		
Current Property Tax	\$ 0	\$ 9,476,778
Trustee's Collections - Prior Year	0	424,481
Circuit/Clerk and Master Collections - Prior Years	0	310,914
Interest and Penalty	0	79,689
Payments in-Lieu-of Taxes - T.V.A.	0	4,707
Payments in-Lieu-of Taxes - Local Utilities	0	541,664
Payments in-Lieu-of Taxes - Other	0	3,447
<u>County Local Option Taxes</u>		
Local Option Sales Tax	0	1,900,870
Hotel/Motel Tax	0	241,708
Litigation Tax - General	0	28,986
Litigation Tax - Special Purpose	0	4,341
Litigation Tax - Jail, Workhouse, or Courthouse	0	206,023
Litigation Tax - Courthouse Security	0	15,173
Business Tax	0	264,075
Mixed Drink Tax	0	2,015
Mineral Severance Tax	0	72,604
Other County Local Option Taxes	0	91,417
<u>Statutory Local Taxes</u>		
Bank Excise Tax	0	44,355
Wholesale Beer Tax	0	233,109
Interstate Telecommunications Tax	0	1,016
Total Local Taxes	\$ 0	\$ 13,947,372

(Continued)

Exhibit J-6

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

	Capital Projects Fund (Cont.)	
	Highway Capital Projects	Total
<u>Licenses and Permits</u>		
<u>Licenses</u>		
Marriage Licenses	\$ 0	\$ 1,107
Cable TV Franchise	0	120,876
<u>Permits</u>		
Beer Permits	0	5,748
Total Licenses and Permits	<u>\$ 0</u>	<u>\$ 127,731</u>
<u>Fines, Forfeitures, and Penalties</u>		
<u>Circuit Court</u>		
Fines	\$ 0	\$ 4,454
Officers Costs	0	17,276
Drug Control Fines	0	2,152
Drug Court Fees	0	12,082
DUI Treatment Fines	0	1,662
Data Entry Fee - Circuit Court	0	908
Courtroom Security Fee	0	206
<u>General Sessions Court</u>		
Fines	0	48,093
Officers Costs	0	32,691
Game and Fish Fines	0	1,056
Drug Control Fines	0	9,454
Drug Court Fees	0	6,033
Jail Fees	0	41,909
DUI Treatment Fines	0	1,235
Data Entry Fee - General Sessions Court	0	15,392

(Continued)

Exhibit J-6

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

	Capital Projects Fund (Cont.)		Highway Capital Projects	Total
<hr/>				
<u>Fines, Forfeitures, and Penalties (Cont.)</u>				
<u>Juvenile Court</u>				
Fines	\$	0	\$	594
Officers Costs		0		1,383
Data Entry Fee - Juvenile Court		0		273
<u>Chancery Court</u>				
Officers Costs		0		532
Data Entry Fee - Chancery Court		0		1,004
<u>Other Courts - In-county</u>				
Fines for Littering		0		285
Officers Costs		0		36
<u>Judicial District Drug Program</u>				
Victims Assistance Assessments		0		28,012
<u>Other Fines, Forfeitures, and Penalties</u>				
Proceeds from Confiscated Property		0		202,673
Total Fines, Forfeitures, and Penalties	\$	0	\$	429,395
<hr/>				
<u>Charges for Current Services</u>				
<u>General Service Charges</u>				
Tipping Fees	\$	0	\$	16,295
Solid Waste Disposal Fee		0		2,803
Work Release Charges for Board		0		14,510
Other General Service Charges		0		146
<u>Fees</u>				
Recreation Fees		0		367,043
Copy Fees		0		2,565
Greenbelt Late Application Fee		0		50

(Continued)

Exhibit J-6

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

	<u>Capital Projects Fund (Cont.)</u>		
	Highway Capital Projects		Total
<u>Charges for Current Services (Cont.)</u>			
<u>Fees (Cont.)</u>			
Telephone Commissions	\$ 0	\$	38,955
Vending Machine Collections	0		174
Constitutional Officers' Fees and Commissions	0		253,970
Special Commissioner Fees/Special Master Fees	0		20,953
Data Processing Fee - Register	0		9,664
Data Processing Fee - Sheriff	0		2,193
Sexual Offender Registration Fee - Sheriff	0		4,950
Data Processing Fee - County Clerk	0		4,061
Total Charges for Current Services	<u>\$ 0</u>	<u>\$</u>	<u>738,332</u>
<u>Other Local Revenues</u>			
<u>Recurring Items</u>			
Investment Income	\$ 45	\$	37,530
Lease/Rentals	0		9,800
Sale of Materials and Supplies	0		32,629
Commissary Sales	0		17,107
Sale of Recycled Materials	0		2,080
Miscellaneous Refunds	0		106,256
<u>Nonrecurring Items</u>			
Sale of Property	0		84,581
Total Other Local Revenues	<u>\$ 45</u>	<u>\$</u>	<u>289,983</u>
<u>Fees Received from County Officials</u>			
<u>Excess Fees</u>			
County Clerk	\$ 0	\$	77,523
Trustee	0		241,379

(Continued)

Exhibit J-6

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

	Capital Projects Fund (Cont.)		Highway Capital Projects	Total
<hr/>				
<u>Fees Received from County Officials (Cont.)</u>				
<u>Fees in-Lieu-of Salary</u>				
County Clerk	\$	0	\$	273,911
Circuit Court Clerk		0		368,032
General Sessions Court Clerk		0		275,835
Clerk and Master		0		47,937
Juvenile Court Clerk		0		10,896
Register		0		102,185
Sheriff		0		5,316
Total Fees Received from County Officials	<u>\$</u>	<u>0</u>	<u>\$</u>	<u>1,403,014</u>
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
Juvenile Services Program	\$	0	\$	15,820
Solid Waste Grants		0		18,910
On-behalf Contributions for OPEB		0		600
<u>Public Safety Grants</u>				
Law Enforcement Training Programs		0		30,000
<u>Health and Welfare Grants</u>				
Health Department Programs		0		242,203
<u>Public Works Grants</u>				
Litter Program		0		59,968
<u>Other State Revenues</u>				
Income Tax		0		62,148
Beer Tax		0		18,055
Vehicle Certificate of Title Fees		0		9,342
Alcoholic Beverage Tax		0		65,482

(Continued)

Exhibit J-6

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

	<u>Capital Projects Fund (Cont.)</u>	
	Highway Capital Projects	Total
<u>State of Tennessee (Cont.)</u>		
<u>Other State Revenues (Cont.)</u>		
State Revenue Sharing - T.V.A.	\$ 0	\$ 524,664
Contracted Prisoner Boarding	0	486,797
Gasoline and Motor Fuel Tax	0	1,750,103
Petroleum Special Tax	0	25,732
Registrar's Salary Supplement	0	15,164
Total State of Tennessee	<u>\$ 0</u>	<u>\$ 3,324,988</u>
<u>Federal Government</u>		
<u>Federal Through State</u>		
USDA - Other	\$ 0	\$ 55
Community Development	0	56,575
Civil Defense Reimbursement	0	29,826
Other Federal through State	0	108,838
<u>Direct Federal Revenue</u>		
Forest Service	0	116,035
Tax Credit Bond Rebate	0	288,771
Other Direct Federal Revenue	0	40,066
Total Federal Government	<u>\$ 0</u>	<u>\$ 640,166</u>
<u>Other Governments and Citizens Groups</u>		
<u>Other Governments</u>		
Contributions	\$ 0	\$ 644,864
<u>Citizens Groups</u>		
Donations	0	2,963
Total Other Governments and Citizens Groups	<u>\$ 0</u>	<u>\$ 647,827</u>
Total	<u>\$ 45</u>	<u>\$ 21,548,808</u>

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, 2015

	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	\$ 2,649,763	\$ 0	\$ 0	\$ 1,198,805	\$ 3,848,568
Trustee's Collections - Prior Year	127,270	0	0	57,577	184,847
Circuit/Clerk and Master Collections - Prior Years	83,642	0	0	37,335	120,977
Interest and Penalty	21,552	0	0	9,762	31,314
Payments in-Lieu-of Taxes - T.V.A.	1,522	0	0	597	2,119
Payments in-Lieu-of Taxes - Local Utilities	151,923	0	0	68,731	220,654
Payments in-Lieu-of Taxes - Other	1,130	0	0	511	1,641
<u>County Local Option Taxes</u>					
Local Option Sales Tax	3,369,201	0	0	0	3,369,201
Other County Local Option Taxes	0	0	0	76,198	76,198
<u>Statutory Local Taxes</u>					
Bank Excise Tax	12,440	0	0	5,628	18,068
Interstate Telecommunications Tax	4,873	0	0	0	4,873
Total Local Taxes	\$ 6,423,316	\$ 0	\$ 0	\$ 1,455,144	\$ 7,878,460
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 995	\$ 0	\$ 0	\$ 0	\$ 995
Total Licenses and Permits	\$ 995	\$ 0	\$ 0	\$ 0	\$ 995
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Lunch Payments - Adults	\$ 0	\$ 0	\$ 48,655	\$ 0	\$ 48,655
Income from Breakfast	0	0	5,164	0	5,164

(Continued)

Exhibit J-7

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

	General Purpose School	Special Revenue Funds			Total
		School Federal Projects	Central Cafeteria	School Transportation	
<u>Charges for Current Services (Cont.)</u>					
<u>Education Charges (Cont.)</u>					
A la carte Sales	\$ 0	\$ 0	\$ 109,438	\$ 0	\$ 109,438
Receipts from Individual Schools	31,614	0	0	94,695	126,309
<u>Other Charges for Services</u>					
Other Charges for Services	4,374	0	0	0	4,374
Total Charges for Current Services	\$ 35,988	\$ 0	\$ 163,257	\$ 94,695	\$ 293,940
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 54,115	\$ 0	\$ 54,115
Lease/Rentals	675	0	0	0	675
Sale of Materials and Supplies	1,344	0	0	0	1,344
E-Rate Funding	13,952	0	0	0	13,952
Miscellaneous Refunds	56,349	0	2,985	837	60,171
<u>Nonrecurring Items</u>					
Damages Recovered from Individuals	927	0	0	123	1,050
Contributions and Gifts	450,910	0	0	0	450,910
Total Other Local Revenues	\$ 524,157	\$ 0	\$ 57,100	\$ 960	\$ 582,217
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-behalf Contributions for OPEB	\$ 233,876	\$ 0	\$ 0	\$ 0	\$ 233,876
<u>State Education Funds</u>					
Basic Education Program	22,277,614	0	0	600,385	22,877,999
Early Childhood Education	274,416	0	0	0	274,416

(Continued)

Exhibit J-7

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

	General Purpose School	Special Revenue Funds			Total
		School Federal Projects	Central Cafeteria	School Transportation	
<u>State of Tennessee (Cont.)</u>					
<u>State Education Funds (Cont.)</u>					
School Food Service	\$ 28,370	\$ 0	\$ 0	\$ 0	\$ 28,370
Driver Education	30,268	0	0	0	30,268
Other State Education Funds	374,980	0	0	0	374,980
Career Ladder Program	153,248	0	0	0	153,248
Career Ladder - Extended Contract	23,770	0	0	0	23,770
<u>Other State Revenues</u>					
State Revenue Sharing - T.V.A.	169,605	0	0	66,574	236,179
Other State Grants	2,842	0	0	0	2,842
Total State of Tennessee	\$ 23,568,989	\$ 0	\$ 0	\$ 666,959	\$ 24,235,948
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,836,553	\$ 0	\$ 1,836,553
USDA - Commodities	0	0	156,413	0	156,413
Breakfast	0	0	607,391	0	607,391
USDA - Other	0	0	42,532	0	42,532
Vocational Education - Basic Grants to States	0	114,277	0	0	114,277
Title I Grants to Local Education Agencies	0	2,073,053	0	0	2,073,053
Special Education - Grants to States	7,051	1,029,416	0	0	1,036,467
Special Education Preschool Grants	0	49,893	0	0	49,893
Safe and Drug-free Schools - State Grants	209,853	0	0	0	209,853
Rural Education	0	130,275	0	0	130,275
Eisenhower Professional Development State Grants	0	254,499	0	0	254,499
Race-to-the-Top - ARRA	0	589,524	0	0	589,524
Other Federal through State	141,796	0	0	0	141,796

(Continued)

Exhibit J-7

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

	General Purpose School	Special Revenue Funds			Total
		School Federal Projects	Central Cafeteria	School Transpor - tation	
<u>Federal Government (Cont.)</u>					
<u>Direct Federal Revenue</u>					
ROTC Reimbursement	\$ 129,694	\$ 0	\$ 0	\$ 0	\$ 129,694
Forest Service	61,427	0	0	0	61,427
Total Federal Government	<u>\$ 549,821</u>	<u>\$ 4,240,937</u>	<u>\$ 2,642,889</u>	<u>\$ 0</u>	<u>\$ 7,433,647</u>
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 0	\$ 522,695	\$ 522,695
Total Other Governments and Citizens Groups	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 522,695</u>	<u>\$ 522,695</u>
Total	<u>\$ 31,103,266</u>	<u>\$ 4,240,937</u>	<u>\$ 2,863,246</u>	<u>\$ 2,740,453</u>	<u>\$ 40,947,902</u>

Exhibit J-8

Cocke County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2015

General Fund

General Government

County Commission

Secretary to Board	\$	1,830	
Board and Committee Members Fees		38,285	
Social Security		2,929	
Audit Services		10,699	
Data Processing Services		103	
Dues and Memberships		17,266	
Legal Services		6,037	
Legal Notices, Recording, and Court Costs		1,870	
Travel		387	
Total County Commission			\$ 79,406

Board of Equalization

Board and Committee Members Fees	\$	4,300	
Total Board of Equalization			4,300

Beer Board

Board and Committee Members Fees	\$	6,075	
Legal Notices, Recording, and Court Costs		467	
Total Beer Board			6,542

Other Boards and Committees

Board and Committee Members Fees	\$	1,860	
Evaluation and Testing		1,004	
Total Other Boards and Committees			2,864

County Mayor/Executive

County Official/Administrative Officer	\$	81,153	
Assistant(s)		31,115	
Secretary(ies)		26,451	
Social Security		10,461	
Pensions		10,993	
Employee and Dependent Insurance		14,077	
Unemployment Compensation		350	
Communication		4,413	
Maintenance and Repair Services - Office Equipment		150	
Travel		3,525	
Office Supplies		5,784	
Office Equipment		2,885	
Total County Mayor/Executive			191,357

County Attorney

County Official/Administrative Officer	\$	35,130	
Printing, Stationery, and Forms		675	
Total County Attorney			35,805

Election Commission

County Official/Administrative Officer	\$	63,237	
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(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	\$	22,348	
Election Commission		2,534	
Election Workers		29,584	
Social Security		6,690	
Pensions		9,714	
Employee and Dependent Insurance		14,077	
Unemployment Compensation		210	
Communication		632	
Dues and Memberships		175	
Legal Notices, Recording, and Court Costs		7,175	
Maintenance Agreements		19,235	
Printing, Stationery, and Forms		2,461	
Travel		4,499	
Other Contracted Services		9,718	
Office Equipment		918	
Total Election Commission			\$ 193,207

Register of Deeds

County Official/Administrative Officer	\$	70,263	
Deputy(ies)		28,527	
Clerical Personnel		50,283	
Social Security		11,146	
Pensions		16,920	
Employee and Dependent Insurance		21,116	
Unemployment Compensation		264	
Communication		1,116	
Data Processing Services		9,362	
Printing, Stationery, and Forms		4,961	
Furniture and Fixtures		55	
Total Register of Deeds			214,013

Development

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

County Buildings

Maintenance Agreements	\$	11,940	
Maintenance and Repair Services - Buildings		32,272	
Custodial Supplies		7,985	
Utilities		137,938	
Building Improvements		21,428	
Furniture and Fixtures		444	
Site Development		4,300	
Total County Buildings			216,307

Other General Administration

Postal Charges	\$	37,646	
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(Continued)

Exhibit J-8

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

General Fund (Cont.)

General Government (Cont.)

Other General Administration (Cont.)

Printing, Stationery, and Forms	\$	4,191	
Duplicating Supplies		41,205	
Total Other General Administration			\$ 83,042

Preservation of Records

Assistant(s)	\$	11,750	
Supervisor/Director		24,990	
Social Security		2,743	
Pensions		2,836	
Employee and Dependent Insurance		7,039	
Unemployment Compensation		174	
Communication		631	
Office Supplies		1,159	
Other Supplies and Materials		1,753	
Office Equipment		1,885	
Total Preservation of Records			54,960

Finance

Accounting and Budgeting

Supervisor/Director	\$	70,263	
Accountants/Bookkeepers		72,983	
Social Security		10,544	
Pensions		14,792	
Employee and Dependent Insurance		21,702	
Unemployment Compensation		323	
Dues and Memberships		616	
Legal Notices, Recording, and Court Costs		450	
Maintenance Agreements		12,470	
Printing, Stationery, and Forms		120	
Travel		879	
Office Supplies		158	
Office Equipment		18,118	
Total Accounting and Budgeting			223,418

Property Assessor's Office

County Official/Administrative Officer	\$	70,263	
Assistant(s)		32,172	
Deputy(ies)		41,525	
Laborers		80,201	
Overtime Pay		2,144	
Social Security		16,877	
Pensions		24,388	
Employee and Dependent Insurance		46,337	
Unemployment Compensation		535	
Communication		2,706	
Contracts with Private Agencies		20,815	
Data Processing Services		13,144	

(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.)

Legal Notices, Recording, and Court Costs	\$	165	
Maintenance and Repair Services - Office Equipment		468	
Maintenance and Repair Services - Vehicles		726	
Travel		135	
Gasoline		852	
Office Supplies		5,818	
Furniture and Fixtures		129	
Other Equipment		2,945	
Total Property Assessor's Office			\$ 362,345

Reappraisal Program

Part-time Personnel	\$	22,590	
Overtime Pay		3,155	
Social Security		1,963	
Pensions		358	
Unemployment Compensation		228	
Postal Charges		9,628	
Total Reappraisal Program			37,922

County Trustee's Office

In-service Training	\$	4,362	
Employee and Dependent Insurance		28,154	
Communication		1,745	
Data Processing Services		5,395	
Dues and Memberships		235	
Maintenance Agreements		12,148	
Postal Charges		9,948	
Printing, Stationery, and Forms		266	
Office Supplies		4,402	
Office Equipment		4,696	
Total County Trustee's Office			71,351

County Clerk's Office

County Official/Administrative Officer	\$	58,552
Assistant(s)		25,264
Deputy(ies)		78,965
Secretary to Board		725
Clerical Personnel		69,568
Part-time Personnel		16,570
Overtime Pay		1,979
Social Security		22,837
Pensions		28,205
Employee and Dependent Insurance		67,453
Unemployment Compensation		1,685
Communication		2,792
Maintenance and Repair Services - Office Equipment		17,044
Printing, Stationery, and Forms		2,304

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Travel	\$	1,226	
Office Supplies		566	
Other Supplies and Materials		4,472	
Premiums on Corporate Surety Bonds		254	
Office Equipment		2,190	
Total County Clerk's Office	\$		402,651

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	70,263	
Deputy(ies)		34,101	
Clerical Personnel		131,962	
Part-time Personnel		4,512	
Overtime Pay		3,042	
Jury and Witness Expense		24,400	
Social Security		18,221	
Pensions		25,856	
Employee and Dependent Insurance		34,606	
Unemployment Compensation		657	
Communication		2,543	
Legal Notices, Recording, and Court Costs		688	
Maintenance and Repair Services - Office Equipment		11,329	
Printing, Stationery, and Forms		3,772	
Travel		50	
Office Supplies		4,339	
Office Equipment		16,221	
Total Circuit Court			386,562

General Sessions Court

County Official/Administrative Officer	\$	70,263	
Judge(s)		135,938	
Deputy(ies)		58,733	
Clerical Personnel		24,721	
Part-time Personnel		4,920	
Social Security		21,990	
Pensions		24,959	
Employee and Dependent Insurance		35,193	
Unemployment Compensation		494	
Communication		937	
Data Processing Services		7,385	
Maintenance and Repair Services - Office Equipment		123	
Printing, Stationery, and Forms		3,402	
Office Supplies		1,788	
Office Equipment		2,406	
Total General Sessions Court			393,252

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Drug Court

Other Charges	\$	22,506	
Total Drug Court			\$ 22,506

Chancery Court

County Official/Administrative Officer	\$	70,263	
Deputy(ies)		59,282	
Clerical Personnel		27,287	
Part-time Personnel		14,938	
Social Security		12,879	
Pensions		16,966	
Employee and Dependent Insurance		28,154	
Unemployment Compensation		470	
Communication		1,579	
Data Processing Services		7,275	
Legal Services		720	
Maintenance and Repair Services - Office Equipment		482	
Printing, Stationery, and Forms		5,959	
Travel		1,540	
Office Equipment		2,772	
Total Chancery Court			250,566

Juvenile Court

Deputy(ies)	\$	21,769	
Social Security		1,623	
Pensions		2,471	
Employee and Dependent Insurance		7,039	
Unemployment Compensation		85	
Communication		1,007	
Office Supplies		712	
Office Equipment		194	
Total Juvenile Court			34,900

Judicial Commissioners

Other Salaries and Wages	\$	21,840	
In-service Training		850	
Social Security		1,668	
Pensions		2,508	
Unemployment Compensation		197	
Total Judicial Commissioners			27,063

Victim Assistance Programs

Contracts with Private Agencies	\$	27,227	
Total Victim Assistance Programs			27,227

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	77,290	
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(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.)

Assistant(s)	\$	45,990	
Supervisor/Director		28,180	
Deputy(ies)		358,742	
Detective(s)		153,520	
Captain(s)		46,823	
Lieutenant(s)		160,460	
Sergeant(s)		134,161	
Salary Supplements		21,600	
Dispatchers/Radio Operators		96,347	
Guards		24,849	
Clerical Personnel		62,144	
Attendants		58,631	
Custodial Personnel		19,900	
Part-time Personnel		9,128	
Overtime Pay		226,388	
Other Salaries and Wages		49,847	
In-service Training		19,563	
Social Security		118,730	
Pensions		211,546	
Employee and Dependent Insurance		310,285	
Unemployment Compensation		4,398	
Communication		19,660	
Maintenance and Repair Services - Equipment		1,730	
Maintenance and Repair Services - Office Equipment		1,051	
Maintenance and Repair Services - Vehicles		50,738	
Medical and Dental Services		1,073	
Printing, Stationery, and Forms		2,946	
Travel		8,257	
Other Contracted Services		28,106	
Gasoline		156,734	
Law Enforcement Supplies		23,939	
Office Supplies		6,651	
Tires and Tubes		11,853	
Uniforms		14,722	
Other Supplies and Materials		2,000	
Other Charges		12,528	
Motor Vehicles		108,300	
Total Sheriff's Department			\$ 2,688,810

Special Patrols

Guards	\$	94,987	
Social Security		7,121	
Pensions		14,125	
Employee and Dependent Insurance		21,116	
Unemployment Compensation		261	
Total Special Patrols			137,610

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety (Cont.)

Administration of the Sexual Offender Registry

Other Charges	\$ 1,696	
Total Administration of the Sexual Offender Registry		\$ 1,696

Jail

Assistant(s)	\$ 25,972	
Supervisor/Director	32,657	
Medical Personnel	36,999	
Guards	319,130	
Secretary(ies)	22,149	
Clerical Personnel	21,841	
Cafeteria Personnel	19,296	
Part-time Personnel	162,119	
Overtime Pay	93,182	
In-service Training	7,837	
Social Security	55,346	
Pensions	45,130	
Employee and Dependent Insurance	110,271	
Unemployment Compensation	3,845	
Communication	10,175	
Maintenance and Repair Services - Buildings	30,617	
Maintenance and Repair Services - Equipment	6,537	
Medical and Dental Services	138,072	
Printing, Stationery, and Forms	559	
Travel	3,444	
Other Contracted Services	2,000	
Custodial Supplies	17,066	
Food Preparation Supplies	12,401	
Food Supplies	133,394	
Law Enforcement Supplies	8,148	
Office Supplies	6,728	
Prisoners Clothing	21,307	
Uniforms	6,993	
Data Processing Equipment	10,519	
Furniture and Fixtures	908	
Total Jail		1,364,642

Juvenile Services

Youth Service Officer(s)	\$ 63,392
Secretary(ies)	36,356
Part-time Personnel	2,717
Overtime Pay	16,086
Social Security	8,600
Pensions	11,366
Employee and Dependent Insurance	18,183
Unemployment Compensation	372
Communication	5,104
Contracts with Government Agencies	10,950

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety (Cont.)

Juvenile Services (Cont.)

Contracts with Private Agencies	\$	384	
Dues and Memberships		880	
Maintenance and Repair Services - Office Equipment		4,528	
Medical and Dental Services		2,500	
Printing, Stationery, and Forms		293	
Travel		6,107	
Office Supplies		2,097	
Other Supplies and Materials		957	
Office Equipment		8,233	
Total Juvenile Services			\$ 199,105

Fire Prevention and Control

Salary Supplements	\$	8,400	
Overtime Pay		144,567	
Other Salaries and Wages		443,752	
In-service Training		1,501	
Social Security		44,484	
Pensions		84,881	
Employee and Dependent Insurance		114,377	
Unemployment Compensation		1,455	
Communication		1,482	
Maintenance and Repair Services - Buildings		3,683	
Maintenance and Repair Services - Equipment		50,135	
Maintenance and Repair Services - Vehicles		17,199	
Custodial Supplies		749	
Gasoline		11,172	
Office Supplies		363	
Uniforms		8,339	
Utilities		9,641	
Other Supplies and Materials		2,974	
Other Charges		2,369	
Building Improvements		1,869	
Total Fire Prevention and Control			953,392

Civil Defense

Supervisor/Director	\$	14,400
Clerical Personnel		500
In-service Training		190
Social Security		1,042
Pensions		2,138
Employee and Dependent Insurance		5,279
Unemployment Compensation		77
Communication		2,150
Maintenance and Repair Services - Buildings		1,960
Maintenance and Repair Services - Equipment		1,275
Maintenance and Repair Services - Vehicles		1,500
Travel		969

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense (Cont.)

Custodial Supplies	\$	478	
Gasoline		2,000	
Utilities		1,896	
Other Supplies and Materials		19,551	
Other Charges		9,500	
Office Equipment		814	
Total Civil Defense			\$ 65,719

Inspection and Regulation

Supervisor/Director	\$	3,200	
Social Security		239	
Pensions		363	
Unemployment Compensation		8	
Travel		1,250	
Total Inspection and Regulation			5,060

County Coroner/Medical Examiner

Legal Services	\$	5,365	
Other Contracted Services		54,000	
Total County Coroner/Medical Examiner			59,365

Other Public Safety

Part-time Personnel	\$	29,955	
Social Security		2,292	
Unemployment Compensation		240	
Communication		956	
Maintenance and Repair Services - Equipment		3,998	
Printing, Stationery, and Forms		1,362	
Rentals		9,526	
Other Supplies and Materials		586	
Other Charges		10,051	
Total Other Public Safety			58,966

Public Health and Welfare

Local Health Center

Medical Personnel	\$	88,025	
Clerical Personnel		64,856	
Social Security		11,467	
Pensions		13,752	
Employee and Dependent Insurance		28,154	
Unemployment Compensation		501	
Communication		1,495	
Contracts with Government Agencies		64,296	
Janitorial Services		6,600	
Maintenance and Repair Services - Buildings		7,240	
Pest Control		440	
Travel		4,617	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Natural Gas	\$	1,458	
Office Supplies		2,528	
Utilities		9,715	
Other Supplies and Materials		18,234	
Other Charges		412	
Office Equipment		3,413	
Total Local Health Center			\$ 327,203

Rabies and Animal Control

Supervisor/Director	\$	21,411	
Overtime Pay		3,499	
Social Security		1,816	
Pensions		2,827	
Employee and Dependent Insurance		7,039	
Unemployment Compensation		88	
Communication		2,610	
Contracts with Other Public Agencies		60,000	
Maintenance and Repair Services - Vehicles		2,026	
Other Contracted Services		162	
Gasoline		3,135	
Uniforms		708	
Other Supplies and Materials		1,184	
Motor Vehicles		27,197	
Total Rabies and Animal Control			133,702

General Welfare Assistance

Contracts with Government Agencies	\$	6,500	
Pauper Burials		100	
Total General Welfare Assistance			6,600

Social, Cultural, and Recreational Services

Senior Citizens Assistance

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

Libraries

Contributions	\$	70,795	
Total Libraries			70,795

Parks and Fair Boards

Building Construction	\$	6,400	
Total Parks and Fair Boards			6,400

Other Social, Cultural, and Recreational

Supervisor/Director	\$	30,295	
Laborers		89,622	
Part-time Personnel		33,786	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Other Social, Cultural, and Recreational (Cont.)

Overtime Pay	\$	996	
Social Security		11,405	
Pensions		13,724	
Employee and Dependent Insurance		35,193	
Unemployment Compensation		696	
Communication		2,453	
Maintenance and Repair Services - Buildings		4,579	
Maintenance and Repair Services - Equipment		1,884	
Custodial Supplies		1,195	
Gasoline		2,498	
Office Supplies		691	
Utilities		13,822	
Other Supplies and Materials		30	
Other Charges		25,093	
Total Other Social, Cultural, and Recreational			\$ 267,962

Agriculture and Natural Resources

Agricultural Extension Service

Salary Supplements	\$	37,858	
Part-time Personnel		10,891	
Social Security		1,690	
Pensions		4,201	
Communication		5,203	
Travel		2,807	
Other Supplies and Materials		5,149	
Total Agricultural Extension Service			67,799

Soil Conservation

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

Other Operations

Industrial Development

Contracts with Private Agencies	\$	194,200	
Total Industrial Development			194,200

Housing and Urban Development

Contracts with Private Agencies	\$	2,250	
Total Housing and Urban Development			2,250

Veterans' Services

Supervisor/Director	\$	31,315	
Secretary(ies)		23,601	
Social Security		4,006	
Pensions		6,233	
Employee and Dependent Insurance		14,077	
Unemployment Compensation		177	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services (Cont.)

Communication	\$	1,233	
Data Processing Services		1,293	
Maintenance and Repair Services - Vehicles		185	
Travel		617	
Office Supplies		1,541	
Total Veterans' Services	\$		84,278

Other Charges

Other Contracted Services	\$	71,100	
Liability Insurance		267,145	
Premiums on Corporate Surety Bonds		15,159	
Refunds		4,931	
Trustee's Commission		145,203	
Workers' Compensation Insurance		198,949	
Liability Claims		35,000	
Total Other Charges			737,487

Contributions to Other Agencies

Contributions	\$	175,500	
Total Contributions to Other Agencies			175,500

Employee Benefits

Employee and Dependent Insurance	\$	10,194	
Unemployment Compensation		7	
Total Employee Benefits			10,201

Miscellaneous

On-behalf Payments to OPEB	\$	600	
Other Charges		2,361	
Total Miscellaneous			2,961

Highways

Litter and Trash Collection

Supervisor/Director	\$	55,158	
Social Security		4,165	
Pensions		5,199	
Employee and Dependent Insurance		10,913	
Unemployment Compensation		174	
Maintenance and Repair Services - Vehicles		1,240	
Gasoline		5,513	
Instructional Supplies and Materials		8,200	
Tires and Tubes		303	
Other Supplies and Materials		988	
Law Enforcement Equipment		792	
Total Litter and Trash Collection			92,645

Total General Fund \$ 11,075,764

(Continued)

Exhibit J-8

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

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Supervisor/Director	\$	35,841	
Foremen		30,781	
Laborers		91,175	
Overtime Pay		6,022	
Social Security		12,148	
Pensions		17,121	
Employee and Dependent Insurance		42,666	
Unemployment Compensation		627	
Communication		353	
Contracts with Government Agencies		6,230	
Contracts with Private Agencies		35,333	
Engineering Services		153,581	
Other Contracted Services		2,983	
Equipment and Machinery Parts		23,581	
Fertilizer, Lime, and Seed		416	
Gasoline		22,107	
Lubricants		2,154	
Office Supplies		372	
Tires and Tubes		1,876	
Utilities		19,008	
Other Supplies and Materials		1,057	
Liability Insurance		23,540	
Trustee's Commission		26,986	
Vehicle and Equipment Insurance		20,551	
Workers' Compensation Insurance		32,387	
Other Construction		3,500	
Total Sanitation Management			\$ 612,396

Convenience Centers

Laborers	\$	264,297	
Social Security		20,219	
Unemployment Compensation		1,844	
Communication		1,336	
Rentals		4,350	
Disposal Fees		537,144	
Other Supplies and Materials		2,955	
Other Charges		15,769	
Solid Waste Equipment		4,400	
Total Convenience Centers			<u>852,314</u>

Total Solid Waste/Sanitation Fund \$ 1,464,710

Industrial/Economic Development Fund

Principal on Debt

General Government

Principal on Other Loans	\$	69,006	
Total General Government			\$ 69,006

(Continued)

Exhibit J-8

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

Industrial/Economic Development Fund (Cont.)

Interest on Debt

General Government

Interest on Other Loans	\$ 72,006	
Total General Government		\$ 72,006

Capital Projects

Public Utility Projects

Trustee's Commission	\$ 2,059	
Total Public Utility Projects		2,059

Other General Government Projects

Other Contracted Services	\$ 2,000	
Total Other General Government Projects		<u>2,000</u>

Total Industrial/Economic Development Fund		\$ 145,071
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Drug Control Fund

Public Safety

Sheriff's Department

In-service Training	\$ 1,496	
Maintenance and Repair Services - Vehicles	1,192	
Other Supplies and Materials	2,365	
Law Enforcement Equipment	38,828	
Motor Vehicles	<u>91,114</u>	
Total Sheriff's Department		\$ 134,995

Drug Enforcement

Confidential Drug Enforcement Payments	\$ 12,400	
Other Supplies and Materials	1,222	
Trustee's Commission	2,151	
Law Enforcement Equipment	<u>4,413</u>	
Total Drug Enforcement		<u>20,186</u>

Total Drug Control Fund		155,181
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Sports and Recreation Fund

Social, Cultural, and Recreational Services

Other Social, Cultural, and Recreational

Other Per Diem and Fees	\$ 11,936	
Communication	1,643	
Other Contracted Services	5,943	
Food Supplies	7,943	
Liability Insurance	734	
Trustee's Commission	<u>181</u>	
Total Other Social, Cultural, and Recreational		\$ <u>28,380</u>

Total Sports and Recreation Fund		28,380
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(Continued)

Exhibit J-8

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

Constitutional Officers - Fees Fund

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$ 270,008	
Total County Trustee's Office		\$ 270,008

County Clerk's Office

Constitutional Officers' Operating Expenses	\$ 57,420	
Total County Clerk's Office		57,420

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$ 20,953	
Total Chancery Court		<u>20,953</u>

Total Constitutional Officers - Fees Fund		\$ 348,381
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Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 77,290	
Assistant(s)	38,402	
Secretary to Board	600	
Secretary(ies)	36,119	
Clerical Personnel	24,835	
Board and Committee Members Fees	17,100	
Social Security	14,608	
Pensions	20,223	
Employee and Dependent Insurance	28,154	
Unemployment Compensation	743	
Data Processing Services	2,070	
Dues and Memberships	2,698	
Maintenance and Repair Services - Office Equipment	9	
Other Contracted Services	750	
Office Supplies	<u>1,166</u>	
Total Administration		\$ 264,767

Highway and Bridge Maintenance

Foremen	\$ 140,564
Equipment Operators	486,254
Overtime Pay	25,693
Social Security	47,930
Pensions	68,020
Employee and Dependent Insurance	175,915
Unemployment Compensation	7,427
Other Contracted Services	29,448
Asphalt	427,957
Asphalt - Cold Mix	75,062
Asphalt - Liquid	313,469
General Construction Materials	1,883

(Continued)

Exhibit J-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Pipe	\$	51,011	
Road Signs		10,894	
Other Supplies and Materials		209	
Total Highway and Bridge Maintenance			\$ 1,861,736

Operation and Maintenance of Equipment

Foremen	\$	34,590	
Mechanic(s)		183,967	
Social Security		16,327	
Pensions		23,267	
Employee and Dependent Insurance		45,164	
Unemployment Compensation		2,286	
Diesel Fuel		188,247	
Equipment and Machinery Parts		384,090	
Garage Supplies		4,804	
Gasoline		16,670	
Lubricants		19,230	
Propane Gas		9,962	
Tires and Tubes		31,793	
Total Operation and Maintenance of Equipment			960,397

Quarry Operations

Foremen	\$	31,183	
Equipment Operators - Heavy		3,598	
Equipment Operators - Light		144,434	
Social Security		13,275	
Pensions		18,600	
Employee and Dependent Insurance		48,097	
Unemployment Compensation		2,234	
Explosive and Drilling Services		68,377	
Maintenance and Repair Services - Equipment		13,176	
Fines, Assessments, and Penalties		1,305	
Total Quarry Operations			344,279

Other Charges

Communication	\$	6,656	
Electricity		27,057	
Trustee's Commission		55,029	
Vehicle and Equipment Insurance		124,539	
Workers' Compensation Insurance		200,814	
Total Other Charges			414,095

Employee Benefits

Employee and Dependent Insurance	\$	3,078	
Total Employee Benefits			3,078

Total Highway/Public Works Fund \$ 3,848,352

(Continued)

Exhibit J-8

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

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 37,250	
Total General Government		\$ 37,250

Highways and Streets

Principal on Bonds	\$ 226,704	
Total Highways and Streets		226,704

Education

Principal on Bonds	\$ 1,361,046	
Principal on Notes	83,763	
Principal on Other Loans	347,871	
Total Education		1,792,680

Interest on Debt

General Government

Interest on Bonds	\$ 100,684	
Total General Government		100,684

Highways and Streets

Interest on Bonds	\$ 346,655	
Total Highways and Streets		346,655

Education

Interest on Bonds	\$ 465,933	
Interest on Notes	617	
Interest on Other Loans	270,276	
Total Education		736,826

Other Debt Service

General Government

Trustee's Commission	\$ 39,789	
Other Debt Service	7,907	
Total General Government		47,696

Education

Other Debt Service	\$ 4,460	
Total Education		4,460

Total General Debt Service Fund		\$ 3,292,955
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Rural Debt Service Fund

Principal on Debt

Education

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

(Continued)

Exhibit J-8

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

Rural Debt Service Fund (Cont.)

Interest on Debt

Education

Interest on Bonds	\$ 34,650	
Total Education		\$ 34,650

Total Rural Debt Service Fund \$ 304,650

General Capital Projects Fund

Other Operations

Other Charges

Trustee's Commission	\$ 13,419	
Total Other Charges		\$ 13,419

Capital Projects

Public Safety Projects

Motor Vehicles	\$ 137,600	
Total Public Safety Projects		137,600

Social, Cultural, and Recreation Projects

Other Equipment	\$ 8,500	
Total Social, Cultural, and Recreation Projects		8,500

Public Utility Projects

Other Contracted Services	\$ 56,575	
Total Public Utility Projects		56,575

Highway and Street Capital Projects

Highway Equipment	\$ 9,281	
Total Highway and Street Capital Projects		9,281

Education Capital Projects

Contributions	\$ 522,695	
Total Education Capital Projects		522,695

Total General Capital Projects Fund 748,070

Highway Capital Projects Fund

Capital Projects

Highway and Street Capital Projects

Highway Construction	\$ 691	
Total Highway and Street Capital Projects		\$ 691

Total Highway Capital Projects Fund 691

Total Governmental Funds - Primary Government \$ 21,412,205

Exhibit J-9

Coke County, Tennessee
 Schedule of Detailed Expenditures -
 All Governmental Fund Types
 Discretely Presented Coke County School Department
 For the Year Ended June 30, 2015

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 10,544,442	
Career Ladder Program	91,495	
Career Ladder Extended Contracts	16,306	
Homebound Teachers	9,480	
Educational Assistants	229,067	
Bonus Payments	121,416	
Other Salaries and Wages	43,766	
Certified Substitute Teachers	28,275	
Non-certified Substitute Teachers	115,787	
Social Security	652,170	
Pensions	977,220	
Medical Insurance	1,792,423	
Employer Medicare	155,194	
Other Fringe Benefits	217,284	
Maintenance and Repair Services - Equipment	29,785	
Other Contracted Services	7,020	
Instructional Supplies and Materials	170,520	
Textbooks	366,148	
Other Supplies and Materials	22,898	
Other Charges	40,913	
Regular Instruction Equipment	239,370	
Total Regular Instruction Program		\$ 15,870,979

Alternative Instruction Program

Teachers	\$ 172,007	
Career Ladder Program	2,000	
Clerical Personnel	21,472	
Bonus Payments	1,648	
Social Security	12,069	
Pensions	18,326	
Medical Insurance	30,308	
Employer Medicare	2,823	
Instructional Supplies and Materials	1,486	
Total Alternative Instruction Program		262,139

Special Education Program

Teachers	\$ 1,312,643
Career Ladder Program	12,965
Homebound Teachers	18,903
Educational Assistants	91,796
Speech Pathologist	146,499
Bonus Payments	15,656
Certified Substitute Teachers	944
Non-certified Substitute Teachers	11,889
Social Security	96,114
Pensions	139,627

(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.)

Medical Insurance	\$	263,202	
Employer Medicare		22,592	
Contracts with Private Agencies		37,818	
Evaluation and Testing		3,294	
Maintenance and Repair Services - Equipment		378	
Other Contracted Services		50,928	
Instructional Supplies and Materials		46,698	
Other Supplies and Materials		9,956	
Special Education Equipment		56,343	
Total Special Education Program	\$		2,338,245

Vocational Education Program

Teachers	\$	913,403	
Career Ladder Program		2,000	
Bonus Payments		7,828	
Certified Substitute Teachers		2,524	
Non-certified Substitute Teachers		12,138	
Social Security		55,794	
Pensions		83,425	
Medical Insurance		150,408	
Employer Medicare		13,085	
Maintenance and Repair Services - Equipment		974	
Instructional Supplies and Materials		77,355	
Other Charges		638	
Total Vocational Education Program			1,319,572

Student Body Education Program

Other Charges	\$	321	
Total Student Body Education Program			321

Support Services

Attendance

Supervisor/Director	\$	64,578	
Career Ladder Program		1,000	
Clerical Personnel		28,774	
Bonus Payments		824	
Social Security		5,311	
Pensions		9,278	
Medical Insurance		14,309	
Employer Medicare		1,242	
Travel		4,928	
Other Supplies and Materials		29,318	
Total Attendance			159,562

Health Services

Medical Personnel	\$	132,826	
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(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services (Cont.)

Bonus Payments	\$	2,472	
Other Salaries and Wages		110,094	
Social Security		14,975	
Pensions		23,264	
Medical Insurance		38,931	
Employer Medicare		3,502	
Travel		12,896	
Drugs and Medical Supplies		1,500	
Other Supplies and Materials		2,413	
Other Charges		1,410	
Total Health Services			\$ 344,283

Other Student Support

Career Ladder Program	\$	1,500	
Guidance Personnel		594,024	
Bonus Payments		5,974	
Other Salaries and Wages		72,870	
Social Security		37,869	
Pensions		58,628	
Medical Insurance		108,761	
Employer Medicare		9,204	
Contracts with Government Agencies		91,105	
Other Contracted Services		800	
Other Supplies and Materials		7,528	
Total Other Student Support			988,263

Regular Instruction Program

Supervisor/Director	\$	228,921	
Career Ladder Program		5,375	
Librarians		434,601	
Instructional Computer Personnel		42,073	
Secretary(ies)		33,930	
Clerical Personnel		13,990	
Educational Assistants		27,954	
Bonus Payments		7,622	
Other Salaries and Wages		71,712	
Social Security		49,888	
Pensions		79,209	
Medical Insurance		106,443	
Employer Medicare		12,077	
Travel		29,570	
Library Books/Media		9,937	
Periodicals		4,898	
Other Supplies and Materials		8,695	
In Service/Staff Development		9,116	
Other Charges		48	
Total Regular Instruction Program			1,176,059

(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	\$	63,706	
Psychological Personnel		48,387	
Secretary(ies)		23,307	
Bonus Payments		2,472	
Other Salaries and Wages		119,940	
Social Security		15,957	
Pensions		23,901	
Medical Insurance		31,558	
Employer Medicare		3,732	
Travel		18,422	
Other Contracted Services		47,684	
In Service/Staff Development		17,240	
Other Charges		6,007	
Total Special Education Program			\$ 422,313

Vocational Education Program

Supervisor/Director	\$	31,488	
Career Ladder Program		1,800	
Other Salaries and Wages		15,513	
Social Security		962	
Pensions		1,761	
Employer Medicare		684	
Travel		23,652	
Other Supplies and Materials		411	
Other Charges		2,582	
Total Vocational Education Program			78,853

Other Programs

On-behalf Payments to OPEB	\$	233,876	
Total Other Programs			233,876

Board of Education

Board and Committee Members Fees	\$	17,100	
Social Security		1,060	
Life Insurance		18,919	
Unemployment Compensation		27,033	
Employer Medicare		248	
Audit Services		12,900	
Dues and Memberships		20,826	
Legal Services		14,678	
Travel		11,695	
Liability Insurance		32,597	
Trustee's Commission		147,044	
Workers' Compensation Insurance		100,748	
Other Charges		18,186	
Total Board of Education			423,034

(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		1,236	
Social Security		9,810	
Pensions		16,008	
Medical Insurance		23,096	
Employer Medicare		2,294	
Communication		11,953	
Postal Charges		4,417	
Travel		2,287	
Other Charges		3,073	
Total Director of Schools			\$ 238,015

Office of the Principal

Principals	\$	769,018	
Career Ladder Program		11,000	
Assistant Principals		303,813	
Secretary(ies)		479,168	
Bonus Payments		16,686	
Social Security		94,951	
Pensions		153,018	
Medical Insurance		262,592	
Employer Medicare		22,206	
Communication		62,678	
Travel		6,954	
Other Contracted Services		62,442	
Other Supplies and Materials		76,727	
Other Charges		8,022	
Total Office of the Principal			2,329,275

Fiscal Services

Accountants/Bookkeepers	\$	47,427	
Clerical Personnel		51,697	
Bonus Payments		1,442	
Other Salaries and Wages		52,006	
Social Security		9,350	
Pensions		10,771	
Medical Insurance		19,548	
Employer Medicare		2,187	
Data Processing Services		8,648	
Travel		155	
Other Contracted Services		6,475	
Data Processing Supplies		7,873	
Other Supplies and Materials		346	
Total Fiscal Services			217,925

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant

Custodial Personnel	\$	686,559	
Bonus Payments		14,301	
Other Salaries and Wages		6,400	
Social Security		42,922	
Pensions		74,394	
Medical Insurance		206,516	
Employer Medicare		10,038	
Maintenance and Repair Services - Equipment		10,000	
Rentals		4,697	
Disposal Fees		575	
Other Contracted Services		112,339	
Custodial Supplies		81,851	
Electricity		815,170	
Natural Gas		162,242	
Water and Sewer		48,842	
Boiler Insurance		7,451	
Building and Contents Insurance		151,089	
Other Charges		54,068	
Total Operation of Plant			\$ 2,489,454

Maintenance of Plant

Supervisor/Director	\$	45,216	
Secretary(ies)		26,518	
Maintenance Personnel		145,196	
Bonus Payments		3,296	
Other Salaries and Wages		2,743	
Social Security		13,772	
Pensions		25,307	
Medical Insurance		49,449	
Employer Medicare		3,221	
Maintenance and Repair Services - Vehicles		2,350	
Other Contracted Services		34,411	
Other Supplies and Materials		163,023	
Other Charges		480	
Maintenance Equipment		12,744	
Total Maintenance of Plant			527,726

Transportation

Bus Drivers	\$	23,384	
Bonus Payments		412	
Social Security		1,449	
Pensions		2,695	
Medical Insurance		6,489	
Employer Medicare		339	
Contracts with Vehicle Owners		3,300	
Total Transportation			38,068

(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	\$	3,679	
Other Salaries and Wages		267,600	
Non-certified Substitute Teachers		178	
Social Security		15,184	
Pensions		23,667	
Medical Insurance		25,426	
Employer Medicare		3,841	
Travel		2,057	
Office Supplies		29,520	
Other Supplies and Materials		18,955	
Other Charges		29,130	
Total Central and Other			\$ 419,237

Operation of Non-instructional Services

Food Service

Supervisor/Director	\$	60,444	
Career Ladder Program		1,000	
Social Security		3,756	
Pensions		5,554	
Medical Insurance		6,489	
Employer Medicare		878	
Total Food Service			78,121

Community Services

Supervisor/Director	\$	90,552	
Teachers		1,080	
Educational Assistants		77,020	
Bonus Payments		2,596	
Other Salaries and Wages		136,501	
Social Security		18,248	
Pensions		18,813	
Medical Insurance		33,919	
Employer Medicare		4,427	
Travel		1,691	
Food Supplies		6,867	
Instructional Supplies and Materials		6,921	
Other Supplies and Materials		4,262	
In Service/Staff Development		1,325	
Other Charges		45,890	
Total Community Services			450,112

Early Childhood Education

Teachers	\$	128,354	
Educational Assistants		36,885	
Bonus Payments		1,236	
Other Salaries and Wages		13,622	

(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.)

Non-certified Substitute Teachers	\$	3,238	
Social Security		10,674	
Pensions		17,175	
Medical Insurance		39,484	
Employer Medicare		2,496	
Travel		964	
Instructional Supplies and Materials		11,061	
Other Supplies and Materials		3,894	
In Service/Staff Development		2,233	
Other Equipment		3,100	
Total Early Childhood Education			\$ 274,416

Capital Outlay

Regular Capital Outlay

Architects	\$	16,200	
Engineering Services		12,500	
Building Improvements		389,386	
Total Regular Capital Outlay			418,086

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	553,760	
Total Education			553,760

Total General Purpose School Fund \$ 31,651,694

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	1,073,781	
Educational Assistants		295,619	
Bonus Payments		8,652	
Other Salaries and Wages		56,343	
Certified Substitute Teachers		2,091	
Non-certified Substitute Teachers		9,154	
Social Security		85,736	
Pensions		134,361	
Medical Insurance		297,128	
Employer Medicare		20,067	
Instructional Supplies and Materials		229,739	
Other Supplies and Materials		394	
Other Charges		5,970	
Regular Instruction Equipment		113,840	
Total Regular Instruction Program			\$ 2,332,875

(Continued)

Exhibit J-9

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program

Teachers	\$	165,712	
Educational Assistants		377,474	
Bonus Payments		11,124	
Certified Substitute Teachers		714	
Non-certified Substitute Teachers		13,854	
Social Security		33,576	
Pensions		56,788	
Medical Insurance		205,364	
Employer Medicare		7,853	
Instructional Supplies and Materials		11,632	
Special Education Equipment		2,544	
Total Special Education Program	\$		886,635

Vocational Education Program

Clerical Personnel	\$	19,332	
Other Salaries and Wages		8,778	
Social Security		1,117	
Pensions		2,194	
Medical Insurance		6,489	
Employer Medicare		389	
Vocational Instruction Equipment		46,575	
Total Vocational Education Program			84,874

Support Services

Other Student Support

Assessment Personnel	\$	65,376	
Social Security		3,995	
Pensions		5,910	
Medical Insurance		6,489	
Employer Medicare		934	
Travel		26,404	
Other Charges		30,024	
Total Other Student Support			139,132

Regular Instruction Program

Instructional Computer Personnel	\$	62,053	
Secretary(ies)		15,504	
Bonus Payments		618	
Other Salaries and Wages		256,250	
Certified Substitute Teachers		2,576	
In-service Training		21,222	
Non-certified Substitute Teachers		18,648	
Social Security		22,808	
Pensions		32,514	
Medical Insurance		45,593	
Employer Medicare		5,349	

(Continued)

Exhibit J-9

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Maintenance and Repair Services - Equipment	\$	116	
Travel		23,930	
Other Supplies and Materials		25,647	
In Service/Staff Development		64,281	
Other Charges		4,637	
Total Regular Instruction Program			\$ 601,746

Special Education Program

Other Charges	\$	13,000	
Total Special Education Program			13,000

Vocational Education Program

Travel	\$	2,000	
In Service/Staff Development		1,000	
Total Vocational Education Program			3,000

Transportation

Bus Drivers	\$	43,295	
Bonus Payments		3,296	
Other Salaries and Wages		69,664	
Social Security		6,716	
Pensions		10,513	
Medical Insurance		44,550	
Employer Medicare		1,641	
Total Transportation			<u>179,675</u>

Total School Federal Projects Fund \$ 4,240,937

Central Cafeteria Fund

Operation of Non-instructional Services

Food Service

Accountants/Bookkeepers	\$	27,027	
Cafeteria Personnel		786,682	
Bonus Payments		22,248	
Other Salaries and Wages		67,704	
Social Security		53,389	
Pensions		95,776	
Medical Insurance		335,825	
Unemployment Compensation		850	
Employer Medicare		12,486	
Communication		6,459	
Maintenance and Repair Services - Equipment		23,156	
Transportation - Other than Students		7,032	
Travel		3,315	
Other Contracted Services		148,429	
Food Supplies		937,222	

(Continued)

Exhibit J-9

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

Central Cafeteria Fund (Cont.)

Operation of Non-instructional Services (Cont.)

Food Service (Cont.)

Office Supplies	\$	5,728	
Uniforms		500	
USDA - Commodities		156,413	
Other Supplies and Materials		110,837	
Refunds		832	
In Service/Staff Development		483	
Food Service Equipment		23,644	
Total Food Service			\$ 2,826,037

Total Central Cafeteria Fund \$ 2,826,037

School Transportation Fund

Support Services

Board of Education

Trustee's Commission	\$	29,060	
Total Board of Education			\$ 29,060

Transportation

Supervisor/Director	\$	45,216	
Mechanic(s)		133,746	
Bus Drivers		486,704	
Bonus Payments		19,364	
Other Salaries and Wages		57,143	
Social Security		44,486	
Pensions		79,928	
Medical Insurance		273,421	
Employer Medicare		10,404	
Communication		2,836	
Maintenance and Repair Services - Vehicles		35,845	
Medical and Dental Services		11,449	
Rentals		6,936	
Towing Services		2,065	
Diesel Fuel		236,462	
Gasoline		30,255	
Lubricants		10,271	
Tires and Tubes		33,487	
Vehicle Parts		287,907	
Other Supplies and Materials		6,645	
Vehicle and Equipment Insurance		41,911	
Other Charges		4,994	
Total Transportation			1,861,475

Total School Transportation Fund 1,890,535

Total Governmental Funds - Cocke County School Department \$ 40,609,203

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, 2015

	Cities - Sales Tax Fund	City School ADA - Newport Fund	Total
<u>Cash Receipts</u>			
Current Property Taxes	\$ 0	\$ 414,926	\$ 414,926
Trustee's Collections - Prior Years	0	19,938	19,938
Circuit/Clerk and Master Collections - Prior Years	0	13,552	13,552
Interest and Penalty	0	3,501	3,501
Payments in-Lieu-of Taxes - Local Utilities	0	23,590	23,590
Payments in-Lieu-of Taxes - Other	0	172	172
Local Option Sales Tax	3,553,435	638,276	4,191,711
Bank Excise Tax	0	1,949	1,949
Interstate Telecommunications Tax	0	456	456
Marriage Licenses	0	138	138
Other Local Revenues	0	94	94
Total Cash Receipts	<u>\$ 3,553,435</u>	<u>\$ 1,116,592</u>	<u>\$ 4,670,027</u>
<u>Cash Disbursements</u>			
Remittance of Revenues Collected	\$ 3,517,901	\$ 1,101,047	\$ 4,618,948
Trustee's Commission	35,534	15,545	51,079
Total Cash Disbursements	<u>\$ 3,553,435</u>	<u>\$ 1,116,592</u>	<u>\$ 4,670,027</u>
Excess of Cash Receipts Over (Under)			
Cash Disbursements	\$ 0	\$ 0	\$ 0
Cash Balance, July 1, 2014	0	0	0
Cash Balance, June 30, 2015	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

SINGLE AUDIT SECTION



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

**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, 2015, and the related notes to the financial statements, which collectively comprise Cocke County's basic financial statements, and have issued our report thereon dated December 10, 2015.

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: 2015-002.

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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Findings and Questioned Costs as item: 2015-001.

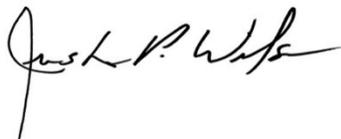
Cocke County's Responses to Findings

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,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

December 10, 2015

JPW/sb



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
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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 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, 2015. 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 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, 2015.

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.

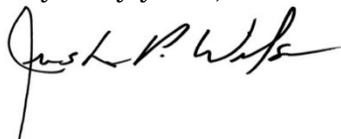
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any 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, 2015, and the related notes to the financial statements, which collectively comprise Cocke County's basic financial statements. We issued our report thereon dated December 10, 2015, 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

December 10, 2015

JPW/sb

Cooke County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2015

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Programs:			
Child Nutrition Direct Certification Performance Awards	10.589	N/A	\$ 10,000
Schools and Roads - Grants to States	10.665	N/A	81,903
Community Facilities Loans and Grants	10.766	N/A	4,600
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	607,391
National School Lunch Program	10.555	N/A	1,869,085 (4)
Passed-through State Department of Agriculture:			
Child Nutrition Cluster:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	156,413 (4)
Total U.S. Department of Agriculture			<u>\$ 2,729,392</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	(2)	\$ 56,575
Passed-through Tennessee Housing Development Agency:			
Home Investment Partnerships Program	14.239	HM-11-10	2,250
Total U.S. Department of Housing and Urban Development			<u>\$ 58,825</u>
U.S. Bureau of Land Management, Department of Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 95,559
Total U.S. Bureau of Land Management, Department of Interior			<u>\$ 95,559</u>
U.S. Department of Justice:			
Direct Programs:			
Bulletproof Vest Partnership Program	16.607	(2)	\$ 3,293
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-DJ-BX-0480	12,528
Total U.S. Department of Justice			<u>\$ 15,821</u>
U.S. Department of Transportation:			
Passed-through State Department of Environment and Conservation:			
Recreational Trails Program	20.219	42494	\$ 6,485
Passed-through State Department of Transportation:			
State and Community Highway Safety	20.600	Z-15-GHS071	2,181
Alcohol Open Container Requirements	20.607	(3)	97,922
Total U.S. Department of Transportation			<u>\$ 106,588</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 2,073,053
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,036,467
Special Education - Preschool Grants	84.173	N/A	49,893
Career and Technical Education - Basic Grants to States	84.048	N/A	114,277
Twenty-first Century Community Learning Centers	84.287	N/A	209,853
Rural Education	84.358	N/A	130,275
English Language Acquisition Grants	84.365	N/A	2,728
Improving Teacher Quality State Grants	84.367	N/A	254,499
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	589,524
Passed-through State Department of Human Services:			
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	Z-14-70506	139,068
Total U.S. Department of Education			<u>\$ 4,599,637</u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
Executive Office of the President:			
Direct Program:			
High Intensity Drug Trafficking Areas Program	95.001	(2)	\$ 11,445
Total Executive Office of the President			<u>\$ 11,445</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	(2)	\$ 29,826
Total U.S. Department of Homeland Security			<u>\$ 29,826</u>
Total Expenditures of Federal Awards			<u>\$ 7,647,093</u>
 <u>State Grants</u>			
		<u>Contract Number</u>	
Litter Program - State Department of Transportation	N/A	(2)	\$ 59,968
Solid Waste Grant - State Department of Environment and Conservation	N/A	(2)	18,910
Juvenile Service Program - State Commission on Children and Youth	N/A	(2)	15,820
Early Childhood Education Pilot Project - State Department of Education	N/A	(2)	274,416
Connect TN - State Department of Education	N/A	(2)	13,496
ACT/Explore - State Department of Education	N/A	(2)	6,780
Student Ticket Subsidy - Tennessee Arts Commission through State Department of Education	N/A	(2)	2,842
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)	26,860
Health Department Program - State Department of Health	N/A	(2)	<u>242,203</u>
Total State Grants			<u>\$ 785,907</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) Contract No. Z-14-GHSO68A: \$50,554; Contract No. Z-15-GHS070: \$47,368.
(4) Total for CFDA No. 10.555 is \$2,025,498.

Cocke County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2015

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, 2014, which have not been corrected.

OFFICE OF COUNTY MAYOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2014-001(A)	197	Some Park and Recreation Department funds were not deposited within three days of collection

OFFICE OF GENERAL SESSIONS COURT CLERK

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2014-003	199	Duties were not segregated adequately

COCKE COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2015

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 reported 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) 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 qualified as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The county mayor, director of accounts and budgets and general sessions court clerk 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 2015-001 **SOME PARK AND RECREATION FUNDS WERE NOT DEPOSITED WITHIN THREE DAYS OF COLLECTION**
(Noncompliance Under *Government Auditing Standards*)

The Cocke County Parks and Recreation Department manually issues official, pre-numbered receipts for fees and other collections. 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. Our examination revealed that receipts were not always deposited in compliance with state statutes. Of the 249 receipts issued from January 1, 2015, through June 30, 2015, we noted 43 receipts that were not deposited with the county trustee within three days of collection as required by Section 5-8-207, *Tennessee Code Annotated*. This deficiency is the result of a lack of management oversight and failure to correct the prior-year finding. This increases the risk of fraud and abuse.

RECOMMENDATION

All collections should be deposited with the county trustee within three days of collection as required by state statute.

MANAGEMENT'S RESPONSE – COUNTY MAYOR AND DIRECTOR OF ACCOUNTS AND BUDGETS

We concur with your findings and offer the following response.

The three-day deposit rules have been reviewed again with the Director of Parks and Recreation. The Director of Parks and Recreation has agreed to fund a part-time employee from his budget who will be responsible for making twice weekly deposits as needed. This part-time employee has been hired and began training with the director the week of December 7, 2015.

OFFICE OF GENERAL SESSIONS COURT CLERK

FINDING 2015-002

DUTIES WERE NOT SEGREGATED ADEQUATELY

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

Duties were not segregated adequately among the official and employees of the Office of General Sessions Court Clerk. The official and employees responsible for maintaining accounting records in this office were also involved in receipting, depositing, and/or disbursing funds. This lack of segregation of duties is considered a significant deficiency in internal controls and increases the risk of unauthorized transactions. Management is responsible for designing and implementing internal controls to provide reasonable assurance of the reliability of financial reporting, the effectiveness and efficiency of office operations, and the safeguarding of office assets. This was the result of management's decision based on the availability of financial resources. Also, this deficiency is the result of management's failure to correct the finding noted in the prior-year report.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – GENERAL SESSIONS COURTS CLERK

In answer to the finding regarding segregated duties, we are working very hard to correct this finding. Each person has their own jobs and I oversee each person's work. With the extra part-time employee, I am moving the accounting person just to balance the work and writing the deposits. These jobs will be checked by myself. Hopefully, this problem will be corrected in the next audit.

**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 Coker County.

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

Coker 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 Coker 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, 2015

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