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# ANNUAL FINANCIAL REPORT COCKE COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2013



**ANNUAL FINANCIAL REPORT  
COCKE COUNTY, TENNESSEE  
FOR THE YEAR ENDED JUNE 30, 2013**

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

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State Auditors***

**This financial report is available at [www.comptroller.tn.gov](http://www.comptroller.tn.gov)**

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***Audit Highlights***  
Annual Financial Report  
Cocke County, Tennessee  
For the Year Ended June 30, 2013

***Scope***

We have audited the basic financial statements of Cocke County as of and for the year ended June 30, 2013.

***Results***

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

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

***Findings and Best Practice***

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

**OFFICE OF COUNTY MAYOR**

- ◆ The Parks and Recreation Department had deficiencies related to receipts and deposits.
- 

**OFFICE OF DIRECTOR OF SCHOOLS**

- ◆ A contract for repair of a storm damaged roof was overpaid.
- 

**OFFICE OF TRUSTEE**

- ◆ The office did not implement adequate controls to protect its information resources.
- 

**OFFICE OF SHERIFF**

- ◆ Some bank statements were not reconciled with accounting records.
  - ◆ Deficiencies existed in the fingerprinting process.
-

## **OFFICES OF GENERAL SESSIONS COURT CLERK AND SHERIFF**

- ◆ Duties were not segregated adequately.
- 

### **BEST PRACTICE**

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

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# INTRODUCTORY SECTION

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# Cocke County Officials

## June 30, 2013

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### **Officials**

Vaughn Moore, County Mayor  
Kenneth Ford, Road Superintendent  
Manney Moore, Director of Schools  
Rob Mathis, Trustee  
Margaret Sorrell, Assessor of Property  
Janice Butler, County Clerk  
Peggy Lane, Circuit Court Clerk  
Frankie Cody, General Sessions Court Clerk  
Craig Wild, Clerk and Master  
Linda Benson, Register of Deeds  
Armando Fontes, Sheriff  
Anne Bryant-Hurst, Director of Accounts and Budgets

### **Board of County Commissioners**

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

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

### **Highway Commission**

Ronald Blazer, Chairman  
Randy Dykes  
Kenneth Hall  
Danny Shelton

Jack Smith  
Chuck Smithpeters  
Willard Taylor

### **Board of Education**

Richard Coggins, Chairman  
Darrin Costner  
Mary Denton  
John Johnson

Dr. Kenneth Johnson  
Rose Lovell  
Pat Proffitt

### **Audit Committee**

Calvin Ball  
Clay Blazer  
Clayton Ellison  
Robert Green

Scott McClure  
Dan Metcalf  
Norman Smith

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**FINANCIAL SECTION**

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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cocke County, Tennessee, as of and for the year ended June 30, 2013, 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, 2013, 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.

### ***Emphasis of Matter***

As described in Note V.B., Cocke County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 60 *Accounting and Financial Reporting for Service Concession Arrangements*; Statement No. 61, *The Financial Reporting Entity: Omnibus (an amendment of GASB Statements No. 14 and No. 34)*; Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; and Statement No. 63, *Reporting Deferred Outflows, Deferred Inflows and Net Position*, which became effective for the year ended June 30, 2013. Cocke County early implemented Statement No. 65, *Items Previously Reported as Assets and Liabilities* and Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62*, which have an effective date of June 30, 2014.

We draw attention to Note I.D.9. to the financial statements, which describes a restatement to the beginning net position of the governmental activities totaling \$414,549. This restatement was necessary due to the implementation of GASB Statement No. 65.

## ***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 15-25 and the schedule of funding progress – pension plan and other postemployment benefits plan on pages 81-83 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and Other Information*

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

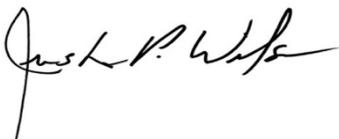
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Cocke County School Department (a discretely presented component unit), and miscellaneous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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2013, on our consideration of Cocke County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cocke County's internal control over financial reporting and compliance.

Very truly yours,

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

Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

November 26, 2013

JPW/sb

**Cocke County, Tennessee**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2013**

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, 2013. In addition, this discussion and analysis includes an overview of the Discretely Presented Component Unit (DPCU) Cocke County School Department. A separate set of financial statements is not issued for the discretely presented Cocke County School Department. The intent of this discussion and analysis is to look at Cocke County's and the discretely presented Cocke County School Department's financial performance as a whole. Readers should also consider the information presented here in conjunction with the basic financial statements and the notes to the basic financial statements to enhance their understanding of Cocke County's financial performance as well as the discretely presented Cocke County School Department's financial performance.

**FINANCIAL HIGHLIGHTS**

- The liabilities and deferred inflows of resources of Cocke County exceeded its assets and deferred outflows of resources at the close of the fiscal year by approximately \$3.5 million (net position). However, it should be noted that the financial statements of Cocke County included debt of approximately \$17.2 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 \$1.1 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 \$2.5 million. This decrease in net position was attributed to declining revenues in fiscal 2013 compared to fiscal 2012 and to the accrual of other postemployment benefits (OPEB).
- At the close of the fiscal year, Cocke County's governmental funds reported approximately \$11.2 million in total combined fund balances; this is an approximate decrease of \$.5 million from the previous period. Of this amount, approximately \$1.6 represents funds that are available for spending (assigned and unassigned). The discretely presented Cocke County School Department's governmental funds reported approximately \$7.8 million; this is a decrease of approximately \$1.7 from the previous period.
- The total debt (bonds, other loans, and notes payable) of Cocke County, Tennessee, decreased by approximately \$2.4 million or 6.3 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; other operations; highways; education; interest on long-term debt; and debt service. 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 Memorial Library and the Cocke County Emergency Communications District, which were not available from other auditors in time to include in this report. Financial information for these component units would be reported separately from the financial information presented for the primary government itself.

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

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

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

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

Cocke County maintains 11 governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the major funds. The General Fund is always considered a major fund. Cocke County's other major funds are the Solid Waste/Sanitation, Highway/Public Works, and General Debt Service funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. Please refer to the Table of Contents to locate these statements.

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

Cocke County adopts an annual budget for its General Fund, all special revenue funds (except the Constitutional Officers – Fees Fund), all debt service funds, and the General Capital Projects Fund. The discretely presented Cocke County School Department, with the approval of the county, adopts an annual budget for its General Purpose School Fund and all special revenue funds. A budgetary comparison statement has been provided for the General Fund and each of the other budgeted major funds to demonstrate compliance with these appropriated budgets.

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

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

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Cocke County's own programs. The accounting used to report fiduciary funds is much like that used to report proprietary funds (economic resources measurement) except agency funds, which have no measurement focus. Please refer to the table of contents to locate these statements.

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

**Other Information.** In addition to the basic financial statements and accompanying notes, this report contains combining and individual fund statements and schedules for Cocke County and the discretely presented Cocke County School Department. A table of contents has been provided to locate this information.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Table 1 provides a summary of Cocke County's and the discretely presented Cocke County School Department's net position for 2013 and a comparison to the prior year.

Table 1

	STATEMENT OF NET POSITION			
	Cocke County		Discretely Presented	
	Primary Government		Cocke County	
	2013	2012	2013	2012
<b>Assets</b>				
Current and Other Assets	\$ 22,747,234	\$ 23,420,337	\$ 13,698,040	\$ 15,864,957
Capital Assets	19,952,690	20,505,537	24,057,739	24,241,223
<b>Total Assets</b>	<b>\$ 42,699,924</b>	<b>\$ 43,925,874</b>	<b>\$ 37,755,779</b>	<b>\$ 40,106,180</b>
<b>Total Deferred Outflows of Resources</b>				
	\$ 175,997	\$ 0	\$ 0	\$ 0
<b>Liabilities</b>				
<b>Long-term Liabilities</b>				
Outstanding	\$ 35,857,981	\$ 37,988,621	\$ 6,319,635	\$ 5,673,903
Other Liabilities	490,424	743,037	1,339,502	1,864,911
<b>Total Liabilities</b>	<b>\$ 36,348,405</b>	<b>\$ 38,731,658</b>	<b>\$ 7,659,137</b>	<b>\$ 7,538,814</b>
<b>Total Deferred Inflows of Resources</b>				
	\$ 10,036,961	\$ 9,850,392	\$ 4,091,373	\$ 4,030,719

Table 1 (Cont.)

	STATEMENT OF NET POSITION			
	Cocke County		Discretely Presented	
	Primary Government		Cocke County	
	School Department			
	2013	2012	2013	2012
Net Position:				
Net Investment in Capital				
Assets	\$ 6,754,753	\$ 6,243,801	\$ 0	\$ 0
Investment in Capital Assets	0	0	24,057,739	24,205,955
Restricted	5,818,170	7,602,411	1,387,945	3,166,807
Unrestricted	(16,082,368)	(18,502,388)	559,585	1,163,885
Total Net Position	\$ (3,509,445)	\$ (4,656,176)	\$ 26,005,269	\$ 28,536,647

The largest portion of Cocke County's and the discretely presented Cocke County School Department's net position, \$6.8 million and \$24.1 million, respectively, reflects investment in capital assets (e.g. land, buildings, machinery, and equipment), less any debt used to acquire those assets that is still outstanding. Cocke County and the discretely presented Cocke County School Department use these capital assets to provide services to citizens; consequently these assets are not available to meet current or future obligations. Although Cocke County's and the discretely presented Cocke County School Department's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of Cocke County's and the discretely presented Cocke County School Department's net position is \$5.8 million and \$1.4 million, respectively, which are subject to external restrictions on how they 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 2013 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 \$1.6 million. This increase in net position resulted after an increase in total revenues of \$1.3 million and an increase in expenses of \$.7 million. A primary difference in governmental activities between 2013 and 2012 was in the decrease in Capital Grants and Contributions. In 2012, the November 2011 Bond Refunding produced additional capital funds that were not generated in year ended 2012. Also, additional property tax revenues were generated for the primary government from the property tax increase in the last fiscal year.

Table 2

	CHANGES IN NET POSITION			
	Cocke County Primary Government		Discretely Presented Cocke County School Department	
	2013	2012	2013	2012
Revenues				
Program Revenues				
Charges for Service	\$ 3,328,283	\$ 3,004,961	\$ 624,177	\$ 753,150
Operating Grants and				
Contributions	2,414,074	2,461,099	6,354,499	8,269,310
Capital Grants and				
Contributions	641,151	2,005,503	556,061	552,052
General Revenues				
Property Taxes	10,107,748	7,699,873	4,157,866	4,016,547
Sales Taxes	1,871,056	1,880,184	3,301,763	3,333,198
Other Taxes	1,166,210	1,114,708	107,155	95,033
Grants and Contributions Not				
Restricted to Specific Programs	2,022,986	1,963,087	25,318,093	24,856,774
Unrestricted Investment				
Income	26,567	58,139	55,935	50,614
Miscellaneous	99,172	184,972	50,586	48,323
Total Revenues	<u>\$ 21,677,247</u>	<u>\$ 20,372,526</u>	<u>\$ 40,526,135</u>	<u>\$ 41,975,001</u>
Expenses				
General Government	\$ 1,140,972	\$ 1,032,873	\$ 0	\$ 0
Finance	1,342,698	1,297,639	0	0
Administration of Justice	1,124,390	1,065,229	0	0
Public Safety	5,653,526	5,017,188	0	0
Public Health and Welfare	1,708,916	1,725,674	0	0
Social, Cultural, and				
Recreational Services	335,013	402,011	0	0
Agriculture and Natural				
Resources	85,950	83,268	0	0
Other Operations	1,784,434	1,372,279	0	0
Highways	4,864,137	5,325,530	0	0
Education	518,285	509,000	43,303,515	44,302,507
Interest	1,495,360	1,497,693	0	0
Other Debt Service	62,286	90,560	0	0
Total Expenses	<u>\$ 20,115,967</u>	<u>\$ 19,418,944</u>	<u>\$ 43,303,515</u>	<u>\$ 44,302,507</u>
Investment Income (Loss)				
- Derivatives	\$ 0	\$ (426,506)	\$ 0	\$ 0
Extraordinary Item - Insurance				
Recovery for Tornado Damage	0	0	246,002	1,201,663
Change in Net Position	<u>\$ 1,561,280</u>	<u>\$ 527,076</u>	<u>\$ (2,531,378)</u>	<u>\$ (1,125,843)</u>

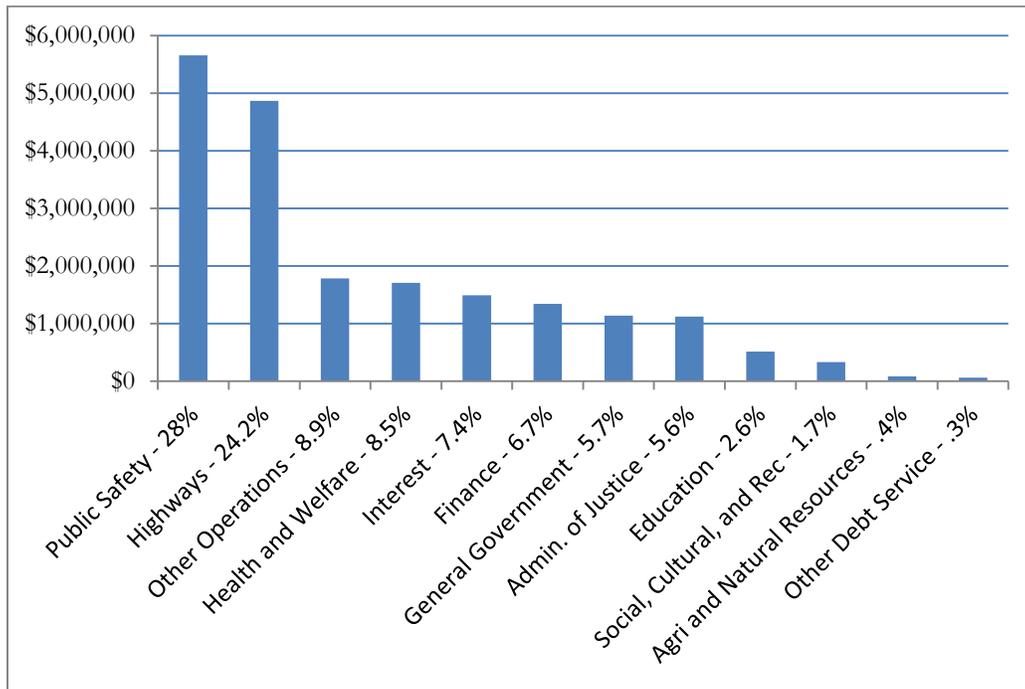
Table 2 (Cont.)

	CHANGES IN NET POSITION			
	Cocke County Primary Government		Discretely Presented Cocke County School Department	
	2013	2012	2013	2012
	2013	2012	2013	2012
Prior-period Adjustment:				
Accounting Change	\$ (414,549)	\$ 0	\$ 0	\$ 0
Net Position, July 1	<u>(4,656,176)</u>	<u>(5,183,252)</u>	<u>28,536,647</u>	<u>29,662,490</u>
Net Position, June 30	<u>\$ (3,509,445)</u>	<u>\$ (4,656,176)</u>	<u>\$ 26,005,269</u>	<u>\$ 28,536,647</u>

**Governmental Program Expense**

Public Safety expenses of \$5.7 million and Highway expenses of \$4.9 million are the largest expenses of Cocke County, the primary government. When combined, these two areas comprise 52.2 percent of the total expenses of county government. Of this amount, \$.9 million was recovered through charges for services, \$2 million from operating grants and contributions, and \$.3 million from capital grants and contributions. 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 the 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 \$5,500,350 and \$1,328,001, 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 \$4,119,800 and \$1,016,617, respectively, includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the County Commission, the county's highest level of decision-making authority.
- **Assigned Fund Balance.** The assigned fund balance reflected in Cocke County's and the discretely presented Cocke County School Department's governmental funds totaling \$1,002,694 and \$3,550,494, 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 \$567,272 and \$1,880,613, 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, 2013, Cocke County's governmental funds reported combined ending fund balances of \$11.2 million, a decrease of \$.5 million in comparison with the prior year. The discretely presented Cocke County School Department's governmental funds reported fund balances of \$7.8 million, a decrease of \$1.7 million. The decrease in the discretely presented Cocke County School Department's governmental fund balances is attributed to school construction and renovations through its capital projects accounts.

## BUDGETARY HIGHLIGHTS

### General Fund Budgetary Highlights

During the fiscal year, there were increases in appropriations from the original budget totaling \$925,587 or 8.57 percent of the original budget as compared to \$118,622 or 1.19 percent of the previous year's budget. These changes are summarized as follows:

Table 3

#### GENERAL FUND BUDGET AMENDMENTS

	Original	Amended	Increase (Decrease)
Appropriations			
General Government	\$ 1,149,837	\$ 1,241,271	\$ 91,434
Finance	773,359	777,189	3,830
Administration of Justice	1,135,770	1,155,831	20,061
Public Safety	5,425,496	5,632,256	206,760
Public Health and Welfare	444,776	448,066	3,290
Social, Cultural, and Recreational Services	315,800	317,660	1,860
Agriculture and Natural Resources	85,075	86,298	1,223
Other Operations	1,365,422	1,675,310	309,888
Highways	99,500	100,741	1,241
Transfers Out	3,900	289,900	286,000
Total Appropriations	<u>\$ 10,798,935</u>	<u>\$ 11,724,522</u>	<u>\$ 925,587</u>

The increase in appropriations in Other Operations reflects THDA Home Grant funds budgeted as the grant revenues were requested and spent. The increased appropriations in Public Safety reflect both grant funds received by the Sheriff's Department that were budgeted when the grant revenues were budgeted for expenditure and increased expenditures in inmate medical costs, maintenance and repairs to the jail, and overall increases in operations in fiscal 2013 due to an increased inmate population. Cocke County has formed the Cocke County Corrections Partnership under state guidance to explore options and solutions to deal with this persistent issue.

At the close of the fiscal year, actual expenditures were \$.6 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 Coke County School Department. During the fiscal year, there were increases in appropriations from the original budget totaling \$339,285 or one percent of the original budget as compared to decreases of \$1,488,088 or 4.2 percent of the previous year's budget.

At the close of the fiscal year, actual expenditures were \$4 million less than budgetary estimates for the General Purpose School Fund of the discretely presented Coke County School Department.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets.** Coke County's investment in capital assets for its governmental activities as of June 30, 2013, totaled \$6.8 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 Coke County School Department's investment in capital assets for its governmental activities as of June 30, 2013, totaled \$24.1 million (net of accumulated depreciation).

Note IV.B. (Capital Assets) provides capital assets activity during the 2013 fiscal year. During 2013, Coke County and the discretely presented Coke County School Department continued several capital projects. These included primarily construction projects related to school improvements funded with Qualified Construction School Bonds and an addition to the Coke County Health Department funded primarily with a joint state and federal grant.

### Long-term Debt

Table 4

	LONG-TERM DEBT AND LIABILITIES			
	Coke County		Discretely Presented	
	Primary Government		Coke County School Department	
	2013	2012	2013	2012
Bonds	\$ 28,070,000	\$ 29,960,000	\$ 0	\$ 0
Notes	238,365	285,713	0	35,268
Other Loans - City of Newport (Utilities)	1,967,303	2,020,631	0	0
Other Loans - QSCB	4,937,236	5,285,107	0	0
Landfill Postclosure Care Costs	37,622	59,666	0	0
Other Postemployment Benefits	356,167	288,234	6,091,635	5,334,635
Termination Benefits	0	0	228,000	304,000
<b>Total Long-term Debt</b>	<b>\$ 35,606,693</b>	<b>\$ 37,899,351</b>	<b>\$ 6,319,635</b>	<b>\$ 5,673,903</b>

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 \$35.2 million. Cocke County maintains a rating of “A+” from Standard and Poor’s for general obligation debt. In addition to these loan agreements, Cocke County’s long-term obligations include landfill postclosure care costs and other postemployment benefits. Additional information on the county’s long-term debt can be found in Note IV.F. of this report. Note V.E. discusses landfill closure/postclosure costs, and Note V.I. discusses other postemployment benefits.

## ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

Cocke County adopted a budget for the fiscal year ending June 30, 2014, on August 5, 2013. As in prior years, many factors were considered when adopting this budget: continuing uncertainty in the economic outlook, stubborn unemployment rates, and low interest earnings on invested funds, which affect various revenue categories and limit options for tax growth.

The property tax rate for the tax year 2013 was adopted at the same rate as the 2012 tax year. The distribution for the 2013 and 2012 tax years are shown below:

Table 5

### DISTRIBUTION OF THE PROPERTY TAX RATE

Fund	2013		2012	
	Rate	Ratio	Rate	Ratio
General	\$ 0.850	35.42 %	\$ 0.885	36.88 %
Solid Waste/Sanitation	0.200	8.33	0.180	7.50
Economic Development	0.010	0.42	0.035	1.46
Highway/Public Works	0.295	12.29	0.250	10.42
General Purpose School	0.535	22.29	0.535	22.29
School Transportation	0.210	8.75	0.210	8.75
General Debt Service	0.205	8.54	0.205	8.54
General Capital Projects	0.095	3.96	0.100	4.16
Total	<u>\$ 2.400</u>	<u>100.00 %</u>	<u>\$ 2.400</u>	<u>100.00 %</u>

The unemployment rate for Cocke County is currently ten percent. The state’s average unemployment rate is currently 8.3 percent and the national average is 7.3 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.

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## **BASIC FINANCIAL STATEMENTS**

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Exhibit A

Cocke County, Tennessee  
Statement of Net Position  
June 30, 2013

	Primary Government Governmental Activities	Component Unit Cocke County School Department
<u>ASSETS</u>		
Cash	\$ 96,804	\$ 1,263,957
Equity in Pooled Cash and Investments	10,103,576	7,077,823
Investments	514,099	0
Accounts Receivable	93,672	128,051
Due from Other Governments	1,086,892	915,872
Due from Component Units	24,532	0
Property Taxes Receivable	11,282,547	4,599,112
Allowance for Uncollectible Property Taxes	(703,517)	(286,775)
Prepaid Items	53,932	0
Unamortized Discount on Debt	194,697	0
Capital Assets:		
Assets Not Depreciated:		
Land	1,081,183	601,292
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	2,349,611	20,149,816
Other Capital Assets	2,367,724	3,306,631
Infrastructure	14,154,172	0
Total Assets	<u>\$ 42,699,924</u>	<u>\$ 37,755,779</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Charge on Refunding	<u>\$ 175,997</u>	<u>\$ 0</u>
Total Deferred Outflows of Resources	<u>\$ 175,997</u>	<u>\$ 0</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 256,620	\$ 55,553
Accrued Payroll	0	4,000
Payroll Deductions Payable	19,686	661
Contracts Payable	42,298	0
Retainage Payable	5,408	0
Accrued Interest Payable	160,462	0
Due to Primary Government	0	24,532
Due to State of Tennessee	5,950	0
Other Current Liabilities	0	1,254,756

(Continued)

Exhibit A

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

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Cocke County School Department</u>
<u>LIABILITIES (CONT.)</u>		
Noncurrent Liabilities:		
Due Within One Year	\$ 2,399,277	\$ 12,000
Due in More Than One Year (net of unamortized premium on debt)	<u>33,458,704</u>	<u>6,307,635</u>
Total Liabilities	<u>\$ 36,348,405</u>	<u>\$ 7,659,137</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	<u>\$ 10,036,961</u>	<u>\$ 4,091,373</u>
Total Deferred Inflows of Resources	<u>\$ 10,036,961</u>	<u>\$ 4,091,373</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 6,754,753	\$ 0
Investment in Capital Assets	0	24,057,739
Restricted for:		
Finance	107,192	0
Administration of Justice	1,155,156	0
Public Safety	112,686	0
Public Health and Welfare	13,759	0
Other Operations	149,744	0
Highways	354,724	0
Debt Service	2,677,762	0
Education	0	1,387,945
Capital Projects	1,247,147	0
Unrestricted	<u>(16,082,368)</u>	<u>559,585</u>
Total Net Position	<u>\$ (3,509,445)</u>	<u>\$ 26,005,269</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, 2013

Functions/Programs	Net (Expense) Revenue and Changes in Net Position						Component Unit
	Expenses	Charges for Services	Program Revenues		Capital Grants and Contributions	Primary Government Total	
			Operating Grants and Contributions	Governmental Activities			
Primary Government:							
Governmental Activities:							
General Government	\$ 1,140,972	\$ 240,804	\$ 16,271	\$ 0	\$ (883,897)	\$ 0	0
Finance	1,342,698	814,219	0	0	(528,479)	0	0
Administration of Justice	1,124,390	939,046	11,396	0	(173,948)	0	0
Public Safety	5,653,526	910,858	270,028	103,740	(4,368,900)	0	0
Public Health and Welfare	1,708,916	66,091	291,405	311,459	(1,039,961)	0	0
Social, Cultural, and Recreational Services	335,013	337,404	7,100	0	9,491	0	0
Agriculture and Natural Resources	85,950	0	0	0	(85,950)	0	0
Other Operations	1,784,434	0	50,022	0	(1,734,412)	0	0
Highways	4,864,137	19,861	1,767,852	225,952	(2,850,472)	0	0
Education	518,285	0	0	0	(518,285)	0	0
Interest on Long-term Debt	1,495,360	0	0	0	(1,495,360)	0	0
Debt Service	62,286	0	0	0	(62,286)	0	0
<b>Total Primary Government</b>	<b>\$ 20,115,967</b>	<b>\$ 3,328,283</b>	<b>\$ 2,414,074</b>	<b>\$ 641,151</b>	<b>\$ (13,732,459)</b>	<b>\$ 0</b>	<b>0</b>
Component Unit:							
Coke County School Department	\$ 43,303,515	\$ 624,177	\$ 6,354,499	\$ 556,061	\$ 0	\$ (35,768,778)	0
<b>Total Component Unit</b>	<b>\$ 43,303,515</b>	<b>\$ 624,177</b>	<b>\$ 6,354,499</b>	<b>\$ 556,061</b>	<b>\$ 0</b>	<b>\$ (35,768,778)</b>	<b>0</b>

(Continued)

Exhibit B

Coke County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Component Unit Coke County School Department	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary		
					Government Total		
<b>General Revenues:</b>							
<b>Taxes:</b>							
Property Taxes Levied for General Purposes		\$ 6,045,416			\$	2,863,457	
Property Taxes Levied for Development		219,562				0	
Property Taxes Levied for Highway/Public Works		1,500,279				0	
Property Tax Levied for Public Health and Welfare		1,098,829				0	
Property Taxes Levied for Transportation		0				1,294,409	
Property Taxes Levied for Debt Service		1,243,662				0	
Local Option Sales Taxes		1,871,056				3,301,763	
Hotel/Motel Tax		198,421				0	
Litigation Tax - General		28,555				0	
Litigation Tax - Special Purpose		5,123				0	
Litigation Tax - Jail, Workhouse, Courthouse		245,032				0	
Business Tax		277,390				0	
Mineral Severance Tax		57,258				0	
Wholesale Beer Tax		266,717				0	
Interstate Telecommunications Tax		933				0	
Other Local Taxes		86,781				107,155	
Grants and Contributions Not Restricted to Specific Programs		2,022,986				25,318,093	
Unrestricted Investment Income		26,567				55,935	
Miscellaneous		99,172				50,586	
<b>Total General Revenues</b>		<b>\$ 15,293,739</b>			<b>\$</b>	<b>\$ 32,991,398</b>	
Extraordinary Item - Insurance Recovery for Tornado Damage		0				246,002	
Change in Net Position		1,561,280				(2,531,378)	
Net Position, July 1, 2012		(4,656,176)				28,536,647	
Prior-period Adjustment - Accounting Change - See Note V.B.		(414,549)				0	
<b>Net Position, June 30, 2013</b>		<b>(3,509,445)</b>			<b>\$</b>	<b>\$ 26,005,269</b>	

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, 2013

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Governmental Funds		
<b>ASSETS</b>							
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 96,804	\$ 96,804
Equity in Pooled Cash and Investments	2,489,783	165,235	732,892	5,502,630	1,213,036	10,103,576	10,103,576
Investments	0	0	0	0	514,099	514,099	514,099
Accounts Receivable	84,322	4,646	0	0	4,704	93,672	93,672
Due from Other Governments	396,021	10,041	378,608	256,770	45,452	1,086,892	1,086,892
Due from Other Funds	450	9,139	0	0	0	9,589	9,589
Property Taxes Receivable	5,813,554	1,352,654	1,986,797	1,397,536	732,006	11,282,547	11,282,547
Allowance for Uncollectible Property Taxes	(368,753)	(80,772)	(115,847)	(87,143)	(51,002)	(703,517)	(703,517)
Prepaid Items	0	0	0	53,932	0	53,932	53,932
<b>Total Assets</b>	\$ 8,415,377	\$ 1,460,943	\$ 2,982,450	\$ 7,123,725	\$ 2,555,099	\$ 22,537,594	\$ 22,537,594

LIABILITIES

Accounts Payable	\$ 111,085	\$ 52,872	\$ 80,465	\$ 0	\$ 12,198	\$ 256,620	\$ 256,620
Payroll Deductions Payable	15,966	871	2,849	0	0	19,686	19,686
Contracts Payable	0	0	0	0	42,298	42,298	42,298
Retainage Payable	0	0	0	0	5,408	5,408	5,408
Due to Other Funds	9,139	0	0	0	450	9,589	9,589
Due to State of Tennessee	5,950	0	0	0	0	5,950	5,950
<b>Total Liabilities</b>	\$ 142,140	\$ 53,743	\$ 83,314	\$ 0	\$ 60,354	\$ 339,551	\$ 339,551
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred Current Property Taxes	\$ 5,154,934	\$ 1,212,926	\$ 1,789,066	\$ 1,243,249	\$ 636,786	\$ 10,036,961	\$ 10,036,961
Deferred Delinquent Property Taxes	252,622	51,381	71,363	58,517	38,536	472,419	472,419
Other Deferred/Unavailable Revenue	129,184	0	178,060	137,371	0	444,615	444,615
<b>Total Deferred Inflows of Resources</b>	\$ 5,536,740	\$ 1,264,307	\$ 2,038,489	\$ 1,439,137	\$ 675,322	\$ 10,953,995	\$ 10,953,995

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Governmental Funds		
<b>FUND BALANCES</b>							
Nonspendable:							
Prepaid Items	\$ 0	\$ 0	\$ 0	\$ 53,932	\$ 0	\$ 0	\$ 53,932
Restricted:							
Restricted for Finance	6,134	0	0	0	101,058	0	107,192
Restricted for Administration of Justice	1,155,156	0	0	0	0	0	1,155,156
Restricted for Public Safety	5,241	0	0	0	55,667	0	60,908
Restricted for Other Operations	0	0	0	0	139,753	0	139,753
Restricted for Highways/Public Works	0	0	176,854	0	0	0	176,854
Restricted for Debt Service	0	0	0	2,625,064	16,821	0	2,641,885
Restricted for Capital Projects	0	0	0	0	1,218,602	0	1,218,602
Committed:							
Committed for Public Health and Welfare	0	142,893	0	0	0	0	142,893
Committed for Social, Cultural, and Recreational Services	0	0	0	0	8,355	0	8,355
Committed for Other Operations	0	0	0	0	279,167	0	279,167
Committed for Highways/Public Works	0	0	683,793	0	0	0	683,793
Committed for Debt Service	0	0	0	3,005,592	0	0	3,005,592
Assigned:							
Assigned for Other Purposes	1,002,694	0	0	0	0	0	1,002,694
Unassigned	567,272	0	0	0	0	0	567,272
<b>Total Fund Balances</b>	<b>\$ 2,736,497</b>	<b>\$ 142,893</b>	<b>\$ 860,647</b>	<b>\$ 5,684,588</b>	<b>\$ 1,819,423</b>	<b>\$ 0</b>	<b>\$ 11,244,048</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 8,415,377</b>	<b>\$ 1,460,943</b>	<b>\$ 2,982,450</b>	<b>\$ 7,123,725</b>	<b>\$ 2,555,099</b>	<b>\$ 0</b>	<b>\$ 22,537,594</b>

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, 2013

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)		\$ 11,244,048
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,081,183	
Add: infrastructure net of accumulated depreciation	14,154,172	
Add: buildings and improvements net of accumulated depreciation	2,349,611	
Add: other capital assets net of accumulated depreciation	<u>2,367,724</u>	19,952,690
(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	\$ (238,365)	
Less: other loans payable	(6,904,539)	
Less: bonds payable	(28,070,000)	
Add: receivable for debt to be retired by School Department	24,532	
Add: deferred amount on refunding	175,997	
Add: unamortized discount on debt	194,697	
Less: other postemployment benefits liability	(356,167)	
Less: landfill postclosure care costs	(37,622)	
Less: other deferred revenue - premium on debt	(251,288)	
Less: accrued interest on bonds, notes, and other loans payable	<u>(160,462)</u>	(35,623,217)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>917,034</u>
Net position of governmental activities (Exhibit A)		<u>\$ (3,509,445)</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, 2013

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Governmental Funds		
<b>Revenues</b>							
Local Taxes	\$ 7,267,388	\$ 1,127,586	\$ 1,641,731	\$ 2,585,065	\$ 817,962	\$ 0	\$ 13,439,732
Licenses and Permits	111,053	0	0	0	0	0	111,053
Fines, Forfeitures, and Penalties	165,009	0	0	0	90,134	0	255,143
Charges for Current Services	415,093	26,522	0	0	587,130	0	1,028,745
Other Local Revenues	119,961	39,929	21,419	25,231	14,635	0	221,175
Fees Received from County Officials	1,028,231	0	0	0	0	0	1,028,231
State of Tennessee	1,396,586	105,614	2,115,075	63,796	92,034	0	3,773,105
Federal Government	809,716	0	53,132	41,269	0	0	904,117
Other Governments and Citizens Groups	92,186	0	0	252,608	329,705	0	674,499
<b>Total Revenues</b>	<b>\$ 11,405,223</b>	<b>\$ 1,299,651</b>	<b>\$ 3,831,357</b>	<b>\$ 2,967,969</b>	<b>\$ 1,931,600</b>	<b>\$ 0</b>	<b>\$ 21,435,800</b>
<b>Expenditures</b>							
Current:							
General Government	\$ 1,103,308	0	0	0	0	0	1,103,308
Finance	746,323	0	0	0	580,653	0	1,326,976
Administration of Justice	1,104,632	0	0	0	12,566	0	1,117,198
Public Safety	5,406,572	0	0	0	94,929	0	5,501,501
Public Health and Welfare	400,372	1,325,059	0	0	0	0	1,725,431
Social, Cultural, and Recreational Services	291,099	0	0	0	31,694	0	322,793
Agriculture and Natural Resources	85,950	0	0	0	0	0	85,950
Other Operations	1,589,413	0	0	0	12,018	0	1,601,431
Highways	96,352	0	3,420,909	0	0	0	3,517,261
Debt Service:							
Principal on Debt	0	0	0	2,060,487	313,328	0	2,373,815
Interest on Debt	0	0	0	1,374,782	139,407	0	1,514,189
Other Debt Service	0	0	0	48,126	0	0	48,126
Capital Projects	0	0	0	0	1,657,736	0	1,657,736
<b>Total Expenditures</b>	<b>\$ 10,824,021</b>	<b>\$ 1,325,059</b>	<b>\$ 3,420,909</b>	<b>\$ 3,453,395</b>	<b>\$ 2,842,331</b>	<b>\$ 0</b>	<b>\$ 21,895,715</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ 581,202</b>	<b>\$ (25,408)</b>	<b>\$ 410,448</b>	<b>\$ (515,426)</b>	<b>\$ (910,731)</b>	<b>\$ 0</b>	<b>\$ (459,915)</b>
<b>Other Financing Sources (Uses)</b>							
Insurance Recovery	0	0	0	0	5,925	0	5,925
Transfers In	0	0	0	270,278	3,900	0	274,178
Transfers Out	(274,178)	0	0	0	0	0	(274,178)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (274,178)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 270,278</b>	<b>\$ 9,825</b>	<b>\$ 0</b>	<b>\$ 5,925</b>
<b>Net Change in Fund Balances</b>	<b>\$ 307,024</b>	<b>\$ (25,408)</b>	<b>\$ 410,448</b>	<b>\$ (245,148)</b>	<b>\$ (900,906)</b>	<b>\$ 0</b>	<b>\$ (453,990)</b>
<b>Fund Balance, July 1, 2012</b>	<b>2,429,473</b>	<b>168,301</b>	<b>450,199</b>	<b>5,929,736</b>	<b>2,720,329</b>	<b>0</b>	<b>11,698,038</b>
<b>Fund Balance, June 30, 2013</b>	<b>\$ 2,736,497</b>	<b>\$ 142,893</b>	<b>\$ 860,647</b>	<b>\$ 5,684,588</b>	<b>\$ 1,819,423</b>	<b>\$ 0</b>	<b>\$ 11,244,048</b>

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, 2013

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)		\$ (453,990)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 955,294	
Less: current-year depreciation expense	<u>(1,508,141)</u>	(552,847)
(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, 2013	\$ 917,034	
Less: deferred delinquent property taxes and other deferred June 30, 2012	<u>(670,325)</u>	246,709
(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	\$ 1,890,000	
Add: principal payments on notes	82,616	
Add: principal payments on other loans	401,199	
Add: change in discount on debt issuances	(14,160)	
Add: change in premium on debt issuances	45,848	
Less: change in deferred amount on refunding	(31,869)	
Less: contributions from School Department for note	<u>(10,736)</u>	2,362,898
(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	\$ 4,399	
Change in other postemployment benefits liability	(67,933)	
Change in landfill postclosure care costs	<u>22,044</u>	<u>(41,490)</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 1,561,280</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 and Budget  
General Fund  
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 7,267,388	\$ 7,107,739	\$ 7,107,739	\$ 159,649
Licenses and Permits	111,053	107,100	107,100	3,953
Fines, Forfeitures, and Penalties	165,009	126,745	126,745	38,264
Charges for Current Services	415,093	397,500	398,550	16,543
Other Local Revenues	119,961	35,200	91,467	28,494
Fees Received from County Officials	1,028,231	879,000	879,000	149,231
State of Tennessee	1,396,586	1,221,664	1,248,202	148,384
Federal Government	809,716	387,407	726,878	82,838
Other Governments and Citizens Groups	92,186	80,000	82,500	9,686
<b>Total Revenues</b>	<b>\$ 11,405,223</b>	<b>\$ 10,342,355</b>	<b>\$ 10,768,181</b>	<b>\$ 637,042</b>
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 93,324	\$ 91,910	\$ 113,220	\$ 19,896
Board of Equalization	3,975	5,600	5,600	1,625
Beer Board	4,762	5,410	5,410	648
Other Boards and Committees	2,885	4,860	4,860	1,975
County Mayor/Executive	184,137	191,294	191,294	7,157
County Attorney	36,214	41,600	41,600	5,386
Election Commission	180,324	208,679	209,011	28,687
Register of Deeds	202,240	219,645	219,680	17,440
Development	11,250	11,250	11,250	0
County Buildings	249,906	224,500	294,200	44,294
Other General Administration	81,807	90,000	90,000	8,193
Preservation of Records	52,484	55,089	55,146	2,662
<u>Finance</u>				
Accounting and Budgeting	193,221	198,182	198,182	4,961
Property Assessor's Office	335,475	342,267	344,747	9,272
County Trustee's Office	67,488	74,217	74,607	7,119
County Clerk's Office	150,139	158,693	159,653	9,514
<u>Administration of Justice</u>				
Circuit Court	390,343	400,518	407,918	17,575
General Sessions Court	379,085	388,930	395,276	16,191
Drug Court	11,993	15,000	15,000	3,007
Chancery Court	243,467	240,465	246,666	3,199
Juvenile Court	29,823	38,887	38,962	9,139
Judicial Commissioners	27,676	27,970	28,009	333
Victims Assistance Programs	22,245	24,000	24,000	1,755
<u>Public Safety</u>				
Sheriff's Department	2,434,885	2,447,895	2,513,512	78,627
Special Patrols	134,710	136,808	136,808	2,098
Administration of the Sexual Offender Registry	2,478	0	2,832	354
Jail	1,518,884	1,394,943	1,529,711	10,827
Juvenile Services	210,111	217,201	217,378	7,267
Fire Prevention and Control	920,736	974,999	977,264	56,528
Civil Defense	99,644	129,680	130,781	31,137
Inspection and Regulation	5,115	5,980	5,980	865

(Continued)

## Exhibit C-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Safety (Cont.)</u>				
County Coroner/Medical Examiner	\$ 24,975	\$ 55,500	\$ 55,500	\$ 30,525
Other Public Safety	55,034	62,490	62,490	7,456
<u>Public Health and Welfare</u>				
Local Health Center	288,113	328,841	330,981	42,868
Rabies and Animal Control	105,759	108,935	110,085	4,326
General Welfare Assistance	6,500	7,000	7,000	500
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	3,600	3,600	3,600	0
Libraries	68,295	68,295	68,295	0
Other Social, Cultural, and Recreational	219,204	243,905	245,765	26,561
<u>Agriculture and Natural Resources</u>				
Agriculture Extension Service	61,950	61,075	62,298	348
Soil Conservation	24,000	24,000	24,000	0
<u>Other Operations</u>				
Industrial Development	341,100	341,100	341,100	0
Housing and Urban Development	311,459	0	312,000	541
Veterans' Services	72,685	72,644	74,644	1,959
Other Charges	664,424	716,500	716,500	52,076
Contributions to Other Agencies	177,000	177,000	177,000	0
Employee Benefits	20,722	52,538	48,426	27,704
Miscellaneous	2,023	5,640	5,640	3,617
<u>Highways</u>				
Litter and Trash Collection	96,352	99,500	100,741	4,389
Total Expenditures	\$ 10,824,021	\$ 10,795,035	\$ 11,434,622	\$ 610,601
Excess (Deficiency) of Revenues Over Expenditures	\$ 581,202	\$ (452,680)	\$ (666,441)	\$ 1,247,643
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (274,178)	\$ (3,900)	\$ (289,900)	\$ 15,722
Total Other Financing Sources	\$ (274,178)	\$ (3,900)	\$ (289,900)	\$ 15,722
Net Change in Fund Balance	\$ 307,024	\$ (456,580)	\$ (956,341)	\$ 1,263,365
Fund Balance, July 1, 2012	2,429,473	2,041,430	2,041,430	388,043
Fund Balance, June 30, 2013	\$ 2,736,497	\$ 1,584,850	\$ 1,085,089	\$ 1,651,408

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 (Budgetary Basis) and Budget  
Solid Waste/Sanitation Fund  
For the Year Ended June 30, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 1,127,586	\$ 0	\$ 1,127,586	\$ 1,152,644	\$ 1,152,644	\$ (25,058)
Charges for Current Services	26,522	0	26,522	35,000	35,000	(8,478)
Other Local Revenues	39,929	0	39,929	41,500	41,500	(1,571)
State of Tennessee	105,614	0	105,614	73,900	73,900	31,714
Total Revenues	\$ 1,299,651	\$ 0	\$ 1,299,651	\$ 1,303,044	\$ 1,303,044	\$ (3,393)
<u>Expenditures</u>						
<u>Public Health and Welfare</u>						
Sanitation Management	\$ 479,120	\$ (30,956)	\$ 448,164	\$ 479,937	\$ 488,737	\$ 40,573
Convenience Centers	845,939	0	845,939	957,100	957,600	111,661
Total Expenditures	\$ 1,325,059	\$ (30,956)	\$ 1,294,103	\$ 1,437,037	\$ 1,446,337	\$ 152,234
Excess (Deficiency) of Revenues Over Expenditures	\$ (25,408)	\$ 30,956	\$ 5,548	\$ (133,993)	\$ (143,293)	\$ 148,841
Net Change in Fund Balance Fund Balance, July 1, 2012	\$ (25,408)	\$ 30,956	\$ 5,548	\$ (133,993)	\$ (143,293)	\$ 148,841
Fund Balance, July 1, 2012	168,301	(30,956)	137,345	154,392	154,392	(17,047)
Fund Balance, June 30, 2013	\$ 142,893	\$ 0	\$ 142,893	\$ 20,399	\$ 11,099	\$ 131,794

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, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<b>Revenues</b>							
Local Taxes	\$ 1,641,731	\$ 0	\$ 0	\$ 1,641,731	\$ 1,565,123	\$ 1,565,123	\$ 76,608
Other Local Revenues	21,419	0	0	21,419	66,000	66,000	(44,581)
State of Tennessee	2,115,075	0	0	2,115,075	2,194,375	2,433,955	(318,880)
Federal Government	53,132	0	0	53,132	29,000	29,000	24,132
<b>Total Revenues</b>	<b>\$ 3,831,357</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 3,831,357</b>	<b>\$ 3,854,498</b>	<b>\$ 4,094,078</b>	<b>\$ (262,721)</b>
<b>Expenditures</b>							
<u>Highways</u>							
Administration	\$ 250,247	\$ 0	\$ 0	\$ 250,247	\$ 257,681	\$ 261,121	\$ 10,874
Highway and Bridge Maintenance	1,573,028	0	484,868	2,057,896	1,872,222	2,123,432	65,536
Operation and Maintenance of Equipment	875,464	0	0	875,464	953,879	919,669	44,205
Quarry Operations	327,334	(33,854)	0	293,480	328,396	344,006	50,526
Other Charges	390,821	0	0	390,821	374,200	396,500	5,679
Employee Benefits	4,015	0	0	4,015	5,100	5,100	1,085
<b>Total Expenditures</b>	<b>\$ 3,420,909</b>	<b>\$ (33,854)</b>	<b>\$ 484,868</b>	<b>\$ 3,871,923</b>	<b>\$ 3,791,478</b>	<b>\$ 4,049,828</b>	<b>\$ 177,905</b>
<b>Excess (Deficiency) of Revenues</b>							
Over Expenditures	\$ 410,448	\$ 33,854	\$ (484,868)	\$ (40,566)	\$ 63,020	\$ 44,250	\$ (84,816)
<b>Net Change in Fund Balance</b>	<b>\$ 410,448</b>	<b>\$ 33,854</b>	<b>\$ (484,868)</b>	<b>\$ (40,566)</b>	<b>\$ 63,020</b>	<b>\$ 44,250</b>	<b>\$ (84,816)</b>
Fund Balance, July 1, 2012	450,199	(33,854)	0	416,345	348,551	348,551	67,794
<b>Fund Balance, June 30, 2013</b>	<b>\$ 860,647</b>	<b>\$ 0</b>	<b>\$ (484,868)</b>	<b>\$ 375,779</b>	<b>\$ 411,571</b>	<b>\$ 392,801</b>	<b>\$ (17,022)</b>

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

Exhibit D

Cocke County, Tennessee  
Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2013

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,816,319
Equity in Pooled Cash and Investments	10
Accounts Receivable	3,437
Due from Other Governments	643,023
Property Taxes Receivable	479,738
Allowance for Uncollectible Property Taxes	(29,914)
Cash Shortage	<u>37,640</u>
Total Assets	<u>\$ 2,950,253</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 1,092,857
Due to Litigants, Heirs, and Others	<u>1,857,396</u>
Total Liabilities	<u>\$ 2,950,253</u>

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

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**COCKE COUNTY, TENNESSEE**  
**Index of Notes to the Financial Statements**

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**COCKE COUNTY, TENNESSEE**  
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**COCKE COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**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, 2013.

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.

Additionally, Cocke County reports the following fund types:

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

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

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

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

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

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

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

**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.

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

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

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

**1. Deposits and Investments**

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

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Cocke County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Debt Service Fund. In addition, investments are held separately by the Highway Capital Projects Fund. Cocke

County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost. Investments in the State Treasurer's Investment Pool are reported at fair value. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Accordingly, the pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value.

## **2. Receivables and Payables**

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

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 3.39 percent of total taxes levied.

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

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

Property taxes are levied as of the first Monday in October. Taxes become delinquent and begin accumulating interest and penalty the following March 1. Suit must be filed in Circuit Court between the

following February 1 to April 1 for any remaining unpaid taxes. Additional costs attach to delinquent taxes after a court suit has been filed.

Most payables are disaggregated on the face of the financial statements. In the discretely presented Cocke County School Department's General Purpose School Fund, the account Other Current Liabilities totaling \$1,254,756 represents the remaining balance in the teacher's insurance account.

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

**3. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. 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 only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

**6. Compensated Absences**

Vacation leave benefits for employees of Cocke County and the discretely presented Cocke County School Department do not vest or accumulate and must be used within the year or lost.

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

**7. Long-term Obligations**

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

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

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

**8. Net Position and Fund Balance**

In the government-wide financial statements equity is classified as net position and may be displayed in the following 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. Investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation.
- c. 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.
- d. Unrestricted net position – All other net position that does not meet the definition of restricted or net investment in capital assets.

As of June 30, 2013, Coker County had \$17,202,155 in outstanding debt for capital purposes for the discretely presented Coker 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 Coker County, but the capital assets acquired are reported in the financial statements of the School Department and the City of Newport School System. Therefore, Coker County has incurred a liability, significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.

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

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

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

Restricted Fund Balance – includes amounts that have constraints placed on the use of the resources that are either (a) externally imposed by creditors, grantors, contributors or

laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

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

Assigned Fund Balance – includes amounts that are constrained by the county’s intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The County Commission and Board of Education are authorized bodies to make assignments by resolution. Assigned fund balance in the primary government’s General Fund consists of fund balance appropriated for use in the 2013-14 budget totaling \$1,002,694. Assigned fund balance in the School Department’s General Purpose School Fund includes employee termination benefits (\$245,442), other postemployment benefits (\$961,655), and fund balance appropriated for use in the 2013-14 budget (\$2,343,397).

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**

Prior to July 1, 2012, debt issuance costs were deferred and amortized over the life of the debt; however, with the implementation of Governmental Accounting Standards Board Statement No. 65, debt issuance costs become period costs. An adjustment to beginning net position totaling \$414,549 has been recognized for accumulated debt issuance costs on the government-wide financial statements.

**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**

In prior years, the budgetary statements for the General Fund and major special revenue funds were presented as required supplementary information in the financial statements of its external financial report. Effective for the year ended June 30, 2013, these budgetary statements are presented as part of the basic financial statements. This change in presentation was done to be consistent in the presentation of the information for both municipal and county governments in Tennessee.

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 adopt project length budgets. All annual appropriations lapse at fiscal year end.

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

The budgetary level of control is at the major category level established by the County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, Beer Board, Other Boards and Committees, County Mayor/Executive, etc.). Management may make revisions within major categories, but only the County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

The county's budgetary basis of accounting is consistent with GAAP, except instances in which encumbrances are treated as budgeted expenditures. The difference between the budgetary basis and GAAP basis is presented on the face of each budgetary schedule.

At June 30, 2013, Cocke County and the Cocke County School Department reported the following significant encumbrances:

Fund	Description	Amount
Primary Government:		
Highway/Public Works	Asphalt	\$ 150,000
School Department:		
School Transportation	Fuel	23,543

**B. Cash Shortage from 1996-97**

The audit of the Constitutional Officers – Agency Fund for the 1996-97 year reported details of a \$101,822 cash shortage in the Office of Clerk and Master. The former clerk and master, Charles Chesteen, pled guilty to theft and conversion of office funds and was ordered to pay restitution totaling \$101,822. His surety bond company paid the office \$50,000 during a previous year, and as of June 30, 2013, Mr. Chesteen had paid \$14,182 toward liquidating the remaining shortage, leaving a balance due the office of \$37,640.

C. **Expenditures Exceeded Appropriations**

Expenditures exceeded appropriations approved by the County Commission in the Vocational Education Program major appropriations category (the legal level of control) of the School Department's School Federal Projects Fund by \$2,188 and in the Adult Program major category of the General Purpose School Fund by \$2,287. Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balance.

IV. **DETAILED NOTES ON ALL FUNDS**

A. **Deposits and Investments**

Cocke County and the Cocke County School Department participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net 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, 2013, 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	11 to 138	\$ 514,099

**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, 2013, 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, 2013, was as follows:

**Primary Government**

**Governmental Activities:**

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Capital Assets Not Depreciated:				
Land	\$ 931,183	\$ 150,000	\$ 0	\$ 1,081,183
Construction in Progress	487,214	593	487,807	0
Total Capital Assets Not Depreciated	<u>\$ 1,418,397</u>	<u>\$ 150,593</u>	<u>\$ 487,807</u>	<u>\$ 1,081,183</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 3,261,637	\$ 487,807	\$ 0	\$ 3,749,444
Roads and Bridges	32,970,472	0	0	32,970,472
Other Capital Assets	5,850,479	804,701	82,461	6,572,719
Total Capital Assets Depreciated	<u>\$ 42,082,588</u>	<u>\$ 1,292,508</u>	<u>\$ 82,461</u>	<u>\$ 43,292,635</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 1,318,758	\$ 81,075	\$ 0	\$ 1,399,833
Roads and Bridges	17,781,820	1,034,480	0	18,816,300
Other Capital Assets	3,894,870	392,586	82,461	4,204,995
Total Accumulated Depreciation	<u>\$ 22,995,448</u>	<u>\$ 1,508,141</u>	<u>\$ 82,461</u>	<u>\$ 24,421,128</u>
Total Capital Assets Depreciated, Net	<u>\$ 19,087,140</u>	<u>\$ (215,633)</u>	<u>\$ 0</u>	<u>\$ 18,871,507</u>
Governmental Activities Capital Assets, Net	<u>\$ 20,505,537</u>	<u>\$ (215,633)</u>	<u>\$ 0</u>	<u>\$ 19,952,690</u>

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

**Governmental Activities:**

General Government	\$ 30,278
Finance	2,773
Public Safety	158,988
Public Health and Welfare	33,527
Social, Cultural, and Recreational Services	11,122
Other Operations	1,791
Highways/Public Works	<u>1,269,662</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,508,141</u>

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

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Capital Assets Not Depreciated:				
Land	\$ 601,292	\$ 0	\$ 0	\$ 601,292
Construction in Progress	<u>1,680,080</u>	<u>804,802</u>	<u>2,484,882</u>	<u>0</u>
Total Capital Assets Not Depreciated	<u>\$ 2,281,372</u>	<u>\$ 804,802</u>	<u>\$ 2,484,882</u>	<u>\$ 601,292</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 36,195,815	\$ 2,484,882	\$ 0	\$ 38,680,697
Other Capital Assets	<u>7,468,336</u>	<u>662,134</u>	<u>150,354</u>	<u>7,980,116</u>
Total Capital Assets Depreciated	<u>\$ 43,664,151</u>	<u>\$ 3,147,016</u>	<u>\$ 150,354</u>	<u>\$ 46,660,813</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 17,442,443	\$ 1,088,438	\$ 0	\$ 18,530,881
Other Capital Assets	<u>4,261,857</u>	<u>557,472</u>	<u>145,844</u>	<u>4,673,485</u>
Total Accumulated Depreciation	<u>\$ 21,704,300</u>	<u>\$ 1,645,910</u>	<u>\$ 145,844</u>	<u>\$ 23,204,366</u>
Total Capital Assets Depreciated, Net	<u>\$ 21,959,851</u>	<u>\$ 1,501,106</u>	<u>\$ 4,510</u>	<u>\$ 23,456,447</u>
Governmental Activities Capital Assets, Net	<u>\$ 24,241,223</u>	<u>\$ 2,305,908</u>	<u>\$ 2,489,392</u>	<u>\$ 24,057,739</u>

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

**Governmental Activities:**

Instruction	\$ 1,154,487
Support Services	463,092
Operation of Non-Instructional Services	<u>28,331</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 1,645,910</u></u>

**C. Impairment Losses for Capital Assets and Insurance Recoveries**

Discretely Presented Cocke County School Department

The financial statements include transactions related to April 2011 tornado damage. Impairment losses incurred for capital assets as well as initial cleanup and repair costs were reported in the 2010-11 fiscal year along with insurance recoveries realized to that point. During the current year, additional costs totaling \$376,784 and insurance recoveries of \$389,969 were recognized as extraordinary items in the General Purpose School Fund. Insurance recoveries are being awarded as expenditures are incurred for repairs and asset replacements. On the government-wide financial statements, non-capitalized costs are netted against associated insurance recoveries. Insurance recoveries associated with capitalized costs (\$246,002) are recognized as an extraordinary item increasing net position on the government-wide statements.

**D. Construction Commitment**

At June 30, 2013, the Highway Department had an uncompleted construction contract of approximately \$325,605 for a bridge replacement. Funding for this project is expected to be received from state grants.

**E. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2013, is as follows:

**Due to/from Other Funds:**

Receivable Fund	Payable Fund	Amount
General	Nonmajor governmental	\$ 450
Solid Waste/Sanitation	General	9,139

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

**Due to/from Primary Government and Component Units:**

The amount reflected as Due to Primary Government from the discretely presented School Department on the government-wide Statement of Net Position (\$24,532) represents debt issued by the primary government and accrued interest, which is being retired by the School Department. Of that amount, \$12,334 is not expected to be received within one year.

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2013, consisted of the following amounts:

**Primary Government**

Transfers Out	Transfers In	
	General Debt Service Fund	Nonmajor Governmental Funds
General Fund	\$ 270,278	\$ 3,900

**Discretely Presented Cocke County School Department**

Transfers Out	Transfers In	
	General Purpose School Fund	Nonmajor Governmental Funds
General Purpose School Fund	\$ 0	\$ 39,631
School Federal Projects	55,861	0
Nonmajor governmental funds	700,000	0
Total	\$ 755,861	\$ 39,631

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

**F. Long-term Obligations**

**Primary Government**

**General Obligation Bonds, Notes, and Other Loans**

Cocke County issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented School Department. In addition, general obligation bonds have been issued to refund other general obligation bonds and other loans. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 21 years for bonds, up to ten years for notes, and up to 40 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and other loans included in long-term debt as of June 30, 2013, 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, 2013, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-13
General Obligation and				
Refunding Bonds	.9 to 5 %	6-1-30	\$ 30,115,000	\$ 24,195,000
Rural School Bonds - Refunding	2 to 3.9	6-1-18	3,215,000	1,475,000
Build America Bonds	3.44	6-1-30	2,500,000	2,400,000
Capital Outlay Notes	0 to 5	7-15-15	600,000	238,365
Other Loans - Qualified				
School Construction Bonds	0	(1) 9-15-27	5,575,000	4,937,236
Other Loans - City of				
Newport	2.15 to 4.5	5-1-46	2,299,614	1,967,303

(1) The interest rate is zero after rebate.

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

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-13	Interest Rates
<u>City of Newport-Newport Utilities</u>			
River Crest (A)	\$ 1,024,000	\$ 936,171	4.13%
River Crest (B)	300,000	273,452	4.38
Hartford	478,417	400,056	2.15
Hwy 25E	497,197	<u>357,624</u>	4.5
Total City of Newport - Newport Utilities		<u>\$ 1,967,303</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, 2013, including interest payments are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2014	\$ 1,920,000	\$ 1,105,427	\$ 3,025,427
2015	1,985,000	1,029,998	3,014,998
2016	2,065,000	944,235	3,009,235
2017	2,155,000	853,508	3,008,508
2018	2,250,000	755,240	3,005,240
2019-2023	8,055,000	2,832,438	10,887,438
2024-2028	8,840,000	1,327,386	10,167,386
2029-2030	800,000	57,150	857,150
Total	<u>\$ 28,070,000</u>	<u>\$ 8,905,382</u>	<u>\$ 36,975,382</u>

Year Ending June 30	Notes		
	Principal	Interest	Total
2014	\$ 83,175	\$ 1,204	\$ 84,379
2015	83,762	617	84,379
2016	71,428	0	71,428
Total	<u>\$ 238,365</u>	<u>\$ 1,821</u>	<u>\$ 240,186</u>

The minimum annual requirements to amortize the loans payable outstanding as of June 30, 2013, 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
2014	\$ 39,985	\$ 59,182	\$ 99,167
2015	41,195	57,938	99,133
2016	42,484	56,654	99,138
2017	43,818	55,325	99,143
2018	45,189	53,951	99,140
2019-2023	248,396	247,396	495,792
2024-2028	290,887	205,048	495,935
2029-2033	220,284	158,383	378,667
2034-2038	232,523	114,658	347,181
2039-2043	285,380	61,801	347,181
2044-2046	119,538	7,321	126,859
Total	\$ 1,609,679	\$ 1,077,657	\$ 2,687,336

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
2014	\$ 347,871	\$ 0	\$ 347,871
2015	347,871	0	347,871
2016	347,871	0	347,871
2017	347,871	0	347,871
2018	347,871	0	347,871
2019-2023	1,739,355	0	1,739,355
2024-2028	1,458,526	0	1,458,526
Total	\$ 4,937,236	\$ 0	\$ 4,937,236

There is \$5,701,409 available in the debt service funds to service long-term debt. Debt per capita, including bonds, notes, and other loans, totaled \$997, based on the 2010 federal census for residents living outside the Newport School District and \$946 for residents living inside the Newport School District.

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

Government in the financial statements of the School Department and as Due from Component Units in the financial statements of the primary government. In the prior year, this debt was reflected as debt of the School Department; however, this debt has been reclassified as debt of the primary government because the primary government is legally obligated to repay the debt.

Description of Indebtedness	Outstanding 6-30-13
<u>Notes Payable</u>	
<u>Payable through General Purpose School Fund</u>	
Land	\$ 24,081

Changes in Long-term Obligations

Long-term obligation activity for the year ended June 30, 2013, was as follows:

Governmental Activities:

	Bonds	Notes	Other Loans - City of Newport
Balance, July 1, 2012	\$ 29,960,000	\$ 285,713	\$ 2,020,631
Reclassification of School Debt	0	35,268	0
Reductions	(1,890,000)	(82,616)	(53,328)
Balance, June 30, 2013	<u>\$ 28,070,000</u>	<u>\$ 238,365</u>	<u>\$ 1,967,303</u>
Balance Due Within One Year	<u>\$ 1,920,000</u>	<u>\$ 83,175</u>	<u>\$ 39,985</u>

	Other Loans - QSCB	Landfill Postclosure Care Costs
Balance, July 1, 2012	\$ 5,285,107	\$ 59,666
Additions	0	701
Reductions	(347,871)	(22,745)
Balance, June 30, 2013	<u>\$ 4,937,236</u>	<u>\$ 37,622</u>
Balance Due Within One Year	<u>\$ 347,871</u>	<u>\$ 8,246</u>

	<u>Other Postemployment Benefits</u>
Balance, July 1, 2012	\$ 288,234
Additions	81,291
Reductions	<u>(13,358)</u>
Balance, June 30, 2013	<u>\$ 356,167</u>
Balance Due Within One Year	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2013	\$ 35,606,693
Less: Balance Due Within One Year	(2,399,277)
Add: Unamortized Premium on Debt	<u>251,288</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 33,458,704</u>

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

**Discretely Presented Cocke County School Department**

Changes in Long-term Obligations

Long-term obligation activity for the discretely presented Cocke County School Department for the year ended June 30, 2013, was as follows:

Governmental Activities:

	<u>Note</u>	<u>Termination Benefits</u>
Balance, July 1, 2012	\$ 35,268	\$ 304,000
Additions	0	8,000
Reductions	0	(84,000)
Reclassification of School Debt	<u>(35,268)</u>	<u>0</u>
Balance, June 30, 2013	<u>\$ 0</u>	<u>\$ 228,000</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 12,000</u>

	Other Postemployment Benefits
Balance, July 1, 2012	\$ 5,334,635
Additions	1,318,880
Reductions	<u>(561,880)</u>
Balance, June 30, 2013	<u>\$ 6,091,635</u>
Balance Due Within One Year	<u><u>\$ 0</u></u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2013	\$ 6,319,635
Less: Balance Due Within One Year	<u>(12,000)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u><u>\$ 6,307,635</u></u>

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

In addition to the long-term liabilities shown above, in prior years, the School Department committed to provide funds to retire the Rural School Refunding Bonds, Series 2004 debt issue. For the year ended June 30, 2013, the General Purpose School Fund contributed \$322,605 to the Rural Debt Service Fund, which consisted of principal (\$260,000) and interest (\$62,605). As of June 30, 2013, the balance remaining on the rural school refunding bonds was \$1,475,000.

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, 2013, the General Purpose School Fund contributed \$71,429 to the General Debt Service Fund. As of June 30, 2013, the balance remaining on the energy efficiency capital outlay note was \$214,284.

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, 2013, the General Purpose School Fund contributed \$168,229 to the General Debt Service Fund. As of June 30, 2013, the balance on the Qualified School Construction Bonds other loan was \$4,937,236.

**G. Pledges of Future Revenues**

**Tax Incremental Revenues Pledged for Retirement of Industrial Board Debt**

In 2005, pursuant to Title 7, Chapter 53 of *Tennessee Code Annotated*, Cocke County, the City of Newport, and the Industrial Development Board of Cocke County (IDB) entered into a tax increment financing plan to fund infrastructure related to a development on Highway 321. This plan called for the IDB to issue debt not to exceed \$2,000,000 to fund the project. Cocke County and the City of Newport agreed to allocate and pay to the IDB the increment of real and personal property taxes generated by the development over the base year amount in 2004. The IDB is to use those incremental tax payments to retire the debt. The term of the agreement is the lesser of the time of the outstanding debt or 12 years. During the year, the county made tax increment payments of \$180,666 toward the agreement.

**Tax Incremental Revenues Pledged for Retirement of County Debt**

As discussed in Note IV.F., Cocke County has also pledged incremental real and personal property tax revenues from certain developments (River Crest, Hartford, and Highway 25E) toward the retirement of loan agreements entered into between the county and the City of Newport. The principal amount of these outstanding loans at June 30, 2013, was \$1,967,303. The details of the county's commitment and the annual principal and interest requirements are discussed in that note.

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Cocke County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2013, were \$171,193 and \$32,182 respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

**I. Short-term Debt**

Cocke County issued tax anticipation notes in advance of property tax collections and deposited the proceeds in the Solid Waste/Sanitation (\$314,800) and Highway/Public Works (\$223,800) funds. These notes were necessary because cash balances were not sufficient to meet current operations. Short-term debt activity for the year ended June 30, 2013, was as follows:

	Balance 7-1-12	Issued	Paid	Balance 6-30-13
Tax Anticipation Notes	\$ 0	\$ 538,600	\$ (538,600)	\$ 0

V. **OTHER INFORMATION**

A. **Risk Management**

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

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

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

B. **Accounting Changes**

Prior to July 1, 2012, debt issuance costs were deferred and amortized over the life of the debt; however, with the implementation of GASB Statement No. 65, debt issuance costs become period costs. An adjustment to beginning net position totaling \$414,549 has been recognized for accumulated debt issuance costs on the government-wide financial statements.

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*; Statement No. 61, *The Financial Reporting Entity: Omnibus (an amendment of GASB Statements No. 14 and No. 34)*; Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; and Statement No. 63, *Reporting Deferred Outflows, Deferred Inflows and Net Position* became effective for the year ended June 30, 2013. Cocke County early implemented Statement No. 65, *Items Previously Reported as Assets and Liabilities* and Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62*, which have an effective date of June 30, 2014.

GASB Statement No. 60 provides accounting and financial reporting guidance related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The standard establishes criteria for determining whether a SCA exists, how to account for SCAs, and requires certain disclosures associated with a SCA.

GASB Statement No. 61 amends Statements No. 14 and No. 34 and modifies certain requirements for inclusion of component units in the financial reporting entity to ensure that the reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. Statement No. 61 also clarifies the criteria for blending component units and presenting business-type component units.

GASB Statement No. 62 incorporates into GASB's literature the provisions in Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants' Committee on Accounting Procedure issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements. The option to use subsequent FASB guidance has been removed.

GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources that were introduced and defined by Concepts Statement No. 4, *Elements of Financial Statements*. Previous financial reporting standards did not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. In addition, the previous Statement of Net Assets was renamed to a Statement of Financial Position.

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassifies, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

GASB Statement No. 66 resolves conflicting guidance by removing the provision that limits fund based reporting of an entity's risk financing activities to the General Fund and the internal service fund type. Under Statement No. 66 decisions about fund type classifications are based on the nature of the activity to be reported as required by Statements No. 54 and No. 34. This statement also modifies guidance on operating lease payments, purchased loans, and servicing fees related to mortgage loans.

**C. Subsequent Events**

Subsequent to June 30, 2013, the primary government's Solid Waste/Sanitation Fund borrowed \$338,280 from the General Debt Service Fund. This loan was issued in the form of a tax anticipation note to provide temporary operating funds to the Solid Waste/Sanitation Fund.

Subsequent to June 30, 2013, Cocke County issued General Obligation Refunding Bonds, Series 2013A (\$5,100,000) and Rural School Refunding Bonds, Series 2013B (\$1,155,000).

**D. Contingent Liabilities**

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

**E. Landfill Postclosure Costs**

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

State and federal laws and regulations require the county to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Cocke County closed its sanitary landfill in 2000. The \$37,622 reported as postclosure care liability at June 30, 2013, represents amounts based on what it would cost to perform all postclosure care in 2013. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

**F. Joint Ventures**

The Fourth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Fourth Judicial District, Cocke, Grainger, Jefferson, and Sevier counties, and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Cocke County made no contributions to the DTF for the year ended June 30, 2013, and does not have any equity interest in this joint venture. Complete financial statements for the DTF can be obtained from its administrative office at the following address:

Administrative Office:

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

The Stokely Memorial Library is a joint venture between Cocke County and the City of Newport. The library board is comprised of nine members. The county appoints four of the board members, the Nolochucky Regional Board appoints two members, the City of Newport appoints three members. Cocke County has control over budgeting and financing of the joint venture only to the extent of representation by the four board members appointed. Contributions from Cocke County and the City of Newport provide the major funding for this entity. Cocke County contributed \$68,295 to the operations of the library during the year ended June 30, 2013. 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

**G. Jointly Governed Organizations**

**Primary Government**

The East Tennessee Regional Agribusiness Marketing Authority was established through Title 64 of *Tennessee Code Annotated*, and includes the counties of Claiborne, Cocke, Grainger, Greene, Hamblen, Hancock,

Hawkins, Jefferson, Johnson, Sullivan, 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.

### **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 of *Tennessee Code Annotated* and was established to obtain lower prices for food supplies, materials, equipment, and services by combining the purchasing requirements of each member's school food service systems. The cooperative has contracted with a coordinating district (Johnson City School System) and a service provider to provide this service. NETCO is governed by a representative committee, including one representative from each of the member districts and an executive council, consisting of the chair, vice chair, secretary, treasurer, and a member-at-large from the representative committee.

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

Administrative Office:

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

## **H. Retirement Commitments**

### **Plan Description**

Employees of Cocke County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55.

Cocke County has authorized mandatory retirement for its public safety officers. Public safety officers can retire at age 55 with five years of service or at any age with 25 years of service and receive a supplemental bridge payment between the mandatory retirement age and 62. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Cocke County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

### **Funding Policy**

Cocke County requires employees to contribute five percent of their earnable compensation to the plan. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2013, was 12.69 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

### **Annual Pension Cost**

For the year ended June 30, 2013, the county's annual pension cost of \$1,335,218 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2011, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected three percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected postretirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value

of total investments over a ten-year period. The county's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2011, was three years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

**Trend Information**

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-13	\$1,335,218	100%	\$0
6-30-12	1,242,617	100	0
6-30-11	1,230,814	100	0

**Funded Status and Funding Progress**

As of July 1, 2011, the most recent actuarial valuation date, the plan was 92.92 percent funded. The actuarial accrued liability for benefits was \$32.21 million, and the actuarial value of assets was \$29.93 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$2.28 million. The covered payroll (annual payroll of active employees covered by the plan) was \$9.74 million, and the ratio of the UAAL to the covered payroll was 23.4 percent.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**SCHOOL TEACHERS**

**Plan Description**

The Cocke County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no

service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at [www.tn.gov/treasury/tcrs/Schools](http://www.tn.gov/treasury/tcrs/Schools).

## **Funding Policy**

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2013, was 8.88 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2013, 2012, and 2011, were \$1,595,758, \$1,625,267, and \$1,634,157, respectively, equal to the required contributions for each year.

### **I. Other Postemployment Benefits (OPEB)**

#### **Plan Description**

Cocke County and the School Department participate in the state-administered Local Education Group Insurance Plan and the Local Government Group Insurance Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-302, *Tennessee Code Annotated (TCA)*, for local education employees and Section 8-27-207, *TCA*, for local governments. Prior to reaching the age of 65, all members have the option of choosing between the standard or partnership preferred provider organization (PPO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tn.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop their own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. During the year ended June 30, 2013, Coker County and the Coker County School Department contributed \$13,358 and \$561,880, respectively, for postemployment health care.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Local Government Group Plan
ARC	\$ 1,332,000	\$ 82,000
Interest on the NOPEBO	213,385	11,529
Adjustment to the ARC	(226,505)	(12,238)
Annual OPEB cost	\$ 1,318,880	\$ 81,291
Amount of contribution	(561,880)	(13,358)
Increase/decrease in NOPEBO	\$ 757,000	\$ 67,933
Net OPEB obligation, 7-1-12	5,334,635	288,234
Net OPEB obligation, 6-30-13	<u>\$ 6,091,635</u>	<u>\$ 356,167</u>

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-11	Local Education Group	\$ 1,606,267	34 %	\$ 4,545,229
6-30-12	"	1,307,822	40	5,334,635
6-30-13	"	1,318,880	43	6,091,635
6-30-11	Local Government Group	121,292	19	220,325
6-30-12	"	80,548	16	288,234
6-30-13	"	81,291	16	356,167

### Funded Status and Funding Progress

The funded status of the plan as of July 1, 2011, was as follows:

	Local Education Group Plan	Local Government Group Plan
Actuarial valuation date	7-1-11	7-1-11
Actuarial accrued liability (AAL)	\$ 11,146,000	\$ 645,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 11,146,000	\$ 645,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 22,757,101	\$ 6,454,576
UAAL as a % of covered payroll	48.98%	9.99%

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, 2011, 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 8.75 percent for fiscal year 2013. The trend rate will decrease to 8.25 percent in fiscal year 2014 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. Both rates include a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning July 1, 2007.

**J. Termination Benefits**

To reward a teacher for long and meritorious service, the Cocke County Board of Education pays a one-time amount of \$8,000 at the end of 30 years of service or thereafter to each retiring teacher who has a minimum of 15 years of service in the Cocke County School System. Those eligible to receive the benefit, may elect to receive payment in a lump sum upon retirement or in a lump sum the following January 1 of the subsequent year of that teacher's retirement. As of June 30, 2013, 27 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 \$228,000. Of the amount reported in the government-wide Statement of Net Position, \$12,000 is expected to be paid within one year.

**K. Office of Central Accounting, Budgeting, and Purchasing**

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

**L. Purchasing Laws**

Offices of County Mayor and Road Superintendent

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

Office of Director of Schools

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

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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Exhibit E-1

Coke County, Tennessee  
Schedule of Funding Progress – Pension Plan  
Coke County and Discretely Presented Coke County School Department  
June 30, 2013

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Frozen Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7-1-11	\$ 29,930	\$ 32,210	\$ 2,279	92.92	% \$ 9,741	23.40 %
7-1-09	23,840	25,820	1,980	92.33	9,245	21.42
7-1-07	21,787	24,258	2,471	89.81	8,660	28.53

Exhibit E-2

Cocke County, Tennessee  
Schedule of Funding Progress – Other Postemployment Benefits Plans  
Primary Government and Discretely Presented Cocke County School Department  
June 30, 2013

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>PRIMARY GOVERNMENT</u>							
Local Government Group	7-1-09	\$ 0	\$ 925	\$ 925	0 %	\$ 5,895	15.7 %
"	7-1-10	0	996	996	0	6,210	16.0
"	7-1-11	0	645	645	0	6,454	10.0
<u>DISCRETELY PRESENTED COCKE COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-09	0	13,575	13,575	0	22,861	59.4
"	7-1-10	0	13,701	13,701	0	22,791	60.1
"	7-1-11	0	11,146	11,146	0	24,252	46.0

**COCKE COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2013**

**BUDGETARY INFORMATION**

In prior years, the budgetary statements for the General Fund and major special revenue funds were presented as required supplementary information in the financial statements of its external financial report. Effective for the year ended June 30, 2013, these budgetary statements are presented as part of the basic financial statements. This change in presentation was made to be consistent in the presentation of the information for both municipal and county governments in Tennessee.

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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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.

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

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

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

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

## **Debt Service Fund**

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

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

## **Capital Projects Funds**

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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.

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

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

Cooke County, Tennessee  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2013

Special Revenue Funds

	<u>Industrial/ Economic Development</u>	<u>Drug Control</u>	<u>Sports and Recreation</u>	<u>Constitu- tional Officers - Fees</u>	<u>Total</u>
--	---	-------------------------	----------------------------------	---	--------------

\$	0 \$	0 \$	0 \$	96,804 \$	96,804
	417,447	62,775	9,699	0	489,921
	0	0	0	0	0
	0	0	0	4,704	4,704
	0	0	0	0	0
	81,668	0	0	0	81,668
	(9,558)	0	0	0	(9,558)
<hr/>					
\$	489,557 \$	62,775 \$	9,699 \$	101,508 \$	663,539

LIABILITIES

\$	0 \$	7,108 \$	1,344 \$	0 \$	8,452
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	450	450
<hr/>					
\$	0 \$	7,108 \$	1,344 \$	450 \$	8,902

DEFERRED INFLOWS OF RESOURCES

\$	60,646 \$	0 \$	0 \$	0 \$	60,646
	9,991	0	0	0	9,991
<hr/>					
\$	70,637 \$	0 \$	0 \$	0 \$	70,637

FUND BALANCES

\$	0 \$	0 \$	0 \$	101,058 \$	101,058
	0	55,667	0	0	55,667
	139,753	0	0	0	139,753
	0	0	0	0	0
	0	0	0	0	0
<hr/>					
	0	0	8,355	0	8,355
	279,167	0	0	0	279,167
<hr/>					
\$	418,920 \$	55,667 \$	8,355 \$	101,058 \$	584,000
<hr/>					
\$	489,557 \$	62,775 \$	9,699 \$	101,508 \$	663,539

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

(Continued)

Exhibit F-1

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

	Capital Projects Funds				Total Nonmajor Governmental Funds
	Debt Service Fund	General Capital Projects	Highway Capital Projects	Total	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 96,804
Equity in Pooled Cash and Investments	16,821	651,137	55,157	706,294	1,213,036
Investments	0	0	514,099	514,099	514,099
Accounts Receivable	0	0	0	0	4,704
Due from Other Governments	0	45,452	0	45,452	45,452
Property Taxes Receivable	0	650,338	0	650,338	732,006
Allowance for Uncollectible Property Taxes	0	(41,444)	0	(41,444)	(51,002)
<b>Total Assets</b>	<b>\$ 16,821</b>	<b>\$ 1,305,483</b>	<b>\$ 569,256</b>	<b>\$ 1,874,739</b>	<b>\$ 2,555,099</b>
<u>LIABILITIES</u>					
Accounts Payable	\$ 0	\$ 3,746	\$ 0	\$ 3,746	\$ 12,198
Contracts Payable	0	42,298	0	42,298	42,298
Retainage Payable	0	5,408	0	5,408	5,408
Due to Other Funds	0	0	0	0	450
<b>Total Liabilities</b>	<b>\$ 0</b>	<b>\$ 51,452</b>	<b>\$ 0</b>	<b>\$ 51,452</b>	<b>\$ 60,354</b>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 0	\$ 576,140	\$ 0	\$ 576,140	\$ 636,786
Deferred Delinquent Property Taxes	0	28,545	0	28,545	38,536
<b>Total Deferred Inflows of Resources</b>	<b>\$ 0</b>	<b>\$ 604,685</b>	<b>\$ 0</b>	<b>\$ 604,685</b>	<b>\$ 675,322</b>
<u>FUND BALANCES</u>					
Restricted:	\$ 0	\$ 0	\$ 0	\$ 0	\$ 101,058
Restricted for Finance	0	0	0	0	55,667
Restricted for Public Safety	0	0	0	0	139,753
Restricted for Other Operations	16,821	0	0	0	16,821
Restricted for Debt Service	0	649,346	569,256	1,218,602	1,218,602
Restricted for Capital Projects	0	0	0	0	0
Committed:	0	0	0	0	8,355
Committed for Social, Cultural, and Recreational Services	0	0	0	0	279,167
Committed for Other Operations	16,821	649,346	569,256	1,218,602	1,819,423
<b>Total Fund Balances</b>	<b>\$ 16,821</b>	<b>\$ 1,305,483</b>	<b>\$ 569,256</b>	<b>\$ 1,874,739</b>	<b>\$ 2,555,099</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>					

Exhibit F-2

Cooke County, Tennessee  
 Combining Statement of Revenues, Expenditures,  
 and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 For the Year Ended June 30, 2013

	Special Revenue Funds					Total
	Industrial / Economic Development	Drug Control	Sports and Recreation	Constitu- tional Officers - Fees		
<b>Revenues</b>						
Local Taxes	\$ 227,488	\$ 0	\$ 0	\$ 0	\$ 0	227,488
Fines, Forfeitures, and Penalties Charges for Current Services	0	90,134	0	0	0	90,134
Other Local Revenues	0	0	13,709	573,421	0	587,130
State of Tennessee	10,892	0	4,636	0	0	4,636
Other Governments and Citizens Groups	0	0	7,100	0	0	10,892
<b>Total Revenues</b>	<b>\$ 238,380</b>	<b>\$ 90,134</b>	<b>\$ 25,445</b>	<b>\$ 573,421</b>	<b>\$ 0</b>	<b>\$ 927,380</b>
<b>Expenditures</b>						
Current:						
Finance	\$ 0	\$ 0	\$ 0	\$ 580,653	\$ 0	580,653
Administration of Justice	0	0	0	12,566	0	12,566
Public Safety	0	94,886	0	43	0	94,929
Social, Cultural, and Recreational Services	0	0	31,694	0	0	31,694
Other Operations	0	0	0	0	0	0
Debt Service:						
Principal on Debt	53,328	0	0	0	0	53,328
Interest on Debt	76,802	0	0	0	0	76,802
Capital Projects	185,294	0	0	0	0	185,294
<b>Total Expenditures</b>	<b>\$ 315,424</b>	<b>\$ 94,886</b>	<b>\$ 31,694</b>	<b>\$ 593,262</b>	<b>\$ 0</b>	<b>\$ 1,035,266</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ (77,044)</b>	<b>\$ (4,752)</b>	<b>\$ (6,249)</b>	<b>\$ (19,841)</b>	<b>\$ 0</b>	<b>\$ (107,886)</b>
<b>Other Financing Sources (Uses)</b>						
Insurance Recovery	\$ 0	\$ 5,925	\$ 0	\$ 0	\$ 0	5,925
Transfers In	0	0	3,900	0	0	3,900
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 0</b>	<b>\$ 5,925</b>	<b>\$ 3,900</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 9,825</b>
<b>Net Change in Fund Balances Fund Balance, July 1, 2012</b>	<b>\$ (77,044)</b>	<b>\$ 1,173</b>	<b>\$ (2,349)</b>	<b>\$ (19,841)</b>	<b>\$ 0</b>	<b>\$ (98,061)</b>
<b>Fund Balance, July 1, 2012</b>	<b>495,964</b>	<b>54,494</b>	<b>10,704</b>	<b>120,899</b>	<b>682,061</b>	<b>682,061</b>
<b>Fund Balance, June 30, 2013</b>	<b>\$ 418,920</b>	<b>\$ 55,667</b>	<b>\$ 8,355</b>	<b>\$ 101,058</b>	<b>\$ 584,000</b>	<b>\$ 584,000</b>

(Continued)

Exhibit F-2

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

	Capital Projects Funds				Total Nonmajor Governmental Funds
	Debt Service Fund	General Capital Projects	Highway Capital Projects	Total	
<u>Revenues</u>					
Local Taxes	\$ 0	\$ 590,474	\$ 0	\$ 590,474	\$ 817,962
Fines, Forfeitures, and Penalties	0	0	0	0	90,134
Charges for Current Services	0	0	0	0	587,130
Other Local Revenues	0	0	9,999	9,999	14,635
State of Tennessee	0	81,142	0	81,142	92,034
Other Governments and Citizens Groups	322,605	0	0	0	329,705
Total Revenues	\$ 322,605	\$ 671,616	\$ 9,999	\$ 681,615	\$ 1,931,600
<u>Expenditures</u>					
Current:					
Finance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 580,653
Administration of Justice	0	0	0	0	12,566
Public Safety	0	0	0	0	94,929
Social, Cultural, and Recreational Services	0	0	0	0	31,694
Other Operations	0	12,018	0	12,018	12,018
Debt Service:					
Principal on Debt	260,000	0	0	0	313,328
Interest on Debt	62,605	0	0	0	139,407
Capital Projects	0	1,209,878	262,564	1,472,442	1,657,736
Total Expenditures	\$ 322,605	\$ 1,221,896	\$ 262,564	\$ 1,484,460	\$ 2,842,331
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ (550,280)	\$ (252,565)	\$ (802,845)	\$ (910,731)
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,925
Transfers In	0	0	0	0	3,900
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,825
Net Change in Fund Balances	\$ 0	\$ (550,280)	\$ (252,565)	\$ (802,845)	\$ (900,906)
Fund Balance, July 1, 2012	16,821	1,199,626	821,821	2,021,447	2,720,329
Fund Balance, June 30, 2013	\$ 16,821	\$ 649,346	\$ 569,256	\$ 1,218,602	\$ 1,819,423

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, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 227,488	\$ 226,768	\$ 226,768	\$ 720
State of Tennessee	10,892	12,500	12,500	(1,608)
Total Revenues	<u>\$ 238,380</u>	<u>\$ 239,268</u>	<u>\$ 239,268</u>	<u>\$ (888)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 53,328	\$ 83,000	\$ 82,000	\$ 28,672
<u>Interest on Debt</u>				
General Government	76,802	76,000	77,000	198
<u>Capital Projects</u>				
Public Utility Projects	185,294	188,000	188,000	2,706
Total Expenditures	<u>\$ 315,424</u>	<u>\$ 347,000</u>	<u>\$ 347,000</u>	<u>\$ 31,576</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (77,044)</u>	<u>\$ (107,732)</u>	<u>\$ (107,732)</u>	<u>\$ 30,688</u>
Net Change in Fund Balance	\$ (77,044)	\$ (107,732)	\$ (107,732)	\$ 30,688
Fund Balance, July 1, 2012	495,964	495,964	495,964	0
Fund Balance, June 30, 2013	<u>\$ 418,920</u>	<u>\$ 388,232</u>	<u>\$ 388,232</u>	<u>\$ 30,688</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, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 90,134	\$ 6,300	\$ 70,250	\$ 19,884
Total Revenues	\$ 90,134	\$ 6,300	\$ 70,250	\$ 19,884
<u>Expenditures</u>				
<u>Public Safety</u>				
Sheriff's Department	\$ 76,293	\$ 13,500	\$ 80,118	\$ 3,825
Drug Enforcement	18,593	14,200	30,580	11,987
Total Expenditures	\$ 94,886	\$ 27,700	\$ 110,698	\$ 15,812
Excess (Deficiency) of Revenues Over Expenditures	\$ (4,752)	\$ (21,400)	\$ (40,448)	\$ 35,696
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 5,925	\$ 0	\$ 0	\$ 5,925
Total Other Financing Sources	\$ 5,925	\$ 0	\$ 0	\$ 5,925
Net Change in Fund Balance	\$ 1,173	\$ (21,400)	\$ (40,448)	\$ 41,621
Fund Balance, July 1, 2012	54,494	43,926	43,926	10,568
Fund Balance, June 30, 2013	\$ 55,667	\$ 22,526	\$ 3,478	\$ 52,189

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, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 13,709	\$ 15,700	\$ 15,700	\$ (1,991)
Other Local Revenues	4,636	4,600	4,600	36
Other Governments and Citizens Groups	7,100	10,000	10,000	(2,900)
Total Revenues	<u>\$ 25,445</u>	<u>\$ 30,300</u>	<u>\$ 30,300</u>	<u>\$ (4,855)</u>
<u>Expenditures</u>				
<u>Social, Cultural, and Recreational Services</u>				
Other Social, Cultural, and Recreational	\$ 31,694	\$ 43,893	\$ 43,893	\$ 12,199
Total Expenditures	<u>\$ 31,694</u>	<u>\$ 43,893</u>	<u>\$ 43,893</u>	<u>\$ 12,199</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (6,249)</u>	<u>\$ (13,593)</u>	<u>\$ (13,593)</u>	<u>\$ 7,344</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 3,900	\$ 3,900	\$ 3,900	\$ 0
Total Other Financing Sources	<u>\$ 3,900</u>	<u>\$ 3,900</u>	<u>\$ 3,900</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (2,349)	\$ (9,693)	\$ (9,693)	\$ 7,344
Fund Balance, July 1, 2012	<u>10,704</u>	<u>10,704</u>	<u>10,704</u>	<u>0</u>
Fund Balance, June 30, 2013	<u>\$ 8,355</u>	<u>\$ 1,011</u>	<u>\$ 1,011</u>	<u>\$ 7,344</u>

Exhibit F-6

Cocke County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Rural Debt Service Fund  
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Governments and Citizens Groups	\$ 322,605	\$ 322,605	\$ 322,605	\$ 0
Total Revenues	<u>\$ 322,605</u>	<u>\$ 322,605</u>	<u>\$ 322,605</u>	<u>\$ 0</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 260,000	\$ 260,000	\$ 260,000	\$ 0
<u>Interest on Debt</u>				
Education	62,605	62,605	62,605	0
Total Expenditures	<u>\$ 322,605</u>	<u>\$ 322,605</u>	<u>\$ 322,605</u>	<u>\$ 0</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 0	\$ 0	\$ 0	\$ 0
Fund Balance, July 1, 2012	<u>16,821</u>	<u>16,821</u>	<u>16,821</u>	<u>0</u>
Fund Balance, June 30, 2013	<u>\$ 16,821</u>	<u>\$ 16,821</u>	<u>\$ 16,821</u>	<u>\$ 0</u>

Exhibit F-7

Cocke County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
General Capital Projects Fund  
For the Year Ended June 30, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 590,474 \$	0 \$	590,474 \$	582,941 \$	582,941 \$	7,533
State of Tennessee	81,142	0	81,142	0	50,023	31,119
Total Revenues	\$ 671,616 \$	0 \$	671,616 \$	582,941 \$	632,964 \$	38,652
<u>Expenditures</u>						
<u>Other Operations</u>						
Other Charges	\$ 12,018 \$	0 \$	12,018 \$	15,000 \$	15,000 \$	2,982
<u>Capital Projects</u>						
Public Safety Projects	483,143	(158,468)	324,675	391,644	483,144	158,469
Public Health and Welfare Projects	158,428	0	158,428	200,740	200,740	42,312
Public Utility Projects	50,022	0	50,022	0	50,023	1
Education Capital Projects	518,285	0	518,285	518,285	518,285	0
Total Expenditures	\$ 1,221,896 \$	(158,468) \$	1,063,428 \$	1,125,669 \$	1,267,192 \$	203,764
Excess (Deficiency) of Revenues Over Expenditures	\$ (550,280) \$	158,468 \$	(391,812) \$	(542,728) \$	(634,228) \$	242,416
Net Change in Fund Balance Fund Balance, July 1, 2012	\$ (550,280) \$	158,468 \$	(391,812) \$	(542,728) \$	(634,228) \$	242,416
	1,199,626	(158,468)	1,041,158	1,189,273	1,189,273	(148,115)
Fund Balance, June 30, 2013	\$ 649,346 \$	0 \$	649,346 \$	646,545 \$	555,045 \$	94,301

# **Major Governmental Fund**

## **General Debt Service Fund**

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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.

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Exhibit G

Cocke County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Debt Service Fund  
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,585,065	\$ 2,576,495	\$ 2,576,495	\$ 8,570
Other Local Revenues	25,231	60,000	60,000	(34,769)
State of Tennessee	63,796	46,000	46,000	17,796
Federal Government	41,269	166,686	166,686	(125,417)
Other Governments and Citizens Groups	252,608	244,429	257,379	(4,771)
Total Revenues	<u>\$ 2,967,969</u>	<u>\$ 3,093,610</u>	<u>\$ 3,106,560</u>	<u>\$ (138,591)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 57,311	\$ 57,500	\$ 57,330	\$ 19
Highways and Streets	344,630	345,000	344,700	70
Education	1,658,546	1,648,000	1,658,687	141
<u>Interest on Debt</u>				
General Government	81,875	82,000	82,000	125
Highways and Streets	380,181	380,500	380,500	319
Education	912,726	910,000	912,733	7
<u>Other Debt Service</u>				
General Government	43,666	48,000	48,000	4,334
Education	4,460	4,500	4,500	40
Total Expenditures	<u>\$ 3,483,395</u>	<u>\$ 3,475,500</u>	<u>\$ 3,488,450</u>	<u>\$ 5,055</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (515,426)</u>	<u>\$ (381,890)</u>	<u>\$ (381,890)</u>	<u>\$ (133,536)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 270,278	\$ 270,276	\$ 270,276	\$ 2
Total Other Financing Sources	<u>\$ 270,278</u>	<u>\$ 270,276</u>	<u>\$ 270,276</u>	<u>\$ 2</u>
Net Change in Fund Balance	\$ (245,148)	\$ (111,614)	\$ (111,614)	\$ (133,534)
Fund Balance, July 1, 2012	<u>5,929,736</u>	<u>5,922,844</u>	<u>5,922,844</u>	<u>6,892</u>
Fund Balance, June 30, 2013	<u>\$ 5,684,588</u>	<u>\$ 5,811,230</u>	<u>\$ 5,811,230</u>	<u>\$ (126,642)</u>

# Fiduciary Funds

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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.

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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, 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, 2013

	Agency Funds			Total
	Cities - Sales Tax	City School ADA - Newport	Constitu- tional Officers - Agency	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 1,816,319	\$ 1,816,319
Equity in Pooled Cash and Investments	0	10	0	10
Accounts Receivable	0	0	3,437	3,437
Due from Other Governments	538,147	104,876	0	643,023
Property Taxes Receivable	0	479,738	0	479,738
Allowance for Uncollectible Property Taxes	0	(29,914)	0	(29,914)
Cash Shortage	0	0	37,640	37,640
Total Assets	\$ 538,147	\$ 554,710	\$ 1,857,396	\$ 2,950,253
<u>LIABILITIES</u>				
Due to Other Taxing Units	\$ 538,147	\$ 554,710	\$ 0	\$ 1,092,857
Due to Litigants, Heirs, and Others	0	0	1,857,396	1,857,396
Total Liabilities	\$ 538,147	\$ 554,710	\$ 1,857,396	\$ 2,950,253

Exhibit H-2

Cocke County, Tennessee  
Combining Statement of Changes in Assets  
and Liabilities - All Agency Funds  
For the Year Ended June 30, 2013

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 3,107,859	\$ 3,107,859	\$ 0
Due from Other Governments	540,088	538,147	540,088	538,147
Total Assets	\$ 540,088	\$ 3,646,006	\$ 3,647,947	\$ 538,147
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 540,088	\$ 3,646,006	\$ 3,647,947	\$ 538,147
Total Liabilities	\$ 540,088	\$ 3,646,006	\$ 3,647,947	\$ 538,147
<u>City School ADA - Newport Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,026,392	\$ 1,026,382	\$ 10
Due from Other Governments	99,972	104,876	99,972	104,876
Property Taxes Receivable	449,418	479,738	449,418	479,738
Allowance for Uncollectible Property Taxes	(28,856)	(29,914)	(28,856)	(29,914)
Total Assets	\$ 520,534	\$ 1,581,092	\$ 1,546,916	\$ 554,710
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 520,534	\$ 1,581,092	\$ 1,546,916	\$ 554,710
Total Liabilities	\$ 520,534	\$ 1,581,092	\$ 1,546,916	\$ 554,710
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,813,963	\$ 6,506,914	\$ 6,504,558	\$ 1,816,319
Accounts Receivable	3,437	0	0	3,437
Cash Shortage	38,465	0	825	37,640
Total Assets	\$ 1,855,865	\$ 6,506,914	\$ 6,505,383	\$ 1,857,396
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,855,865	\$ 6,506,914	\$ 6,505,383	\$ 1,857,396
Total Liabilities	\$ 1,855,865	\$ 6,506,914	\$ 6,505,383	\$ 1,857,396

(Continued)

Exhibit H-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,813,963	\$ 6,506,914	\$ 6,504,558	\$ 1,816,319
Equity in Pooled Cash and Investments	0	4,134,251	4,134,241	10
Accounts Receivable	3,437	0	0	3,437
Due from Other Governments	640,060	643,023	640,060	643,023
Property Taxes Receivable	449,418	479,738	449,418	479,738
Allowance for Uncollectible Property Taxes	(28,856)	(29,914)	(28,856)	(29,914)
Cash Shortage	38,465	0	825	37,640
Total Assets	<u>\$ 2,916,487</u>	<u>\$ 11,734,012</u>	<u>\$ 11,700,246</u>	<u>\$ 2,950,253</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,060,622	\$ 5,227,098	\$ 5,194,863	\$ 1,092,857
Due to Litigants, Heirs, and Others	1,855,865	6,506,914	6,505,383	1,857,396
Total Liabilities	<u>\$ 2,916,487</u>	<u>\$ 11,734,012</u>	<u>\$ 11,700,246</u>	<u>\$ 2,950,253</u>

# Cocke County School Department

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

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

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

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

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

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

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

Exhibit I-1

Coke County, Tennessee  
 Statement of Activities  
Discretely Presented Coke County School Department  
For the Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 25,922,974	\$ 0	\$ 2,285,788	\$ 37,776	\$ (23,599,410)
Support Services	13,231,059	38,834	1,102,814	518,285	(11,571,126)
Operation of Non-Instructional Services	3,585,666	585,343	2,965,897	0	(34,426)
Other Debt Service	563,816	0	0	0	(563,816)
Total Governmental Activities	\$ 43,303,515	\$ 624,177	\$ 6,354,499	\$ 556,061	\$ (35,768,778)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes				\$	2,863,457
Property Taxes Levied for School Transportation					1,294,409
Local Option Sales Taxes					3,301,763
Other Local Taxes					107,155
Grants and Contributions Not Restricted to Specific Programs					25,318,093
Unrestricted Investment Income					55,935
Miscellaneous					50,586
Total General Revenues					\$ 32,991,398
Extraordinary Item - Insurance Recovery for Tornado Damage					\$ 246,002
Change in Net Position					\$ (2,531,378)
Net Position, July 1, 2012					28,536,647
Net Position, June 30, 2013					\$ 26,005,269

Exhibit I-2

Coke County, Tennessee  
 Balance Sheet - Governmental Funds  
 Discretely Presented Coke County School Department  
 June 30, 2013

	Major Funds			Nonmajor Fund	Total Governmental Funds
	General Purpose School	School Federal Projects	School Transpor - tation	Central Cafeteria	
<u>ASSETS</u>					
Cash	\$ 1,254,756	\$ 0	\$ 0	\$ 9,201	\$ 1,263,957
Equity in Pooled Cash and Investments	5,249,109	196,995	543,982	1,087,737	7,077,823
Accounts Receivable	117,710	0	10,341	0	128,051
Due from Other Governments	807,051	108,436	385	0	915,872
Property Taxes Receivable	3,167,490	0	1,431,622	0	4,599,112
Allowance for Uncollectible Property Taxes	(197,507)	0	(89,268)	0	(286,775)
<b>Total Assets</b>	<b>\$ 10,398,609</b>	<b>\$ 305,431</b>	<b>\$ 1,897,062</b>	<b>\$ 1,096,938</b>	<b>\$ 13,698,040</b>
<u>LIABILITIES</u>					
Accounts Payable	\$ 48,327	\$ 770	\$ 6,456	\$ 0	\$ 55,553
Accrued Payroll	0	4,000	0	0	4,000
Payroll Deductions Payable	0	661	0	0	661
Other Current Liabilities	1,254,756	0	0	0	1,254,756
<b>Total Liabilities</b>	<b>\$ 1,303,083</b>	<b>\$ 5,431</b>	<b>\$ 6,456</b>	<b>\$ 0</b>	<b>\$ 1,314,970</b>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 2,817,801	\$ 0	\$ 1,273,572	\$ 0	\$ 4,091,373
Deferred Delinquent Property Taxes	132,628	0	59,944	0	192,572
Other Deferred/Unavailable Revenue	323,400	0	0	0	323,400
<b>Total Deferred Inflows of Resources</b>	<b>\$ 3,273,829</b>	<b>\$ 0</b>	<b>\$ 1,333,516</b>	<b>\$ 0</b>	<b>\$ 4,607,345</b>
<u>FUND BALANCES</u>					
Restricted:					
Restricted for Education	\$ 169,968	\$ 0	\$ 61,095	\$ 1,096,938	\$ 1,328,001
Committed:					
Committed for Education	220,622	300,000	495,995	0	1,016,617
Assigned:					
Assigned for Education	3,550,494	0	0	0	3,550,494
Unassigned	1,880,613	0	0	0	1,880,613
<b>Total Fund Balances</b>	<b>\$ 5,821,697</b>	<b>\$ 300,000</b>	<b>\$ 557,090</b>	<b>\$ 1,096,938</b>	<b>\$ 7,775,725</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 10,398,609</b>	<b>\$ 305,431</b>	<b>\$ 1,897,062</b>	<b>\$ 1,096,938</b>	<b>\$ 13,698,040</b>

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, 2013

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$ 7,775,725
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 601,292	
Add: buildings and improvements net of accumulated depreciation	20,149,816	
Add: other capital assets net of accumulated depreciation	<u>3,306,631</u>	24,057,739
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: note payable on primary government debt	\$ (24,081)	
Less: accrued interest payable on primary government debt	(451)	
Less: termination benefits payable	(228,000)	
Less: other postemployment benefits liability	<u>(6,091,635)</u>	(6,344,167)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>515,972</u>
Net position of governmental activities (Exhibit A)		<u>\$ 26,005,269</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, 2013

	Major Funds			Nonmajor	Total
	General Purpose School	School Federal Projects	School Transportation	Other Governmental Funds	
<u>Revenues</u>					
Local Taxes	\$ 6,268,554	\$ 0	\$ 1,445,132	\$ 0	\$ 7,713,686
Licenses and Permits	989	0	0	0	989
Charges for Current Services	76,008	0	91,361	451,834	619,203
Other Local Revenues	547,760	0	7,867	72,973	628,600
State of Tennessee	22,996,267	0	665,737	0	23,662,004
Federal Government	411,515	4,535,506	0	2,385,969	7,332,990
Other Governments and Citizens Groups	0	0	518,285	0	518,285
<b>Total Revenues</b>	<b>\$ 30,301,093</b>	<b>\$ 4,535,506</b>	<b>\$ 2,728,382</b>	<b>\$ 2,910,776</b>	<b>\$ 40,475,757</b>
<u>Expenditures</u>					
Current:					
Instruction	\$ 19,407,395	\$ 3,384,899	\$ 0	\$ 0	\$ 22,792,294
Support Services	9,862,316	1,094,766	2,451,598	0	13,408,680
Operation of Non-Instructional Services	693,473	0	0	2,966,414	3,659,887
Capital Outlay	202,209	0	0	0	202,209
Debt Service:					
Other Debt Service	575,213	0	0	0	575,213
Capital Projects	0	0	0	1,658,958	1,658,958
<b>Total Expenditures</b>	<b>\$ 30,740,606</b>	<b>\$ 4,479,665</b>	<b>\$ 2,451,598</b>	<b>\$ 4,625,372</b>	<b>\$ 42,297,241</b>
Excess (Deficiency) of Revenues					
Over Expenditures	\$ (439,513)	\$ 55,841	\$ 276,784	\$ (1,714,596)	\$ (1,821,484)
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 64,157	\$ 0	\$ 14,483	\$ 0	\$ 78,640
Transfers In	755,861	0	0	39,631	795,492
Transfers Out	(39,631)	(55,861)	0	(700,000)	(795,492)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 780,387</b>	<b>\$ (55,861)</b>	<b>\$ 14,483</b>	<b>\$ (660,369)</b>	<b>\$ 78,640</b>
Extraordinary Item - Insurance Recovery for Tornado Damage					
Extraordinary Item - Tornado Damage Expenditures	\$ 389,969	\$ 0	\$ 0	\$ 0	\$ 389,969
	(376,784)	0	0	0	(376,784)
Net Change in Fund Balances					
Fund Balance, July 1, 2012	\$ 5,467,638	\$ 300,020	\$ 265,823	\$ 3,471,903	\$ 9,505,384
Fund Balance, June 30, 2013	\$ 5,821,697	\$ 300,000	\$ 557,090	\$ 1,096,938	\$ 7,775,725

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, 2013

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

Net change in fund balances - total governmental funds (Exhibit I-4)		\$ (1,729,659)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 1,466,936	
Less: current-year depreciation expense	<u>(1,645,910)</u>	(178,974)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.		
Less: proceeds received from the disposal of capital assets	\$ (990)	
Less: loss on disposal of capital assets	<u>(3,520)</u>	(4,510)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2013	\$ 515,972	
Less: deferred delinquent property taxes and other deferred June 30, 2012	<u>(464,604)</u>	51,368
(4) The issuance of long-term debt (e.g., notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Add: principal payment on note for primary government		11,187
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable on note for primary government	\$ 210	
Change in termination benefits	76,000	
Change in other postemployment benefits liability	<u>(757,000)</u>	<u>(680,790)</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ (2,531,378)</u>

Exhibit I-6

Coke County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Nonmajor Governmental Funds  
Discretely Presented Coke County School Department  
For the Year Ended June 30, 2013

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Central Cafeteria	Other Capital Projects - QSCB	
<u>Revenues</u>			
Charges for Current Services	\$ 451,834	\$ 0	\$ 451,834
Other Local Revenues	71,662	1,311	72,973
Federal Government	2,385,969	0	2,385,969
Total Revenues	<u>\$ 2,909,465</u>	<u>\$ 1,311</u>	<u>\$ 2,910,776</u>
<u>Expenditures</u>			
Current:			
Operation of Non-Instructional Services	\$ 2,966,414	\$ 0	\$ 2,966,414
Capital Projects	0	1,658,958	1,658,958
Total Expenditures	<u>\$ 2,966,414</u>	<u>\$ 1,658,958</u>	<u>\$ 4,625,372</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (56,949)</u>	<u>\$ (1,657,647)</u>	<u>\$ (1,714,596)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 0	\$ 39,631	\$ 39,631
Transfers Out	0	(700,000)	(700,000)
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ (660,369)</u>	<u>\$ (660,369)</u>
Net Change in Fund Balances	\$ (56,949)	\$ (2,318,016)	\$ (2,374,965)
Fund Balance, July 1, 2012	1,153,887	2,318,016	3,471,903
Fund Balance, June 30, 2013	<u>\$ 1,096,938</u>	<u>\$ 0</u>	<u>\$ 1,096,938</u>

Exhibit I-7

Cocke County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Cocke County School Department  
General Purpose School Fund  
For the Year Ended June 30, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<b>Revenues</b>							
Local Taxes	\$ 6,268,554	\$ 0	\$ 0	\$ 6,268,554	\$ 6,387,196	\$ 6,387,196	\$ (118,642)
Licenses and Permits	989	0	0	989	1,000	1,000	(11)
Charges for Current Services	76,008	0	0	76,008	95,744	98,734	(22,726)
Other Local Revenues	547,760	0	0	547,760	469,680	554,099	(6,339)
State of Tennessee	22,996,267	0	0	22,996,267	22,649,320	22,966,044	30,223
Federal Government	411,515	0	0	411,515	328,816	412,000	(485)
<b>Total Revenues</b>	<b>\$ 30,301,093</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 30,301,093</b>	<b>\$ 29,931,756</b>	<b>\$ 30,419,073</b>	<b>\$ (117,980)</b>
<b>Expenditures</b>							
<b>Instruction</b>							
Regular Instruction Program	\$ 15,707,483	\$ 0	\$ 0	\$ 15,707,483	\$ 17,739,502	\$ 17,742,524	\$ 2,035,041
Alternative Instruction Program	197,905	0	0	197,905	234,348	234,348	36,443
Special Education Program	2,110,506	0	0	2,110,506	2,276,723	2,349,213	238,707
Vocational Education Program	1,273,864	0	0	1,273,864	1,282,898	1,282,898	9,034
Student Body Education Program	356	0	0	356	3,500	3,500	3,144
Adult Education Program	117,281	0	0	117,281	120,676	120,676	3,395
<b>Support Services</b>							
Attendance	142,745	0	0	142,745	146,790	146,790	4,045
Health Services	334,324	0	0	334,324	335,995	341,635	7,311
Other Student Support	1,021,195	0	0	1,021,195	1,039,690	1,039,690	18,495
Regular Instruction Program	1,045,640	0	0	1,045,640	1,264,972	1,261,283	215,643
Special Education Program	437,133	0	0	437,133	503,434	510,554	73,421
Vocational Education Program	71,924	0	0	71,924	73,509	73,509	1,585
Adult Programs	9,051	0	0	9,051	6,764	6,764	(2,287)
Other Programs	203,375	0	0	203,375	0	203,375	0
Board of Education	437,267	0	0	437,267	477,432	477,432	40,165
Director of Schools	233,621	0	0	233,621	256,380	256,380	22,759
Office of the Principal	2,236,060	0	0	2,236,060	2,416,752	2,416,752	180,692

(Continued)

Exhibit I-7

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 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Fiscal Services	\$ 158,239	\$ 0	\$ 0	\$ 158,239	\$ 182,149	\$ 182,149	\$ 23,910
Operation of Plant	2,473,944	0	32	2,473,976	2,629,397	2,639,572	165,596
Maintenance of Plant	541,608	0	0	541,608	689,513	689,513	147,905
Transportation	52,264	0	0	52,264	61,800	61,800	9,536
Central and Other	463,926	0	0	463,926	400,958	486,968	23,042
<u>Operation of Non-Instructional Services</u>							
Food Service	77,402	0	0	77,402	77,602	77,602	200
Community Services	325,581	0	0	325,581	256,467	369,816	44,235
Early Childhood Education	290,490	0	0	290,490	301,621	301,621	11,131
<u>Capital Outlay</u>							
Regular Capital Outlay	202,209	(13,123)	0	189,086	1,048,693	840,486	651,400
<u>Principal on Debt</u>							
Education	0	0	0	0	518,783	7,939	7,939
<u>Interest on Debt</u>							
Education	0	0	0	0	64,369	0	0
<u>Other Debt Service</u>							
Education	575,213	0	0	575,213	0	575,213	0
<u>Total Expenditures</u>	\$ 30,740,606	\$ (13,123)	\$ 32	\$ 30,727,515	\$ 34,410,717	\$ 34,700,002	\$ 3,972,487
<u>Excess (Deficiency) of Revenues</u> <u>Over Expenditures</u>	\$ (439,513)	\$ 13,123	\$ (32)	\$ (426,422)	\$ (4,478,961)	\$ (4,280,929)	\$ 3,854,507
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 64,157	\$ 0	\$ 0	\$ 64,157	\$ 558,000	\$ 75,000	\$ (10,843)
Transfers In	755,861	0	0	755,861	56,029	756,029	(168)
Transfers Out	(39,631)	0	0	(39,631)	0	(50,000)	10,369
<u>Total Other Financing Sources</u>	\$ 780,387	\$ 0	\$ 0	\$ 780,387	\$ 614,029	\$ 781,029	\$ (642)

(Continued)

Exhibit I-7

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 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Extraordinary Item - Insurance Recovery for Tornado Damage	\$ 389,969	\$ 0	\$ 0	\$ 389,969	\$ 0	\$ 499,000	\$ (109,031)
Extraordinary Item - Tornado Damage Expenditures	(376,784)	212,752	0	(164,032)	0	(164,032)	0
Net Change in Fund Balance	\$ 354,059	\$ 225,875	\$ (32)	\$ 579,902	\$ (3,864,932)	\$ (3,164,932)	\$ 3,744,834
Fund Balance, July 1, 2012	5,467,638	(225,875)	0	5,241,763	5,733,906	5,733,906	(492,143)
Fund Balance, June 30, 2013	\$ 5,821,697	\$ 0	\$ (32)	\$ 5,821,665	\$ 1,868,974	\$ 2,568,974	\$ 3,252,691

Exhibit I-8

Coke County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Coke County School Department  
School Federal Projects Fund  
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 4,535,506	\$ 5,650,387	\$ 5,912,427	\$ (1,376,921)
Total Revenues	\$ 4,535,506	\$ 5,650,387	\$ 5,912,427	\$ (1,376,921)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 2,372,801	\$ 2,885,170	\$ 2,742,498	\$ 369,697
Special Education Program	908,009	1,007,755	1,007,755	99,746
Vocational Education Program	104,089	95,088	101,901	(2,188)
<u>Support Services</u>				
Other Student Support	177,415	454,385	420,311	242,896
Regular Instruction Program	763,109	976,104	1,403,907	640,798
Special Education Program	0	1,351	1,351	1,351
Vocational Education Program	4,240	5,000	4,242	2
Transportation	150,002	166,751	166,751	16,749
Total Expenditures	\$ 4,479,665	\$ 5,591,604	\$ 5,848,716	\$ 1,369,051
Excess (Deficiency) of Revenues Over Expenditures	\$ 55,841	\$ 58,783	\$ 63,711	\$ (7,870)
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (55,861)	\$ (58,803)	\$ (63,731)	\$ 7,870
Total Other Financing Sources	\$ (55,861)	\$ (58,803)	\$ (63,731)	\$ 7,870
Net Change in Fund Balance	\$ (20)	\$ (20)	\$ (20)	\$ 0
Fund Balance, July 1, 2012	300,020	20	20	300,000
Fund Balance, June 30, 2013	\$ 300,000	\$ 0	\$ 0	\$ 300,000

Exhibit I-9

Coke County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Coke County School Department  
Central Cafeteria Fund  
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 451,834	\$ 515,464	\$ 515,464	\$ (63,630)
Other Local Revenues	71,662	48,058	48,058	23,604
Federal Government	2,385,969	2,510,955	2,617,988	(232,019)
Total Revenues	<u>\$ 2,909,465</u>	<u>\$ 3,074,477</u>	<u>\$ 3,181,510</u>	<u>\$ (272,045)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 2,966,414	\$ 3,074,477	\$ 3,181,510	\$ 215,096
Total Expenditures	<u>\$ 2,966,414</u>	<u>\$ 3,074,477</u>	<u>\$ 3,181,510</u>	<u>\$ 215,096</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (56,949)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (56,949)</u>
Net Change in Fund Balance	\$ (56,949)	\$ 0	\$ 0	\$ (56,949)
Fund Balance, July 1, 2012	<u>1,153,887</u>	<u>1,144,409</u>	<u>1,144,409</u>	<u>9,478</u>
Fund Balance, June 30, 2013	<u>\$ 1,096,938</u>	<u>\$ 1,144,409</u>	<u>\$ 1,144,409</u>	<u>\$ (47,471)</u>

Exhibit I-10

Coke County, Tennessee  
 Schedule of Revenues, Expenditures, and Changes  
 in Fund Balance - Actual (Budgetary Basis) and Budget  
 Discreetly Presented Cooke County School Department  
 School Transportation Fund  
 For the Year Ended June 30, 2013

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 1,445,132	\$ 0	\$ 1,445,132	\$ 1,458,087	\$ 1,458,087	\$ (12,955)
Charges for Current Services	91,361	0	91,361	88,000	88,000	3,361
Other Local Revenues	7,867	0	7,867	9,100	9,100	(1,233)
State of Tennessee	665,737	0	665,737	677,385	677,385	(11,648)
Other Governments and Citizens Groups	518,285	0	518,285	518,285	518,285	0
Total Revenues	\$ 2,728,382	\$ 0	\$ 2,728,382	\$ 2,750,857	\$ 2,750,857	\$ (22,475)
<u>Expenditures</u>						
Support Services						
Board of Education	\$ 28,246	\$ 0	\$ 28,246	\$ 30,000	\$ 30,000	\$ 1,754
Transportation	2,423,352	23,544	2,446,896	2,729,357	2,729,357	282,461
Total Expenditures	\$ 2,451,598	\$ 23,544	\$ 2,475,142	\$ 2,759,357	\$ 2,759,357	\$ 284,215
Excess (Deficiency) of Revenues Over Expenditures	\$ 276,784	\$ (23,544)	\$ 253,240	\$ (8,500)	\$ (8,500)	\$ 261,740
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 14,483	\$ 0	\$ 14,483	\$ 8,500	\$ 8,500	\$ 5,983
Total Other Financing Sources	\$ 14,483	\$ 0	\$ 14,483	\$ 8,500	\$ 8,500	\$ 5,983
Net Change in Fund Balance Fund Balance, July 1, 2012	\$ 291,267	\$ (23,544)	\$ 267,723	\$ 0	\$ 0	\$ 267,723
Fund Balance, July 1, 2012	265,823	0	265,823	244,194	244,194	21,629
Fund Balance, June 30, 2013	\$ 557,090	\$ (23,544)	\$ 533,546	\$ 244,194	\$ 244,194	\$ 289,352

Exhibit I-11

Coke County, Tennessee  
Statement of Fiduciary Net Position  
Discretely Presented Coke County School Department  
Fiduciary Fund  
June 30, 2013

	<u>Private - Purpose Trust Fund</u> <u>Endowment Fund</u>
<u>ASSETS</u>	
Equity in Pooled Cash and Investments	\$ 385,811
Total Assets	<u>\$ 385,811</u>
<u>NET POSITION</u>	
Funds Held in Trust for Scholarships	<u>\$ 385,811</u>
Total Net Position	<u><u>\$ 385,811</u></u>

Exhibit I-12

Cocke County, Tennessee  
Statement of Changes in Fiduciary Net Position  
Discretely Presented Cocke County School Department  
Fiduciary Fund  
For the Year Ended June 30, 2013

	Private - Purpose Trust Fund <hr/> Endowment Fund <hr/>
<u>ADDITIONS</u>	
Investment Income	\$ 2,859
Total Additions	<hr/> \$ 2,859 <hr/>
<u>DEDUCTIONS</u>	
Education:	
Scholarships:	\$ 2,400
Total Deductions	<hr/> \$ 2,400 <hr/>
Change in Net Position	\$ 459
Net Position, July 1, 2012	<hr/> 385,352 <hr/>
Net Position, June 30, 2013	<hr/> \$ 385,811 <hr/> <hr/>

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## MISCELLANEOUS SCHEDULES

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Exhibit J-1

Cocke County, Tennessee  
 Schedule of Changes in Long-term Notes, Other Loans, and Bonds  
 For the Year Ended June 30, 2013

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-12	Paid and/or Matured	
						During Period	Outstanding 6-30-13
<b>NOTES PAYABLE</b>							
<u>Payable through General Debt Service Fund</u>							
School Energy Conservation and Renovation	\$ 500,000	0 %	5-30-08	7-15-15	\$ 285,713	\$ 71,429	\$ 214,284
Total Payable through General Debt Service Fund					\$ 285,713	\$ 71,429	\$ 214,284
<u>Payable by School Department through General Purpose School Fund</u>							
Land	100,000	5	2-17-05	2-17-15	\$ 35,268	\$ 11,187	\$ 24,081
Total Payable by School Department through General Purpose School Fund					\$ 35,268	\$ 11,187	\$ 24,081
Total Notes Payable					\$ 320,981	\$ 82,616	\$ 238,365
<b>OTHER LOANS PAYABLE</b>							
<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	\$ 950,487	\$ 14,316	\$ 936,171
City of Newport - River Crest Project (B)	300,000	4.38	2-14-06	5-1-46	277,568	4,116	273,452
City of Newport - Hwy 25E Projects	497,197	4.5	7-13-06	(1)	371,918	14,294	357,624
City of Newport - Hartford Project	478,417	2.15	2-14-08	12-31-27	420,658	20,602	400,056
Total Payable through Industrial/Economic Development Fund					\$ 2,020,631	\$ 53,328	\$ 1,967,303
<u>Payable through General Debt Service Fund</u>							
Qualified School Construction Bonds	5,575,000	0	10-7-10	9-15-27	\$ 5,285,107	\$ 347,871	\$ 4,937,236
Total Payable through General Debt Service Fund		(2)			\$ 5,285,107	\$ 347,871	\$ 4,937,236
Total Other Loans Payable					\$ 7,305,738	\$ 401,199	\$ 6,904,539

(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 7-1-12	Paid and/or Matured	
						During 6-30-13	Period 6-30-13
<b>BONDS PAYABLE</b>							
<u>Payable through General Debt Service Fund</u>							
School Refunding Bonds, Series 2004	\$ 9,705,000	3 to 5 %	3-23-04	6-1-18	\$ 7,535,000	\$ 915,000	\$ 6,620,000
General Obligation Refunding Bonds, Series 2008	7,300,000	3 to 4.1	4-16-08	5-1-28	6,770,000	150,000	6,620,000
General Obligation Refunding Bonds, Series 2008B	5,525,000	4 to 5	12-15-08	5-1-28	3,935,000	315,000	3,620,000
Build America Bonds, Series 2009B	2,500,000	3.44	10-20-09	6-1-30	2,500,000	100,000	2,400,000
General Obligation Bonds, Series 2011A	900,000	.9 to 2.7	11-30-11	6-1-19	800,000	100,000	700,000
General Obligation and Refunding Bonds, Series 2011B	6,685,000	1.5 to 3.2	11-30-11	6-1-30	6,685,000	50,000	6,635,000
Total Payable through General Debt Service Fund					<u>\$ 28,225,000</u>	<u>\$ 1,630,000</u>	<u>\$ 26,595,000</u>
<u>Payable through Rural Debt Service Fund</u>							
Rural School Refunding Bonds, Series 2004	3,215,000	2 to 3.9	3-23-04	6-1-18	\$ 1,735,000	\$ 260,000	\$ 1,475,000
Total Payable through Rural Debt Service Fund					<u>\$ 1,735,000</u>	<u>\$ 260,000</u>	<u>\$ 1,475,000</u>
Total Bonds Payable					<u>\$ 29,960,000</u>	<u>\$ 1,890,000</u>	<u>\$ 28,070,000</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 effective interest rate is zero percent after rebate under the Qualified School Construction Bond program.

Exhibit J-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2014	\$ 83,175	\$ 1,204	\$ 84,379
2015	83,762	617	84,379
2016	71,428	0	71,428
<b>Total</b>	<b>\$ 238,365</b>	<b>\$ 1,821</b>	<b>\$ 240,186</b>

Year Ending June 30	Other Loans - City of Newport		
	Principal (1)	Interest (1)	Total
2014	\$ 39,985	\$ 59,182	\$ 99,167
2015	41,195	57,938	99,133
2016	42,484	56,654	99,138
2017	43,818	55,325	99,143
2018	45,189	53,951	99,140
2019	46,620	52,528	99,148
2020	48,102	51,056	99,158
2021	49,626	49,532	99,158
2022	51,202	47,956	99,158
2023	52,846	46,324	99,170
2024	54,538	44,634	99,172
2025	56,299	42,885	99,184
2026	58,112	41,074	99,186
2027	59,998	39,199	99,197
2028	61,941	37,257	99,198
2029 - 2046	857,724	342,162	1,199,886
<b>Total</b>	<b>\$ 1,609,679</b>	<b>\$ 1,077,657</b>	<b>\$ 2,687,336</b>

(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 \$357,624 as of June 30, 2013, 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
2014	\$ 347,871	\$ 0	\$ 347,871
2015	347,871	0	347,871
2016	347,871	0	347,871
2017	347,871	0	347,871
2018	347,871	0	347,871
2019	347,871	0	347,871
2020	347,871	0	347,871
2021	347,871	0	347,871
2022	347,871	0	347,871
2023	347,871	0	347,871
2024	347,871	0	347,871
2025	347,871	0	347,871
2026	347,871	0	347,871
2027	382,119	0	382,119
2028	32,794	0	32,794
Total	\$ 4,937,236	\$ 0	\$ 4,937,236

Year Ending June 30	Bonds		
	Principal	Interest	Total
2014	\$ 1,920,000	\$ 1,105,427	\$ 3,025,427
2015	1,985,000	1,029,998	3,014,998
2016	2,065,000	944,235	3,009,235
2017	2,155,000	853,508	3,008,508
2018	2,250,000	755,240	3,005,240
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	\$ 28,070,000	\$ 8,905,382	\$ 36,975,382

Exhibit J-3

Cocke County, Tennessee  
Schedule of Investments  
June 30, 2013

<u>Fund and Type</u>	<u>Amount</u>
<u>Highway Capital Projects Fund</u>	
State Treasurer's Investment Pool	<u>\$ 514,099</u>
Total Investments	<u><u>\$ 514,099</u></u>

Exhibit J-4

Cocke County, Tennessee  
Schedule of Transfers  
Primary Government and Discretely Presented Cocke County School Department  
For the Year Ended June 30, 2013

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	Sports and Recreation	Operations	\$ 3,900
"	General Debt Service	Debt service	<u>270,278</u>
Total Transfers Primary Government			<u>\$ 274,178</u>
<u>DISCRETELY PRESENTED COCKE COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	Other Capital Projects - QSCB	Cash flow	\$ 39,631
School Federal Projects	General Purpose School	Indirect cost	55,861
Other Capital Projects - QSCB	"	To reimburse for amounts previously advanced for cash flow	700,000
Total Transfers Discretely Presented Cocke County School Department			<u>\$ 795,492</u>

Exhibit J-5

Coke County, Tennessee  
Schedule of Salaries and Official Bonds of Principal Officials  
Primary Government and Discretely Presented Coke County School Department  
For the Year Ended June 30, 2013

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 75,048	\$ 50,000	Hartford Fire Insurance Company
Road Superintendent	Section 8-24-102, TCA	71,475	100,000	"
Director of Schools	State Board of Education and County Board of Education	117,695 (1)	50,000	Western Surety Company
Trustee	Section 8-24-102, TCA	64,977	1,250,302	Hartford Fire Insurance Company
Assessor of Property	Section 8-24-102, TCA	64,977	50,000	"
Director of Accounts and Budgets	County Commission	64,977	50,000	"
County Clerk	Section 8-24-102, TCA	64,977	50,000	"
Circuit Court Clerk	Section 8-24-102, TCA	64,977 (2)	50,000	"
General Sessions Court Clerk	Section 8-24-102, TCA	64,977	50,000	"
Clerk and Master	Section 8-24-102, TCA, and Chancery Court Judge	64,977 (3)	50,000	Ohio Casualty Insurance Company
Register of Deeds	Section 8-24-102, TCA	64,977	25,000	Hartford Fire Insurance Company
Sheriff	Section 8-24-102, TCA	71,475 (4)	25,000	"
Employee Blanket Bonds				
Public Employee Dishonesty - County Departments			150,000	Tennessee Risk Management Trust
Public Employee Dishonesty - County Clerk Employees			40,000	Western Surety Company
Public Employee Dishonesty - School Department			150,000	Tennessee Risk Management Trust

(1) Includes a chief executive officer training supplement of \$1,000.

(2) Does not include special commissioner fees of \$2,550.

(3) Does not include special commissioner fees of \$9,925.

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

Exhibit J-6

Cooke County, Tennessee  
 Schedule of Detailed Revenues -  
 All Governmental Fund Types  
 For the Year Ended June 30, 2013

	Special Revenue Funds						
	General	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	Sports and Recreation	Constitutional Officers - Fees	Highway / Public Works
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 4,926,939	\$ 1,004,585	\$ 194,953	\$ 0	\$ 0	\$ 0	\$ 1,399,409
Trustee's Collections - Prior Year	249,913	32,372	9,064	0	0	0	12,949
Circuit/Clerk & Master Collections - Prior Years	196,815	32,147	11,720	0	0	0	24,041
Interest and Penalty	40,147	5,633	1,475	0	0	0	3,433
Payments in-Lieu-of Taxes - T.V.A.	2,517	512	100	0	0	0	711
Payments in-Lieu-of Taxes - Local Utilities	235,708	47,934	9,320	0	0	0	66,575
Payments in-Lieu-of Taxes - Other	0	7	1	0	0	0	10
<u>County Local Option Taxes</u>							
Local Option Sales Tax	485,495	0	0	0	0	0	71,221
Hotel/Motel Tax	198,421	0	0	0	0	0	0
Litigation Tax - General	28,555	0	0	0	0	0	0
Litigation Tax - Special Purpose	5,123	0	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	245,032	0	0	0	0	0	0
Business Tax	277,390	0	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	0	57,258
Other County Local Option Taxes	86,781	0	0	0	0	0	0
<u>Statutory Local Taxes</u>							
Bank Excise Tax	21,613	4,396	855	0	0	0	6,106
Wholesale Beer Tax	266,717	0	0	0	0	0	0
Interstate Telecommunications Tax	222	0	0	0	0	0	18
<b>Total Local Taxes</b>	<b>\$ 7,267,388</b>	<b>\$ 1,127,586</b>	<b>\$ 227,488</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,641,731</b>
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Marriage Licenses	\$ 1,131	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	102,908	0	0	0	0	0	0
Mobile Home Licenses	903	0	0	0	0	0	0
<u>Permits</u>							
Beer Permits	6,111	0	0	0	0	0	0
<b>Total Licenses and Permits</b>	<b>\$ 111,053</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Fines	\$ 5,491	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	9,581	0	0	0	0	0	0
Drug Control Fines	987	0	0	0	0	0	0

(Continued)

Exhibit J-6

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

	Special Revenue Funds							Highway / Public Works
	General	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	Sports and Recreation	Constitu- tional Officers - Fees		
<u>Fines, Forfeitures, and Penalties (Cont.)</u>								
<u>Circuit Court (Cont.)</u>								
Drug Court Fees	\$ 5,768	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Jail Fees	700	0	0	0	0	0	0	0
DUI Treatment Fines	1,805	0	0	0	0	0	0	0
Data Entry Fee - Circuit Court	830	0	0	0	0	0	0	0
Courtroom Security Fee	156	0	0	0	0	0	0	0
<u>General Sessions Court</u>								
Fines	36,306	0	0	0	0	0	0	0
Officers Costs	27,575	0	0	0	0	0	0	0
Game and Fish Fines	1,298	0	0	0	0	0	0	0
Drug Control Fines	0	0	0	4,936	0	0	0	0
Drug Court Fees	4,025	0	0	0	0	0	0	0
Jail Fees	25,252	0	0	0	0	0	0	0
DUI Treatment Fines	1,449	0	0	0	0	0	0	0
Data Entry Fee - General Sessions Court	16,600	0	0	0	0	0	0	0
Courtroom Security Fee	2	0	0	0	0	0	0	0
<u>Juvenile Court</u>								
Fines	643	0	0	0	0	0	0	0
Officers Costs	1,777	0	0	0	0	0	0	0
Drug Control Fines	175	0	0	0	0	0	0	0
Data Entry Fee - Juvenile Court	329	0	0	0	0	0	0	0
<u>Chancery Court</u>								
Officers Costs	469	0	0	0	0	0	0	0
Data Entry Fee - Chancery Court	1,282	0	0	0	0	0	0	0
<u>Other Courts - In-county</u>								
Fines for Littering	295	0	0	0	0	0	0	0
Officers Costs	36	0	0	0	0	0	0	0
<u>Judicial District Drug Program</u>								
Victims Assistance Assessments	22,178	0	0	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>								
Proceeds from Confiscated Property	0	0	0	85,198	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 165,009	\$ 0	\$ 0	\$ 90,134	\$ 0	\$ 0	\$ 0	0
<u>Charges for Current Services</u>								
<u>General Service Charges</u>								
Tipping Fees	\$ 0	\$ 24,619	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Solid Waste Disposal Fees	0	1,903	0	0	0	0	0	0

(Continued)

Exhibit J-6

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

	Special Revenue Funds						
	General	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	Sports and Recreation	Constitutional Officers - Fees	Highway / Public Works
<u>Charges for Current Services (Cont.)</u>							
<u>General Service Charges (Cont.)</u>							
Work Release Charges for Board	\$ 12,340	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other General Service Charges	2,469	0	0	0	0	0	0
<u>Fees</u>							
Recreation Fees	324,102	0	0	0	13,302	0	0
Copy Fees	2,957	0	0	0	0	0	0
Telephone Commissions	55,447	0	0	0	0	0	0
Vending Machine Collections	430	0	0	0	407	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0	560,946	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	0	12,475	0
Data Processing Fee - Register	9,984	0	0	0	0	0	0
Data Processing Fee - Sheriff	1,710	0	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	2,850	0	0	0	0	0	0
Data Processing Fee - County Clerk	2,804	0	0	0	0	0	0
<b>Total Charges for Current Services</b>	<b>\$ 415,093</b>	<b>\$ 26,522</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 13,709</b>	<b>\$ 573,421</b>	<b>\$ 0</b>
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 6	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	13,070	0	0	0	0	0	0
Sale of Materials and Supplies	108	34,829	0	0	0	0	19,861
Commissary Sales	24,764	0	0	0	4,636	0	0
Sale of Recycled Materials	0	4,740	0	0	0	0	0
Miscellaneous Refunds	75,178	360	0	0	0	0	1,558
<u>Nonrecurring Items</u>							
Sale of Equipment	6,835	0	0	0	0	0	0
<b>Total Other Local Revenues</b>	<b>\$ 119,961</b>	<b>\$ 39,929</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 4,636</b>	<b>\$ 0</b>	<b>\$ 21,419</b>
<u>Fees Received from County Officials</u>							
<u>Excess Fees</u>							
County Clerk	\$ 14,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Trustee	234,435	0	0	0	0	0	0
<u>Fees in-Lieu-of-Salary</u>							
Circuit Court Clerk	298,823	0	0	0	0	0	0
General Sessions Court Clerk	299,489	0	0	0	0	0	0
Clerk and Master	56,046	0	0	0	0	0	0
Juvenile Court Clerk	14,601	0	0	0	0	0	0

(Continued)

Exhibit J-6

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

	Special Revenue Funds						
	General	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	Sports and Recreation	Constitutional Officers - Fees	Highway / Public Works
<u>Fees Received from County Officials (Cont.)</u>							
<u>Fees in-Lieu-of Salary (Cont.)</u>							
Register	\$ 104,829	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Sheriff	6,008	0	0	0	0	0	0
Total Fees Received from County Officials	\$ 1,028,231	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
Juvenile Services Program	\$ 11,386	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Solid Waste Grants	0	36,693	0	0	0	0	0
<u>Public Safety Grants</u>							
Law Enforcement Training Programs	29,400	0	0	0	0	0	0
<u>Health and Welfare Grants</u>							
Health Department Programs	192,607	0	0	0	0	0	0
<u>Public Works Grants</u>							
State Aid Program	0	0	0	0	0	0	0
Litter Program	49,200	12,905	0	0	0	0	225,952
Tennessee Industrial Infrastructure Program	0	0	0	0	0	0	0
<u>Other State Revenues</u>							
Income Tax	62,993	0	0	0	0	0	0
Beer Tax	0	0	0	0	0	0	18,586
Alcoholic Beverage Tax	0	0	0	0	0	0	59,863
Mixed Drink Tax	5,380	0	0	0	0	0	0
State Revenue Sharing - T.V.A.	275,412	56,016	10,892	0	0	0	77,800
Board of Jurors	3,709	0	0	0	0	0	0
Contracted Prisoner Boarding	751,325	0	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	1,707,143
Petroleum Special Tax	0	0	0	0	0	0	25,731
Registrar's Salary Supplement	15,164	0	0	0	0	0	0
Total State of Tennessee	\$ 1,396,586	\$ 105,614	\$ 10,892	\$ 0	\$ 0	\$ 0	\$ 2,115,075
<u>Federal Government</u>							
<u>Federal Through State</u>							
USDA - Other	\$ 1,107	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Disaster Relief	0	0	0	0	0	0	31,531
Homeland Security Grants	103,124	0	0	0	0	0	0
Other Federal through State	323,512	0	0	0	0	0	0

(Continued)

Exhibit J-6

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

	Special Revenue Funds						
	General	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	Sports and Recreation	Constitutional Officers - Fees	Highway / Public Works
<u>Federal Government (Cont.)</u>							
<u>Direct Federal Revenue</u>							
Forest Service	\$ 81,079	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 21,601
Tax Credit Bond Rebate	270,278	0	0	0	0	0	0
Other Direct Federal Revenue	30,616	0	0	0	0	0	0
Total Federal Government	\$ 809,716	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 53,132
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Contributions	\$ 89,686	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Citizens Groups	2,500	0	0	0	7,100	0	0
Donations	92,186	0	0	0	7,100	0	0
Total Other Governments and Citizens Groups	\$ 11,405,223	\$ 1,299,651	\$ 238,380	\$ 90,134	\$ 25,445	\$ 573,421	\$ 3,831,357
Total							

(Continued)

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

	Debt Service Funds			Capital Projects Funds			Total
	General Debt Service	Rural Debt Service	General Capital Projects	Highway Capital Projects			
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 1,144,475	\$ 0	\$ 560,450	\$ 0	\$ 0	\$ 9,230,811	
Trustee's Collections - Prior Year	33,667	0	0	0	0	337,965	
Circuit/Clerk & Master Collections - Prior Years	29,407	0	0	0	0	294,130	
Interest and Penalty	5,977	0	664	0	0	57,329	
Payments in-Lieu-of Taxes - T.V.A.	583	0	284	0	0	4,707	
Payments in-Lieu-of Taxes - Local Utilities	54,591	0	26,630	0	0	440,758	
Payments in-Lieu-of Taxes - Other	8	0	4	0	0	30	
<u>County Local Option Taxes</u>							
Local Option Sales Tax	1,310,717	0	0	0	0	1,867,433	
Hotel/Motel Tax	0	0	0	0	0	198,421	
Litigation Tax - General	0	0	0	0	0	28,555	
Litigation Tax - Special Purpose	0	0	0	0	0	5,123	
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	245,032	
Business Tax	0	0	0	0	0	277,390	
Mineral Severance Tax	0	0	0	0	0	57,258	
Other County Local Option Taxes	0	0	0	0	0	86,781	
<u>Statutory Local Taxes</u>							
Bank Excise Tax	5,007	0	2,442	0	0	40,419	
Wholesale Beer Tax	0	0	0	0	0	266,717	
Interstate Telecommunications Tax	633	0	0	0	0	873	
Total Local Taxes	\$ 2,585,065	\$ 0	\$ 590,474	\$ 0	\$ 0	\$ 13,439,732	
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Marriage Licenses	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,131	
Cable TV Franchise	0	0	0	0	0	102,908	
Mobile Home Licenses	0	0	0	0	0	903	
<u>Permits</u>							
Beer Permits	0	0	0	0	0	6,111	
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 111,053	
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,491	
Officers Costs	0	0	0	0	0	9,581	
Drug Control Fines	0	0	0	0	0	987	

(Continued)

Exhibit J-6

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

	Debt Service Funds			Capital Projects Funds			Total
	General Debt Service	Rural Debt Service	General Capital Projects	Highway Capital Projects			
<u>Fines, Forfeitures, and Penalties (Cont.)</u>							
<u>Circuit Court (Cont.)</u>							
Drug Court Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	5,768
Jail Fees	0	0	0	0	0	0	700
DUI Treatment Fines	0	0	0	0	0	0	1,805
Data Entry Fee - Circuit Court	0	0	0	0	0	0	830
Courtroom Security Fee	0	0	0	0	0	0	136
<u>General Sessions Court</u>							
Fines	0	0	0	0	0	0	36,306
Officers Costs	0	0	0	0	0	0	27,575
Game and Fish Fines	0	0	0	0	0	0	1,298
Drug Control Fines	0	0	0	0	0	0	4,936
Drug Court Fees	0	0	0	0	0	0	4,025
Jail Fees	0	0	0	0	0	0	25,252
DUI Treatment Fines	0	0	0	0	0	0	1,449
Data Entry Fee - General Sessions Court	0	0	0	0	0	0	16,600
Courtroom Security Fee	0	0	0	0	0	0	2
<u>Juvenile Court</u>							
Fines	0	0	0	0	0	0	643
Officers Costs	0	0	0	0	0	0	1,777
Drug Control Fines	0	0	0	0	0	0	175
Data Entry Fee - Juvenile Court	0	0	0	0	0	0	329
<u>Chancery Court</u>							
Officers Costs	0	0	0	0	0	0	469
Data Entry Fee - Chancery Court	0	0	0	0	0	0	1,282
<u>Other Courts - In-county</u>							
Fines for Littering	0	0	0	0	0	0	295
Officers Costs	0	0	0	0	0	0	36
<u>Judicial District Drug Program</u>							
Victims Assistance Assessments	0	0	0	0	0	0	22,178
<u>Other Fines, Forfeitures, and Penalties</u>							
Proceeds from Confiscated Property	0	0	0	0	0	0	85,198
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 255,143
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Tipping Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	24,619
Solid Waste Disposal Fees	0	0	0	0	0	0	1,903

(Continued)

Exhibit J-6

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

	Debt Service Funds			Capital Projects Funds			Total
	General	Rural	General	Highway	Capital	Projects	
	Debt	Debt	Capital	Capital	Projects	Projects	
<u>Charges for Current Services (Cont.)</u>							
<u>General Service Charges (Cont.)</u>							
Work Release Charges for Board	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	12,340
Other General Service Charges	0	0	0	0	0	0	2,469
<u>Fees</u>							
Recreation Fees	0	0	0	0	0	0	337,404
Copy Fees	0	0	0	0	0	0	2,957
Telephone Commissions	0	0	0	0	0	0	55,447
Vending Machine Collections	0	0	0	0	0	0	837
Constitutional Officers' Fees and Commissions	0	0	0	0	0	0	560,946
Special Commissioner Fees/Special Master Fees	0	0	0	0	0	0	12,475
Data Processing Fee - Register	0	0	0	0	0	0	9,984
Data Processing Fee - Sheriff	0	0	0	0	0	0	1,710
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	0	2,850
Data Processing Fee - County Clerk	0	0	0	0	0	0	2,804
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,028,745
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 25,231	\$ 0	\$ 0	\$ 0	\$ 683	\$ 0	25,920
Lease/Rentals	0	0	0	0	0	0	13,070
Sale of Materials and Supplies	0	0	0	0	0	0	54,798
Commissary Sales	0	0	0	0	0	0	29,400
Sale of Recycled Materials	0	0	0	0	0	0	4,740
Miscellaneous Refunds	0	0	0	0	9,316	0	86,412
<u>Nonrecurring Items</u>							
Sale of Equipment	0	0	0	0	0	0	6,835
Total Other Local Revenues	\$ 25,231	\$ 0	\$ 0	\$ 0	\$ 9,999	\$ 0	221,175
<u>Fees Received from County Officials</u>							
<u>Excess Fees</u>							
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	14,000
Trustee	0	0	0	0	0	0	234,435
<u>Fees in-Lieu-of-Salary</u>							
Circuit Court Clerk	0	0	0	0	0	0	298,823
General Sessions Court Clerk	0	0	0	0	0	0	299,489
Clerk and Master	0	0	0	0	0	0	56,046
Juvenile Court Clerk	0	0	0	0	0	0	14,601

(Continued)

Exhibit J-6

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

	Debt Service Funds			Capital Projects Funds			Total
	General Debt Service	Rural Debt Service	General Capital Projects	Highway Capital Projects			
<u>Fees Received from County Officials (Cont.)</u>							
<u>Fees in-Lieu-of Salary (Cont.)</u>							
Register	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	104,829
Sheriff	0	0	0	0	0	0	6,008
<b>Total Fees Received from County Officials</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>1,028,231</b>
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
Juvenile Services Program	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	11,396
Solid Waste Grants	0	0	0	0	0	0	36,693
<u>Public Safety Grants</u>							
Law Enforcement Training Programs	0	0	0	0	0	0	29,400
<u>Health and Welfare Grants</u>							
Health Department Programs	0	0	0	0	0	0	192,607
<u>Public Works Grants</u>							
State Aid Program	0	0	0	0	0	0	225,952
Litter Program	0	0	0	0	0	0	62,105
Tennessee Industrial Infrastructure Program	0	0	0	50,022	0	0	50,022
<u>Other State Revenues</u>							
Income Tax	0	0	0	0	0	0	62,993
Beer Tax	0	0	0	0	0	0	18,586
Alcoholic Beverage Tax	0	0	0	0	0	0	59,863
Mixed Drink Tax	0	0	0	0	0	0	5,380
State Revenue Sharing - T.V.A.	63,796	0	0	31,120	0	0	515,036
Board of Jurors	0	0	0	0	0	0	3,709
Contracted Prisoner Boarding	0	0	0	0	0	0	751,325
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	1,707,143
Petroleum Special Tax	0	0	0	0	0	0	25,731
Registrar's Salary Supplement	0	0	0	0	0	0	15,164
<b>Total State of Tennessee</b>	<b>63,796 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>81,142 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>3,773,105</b>
<u>Federal Government</u>							
<u>Federal Through State</u>							
USDA - Other	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	1,107
Disaster Relief	0	0	0	0	0	0	31,531
Homeland Security Grants	0	0	0	0	0	0	103,124
Other Federal through State	0	0	0	0	0	0	323,512

(Continued)

Exhibit J-6

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

	Debt Service Funds			Capital Projects Funds			Total
	General Debt Service	Rural Debt Service	General Capital Projects	Highway Capital Projects			
<u>Federal Government (Cont.)</u>							
<u>Direct Federal Revenue</u>							
Forest Service	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	102,680
Tax Credit Bond Rebate	41,269	0	0	0	0	0	311,547
Other Direct Federal Revenue	0	0	0	0	0	0	30,616
Total Federal Government	\$ 41,269	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 904,117
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Contributions	\$ 252,608	\$ 322,605	\$ 0	\$ 0	\$ 0	\$ 0	664,899
Citizens Groups	0	0	0	0	0	0	9,600
Donations	252,608	322,605	0	0	0	0	674,499
Total Other Governments and Citizens Groups	\$ 2,967,969	\$ 322,605	\$ 671,616	\$ 9,999	\$ 21,435,800		
Total							

Exhibit J-7

Cooke County, Tennessee  
 Schedule of Detailed Revenues -  
 All Governmental Fund Types  
 Discretely Presented Cooke County School Department  
 For the Year Ended June 30, 2013

	General Purpose School	Special Revenue Funds			School Federal Projects	Capital Projects Fund		Total
		Central Cafeteria	School Transportation	Other Capital Projects				
<b>Local Taxes</b>								
<u>County Property Taxes</u>								
Current Property Tax	\$ 2,634,579	\$ 0	\$ 0	\$ 1,176,962	\$ 0	\$ 0	\$ 3,811,541	
Trustee's Collections - Prior Year	73,733	0	0	47,210	0	0	120,943	
Circuit/Clerk & Master Collections - Prior Years	104,649	0	0	47,157	0	0	151,806	
Interest and Penalty	19,869	0	0	8,983	0	0	28,852	
Payments in-Lieu-of Taxes - T.V.A.	1,522	0	0	597	0	0	2,119	
Payments in-Lieu-of Taxes - Local Utilities	123,726	0	0	55,923	0	0	179,649	
Payments in-Lieu-of Taxes - Other	18	0	0	8	0	0	26	
<u>County Local Option Taxes</u>								
Local Option Sales Tax	3,295,119	0	0	0	0	0	3,295,119	
Other County Local Option Taxes	0	0	0	103,163	0	0	103,163	
<u>Statutory Local Taxes</u>								
Bank Excise Tax	11,347	0	0	5,129	0	0	16,476	
Interstate Telecommunications Tax	3,992	0	0	0	0	0	3,992	
Total Local Taxes	\$ 6,268,554	\$ 0	\$ 0	\$ 1,445,132	\$ 0	\$ 0	\$ 7,713,686	
<b>Licenses and Permits</b>								
<u>Licenses</u>								
Marriage Licenses	\$ 989	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 989	
Total Licenses and Permits	\$ 989	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 989	
<b>Charges for Current Services</b>								
<u>Education Charges</u>								
Lunch Payments - Children	\$ 0	\$ 0	\$ 224,873	\$ 0	\$ 0	\$ 0	\$ 224,873	
Lunch Payments - Adults	0	0	54,641	0	0	0	54,641	
Income from Breakfast	0	0	21,117	0	0	0	21,117	
A la carte Sales	0	0	151,203	0	0	0	151,203	
Contract for Instructional Services with Other LEAs	37,398	0	0	0	0	0	37,398	
Receipts from Individual Schools	34,184	0	0	91,361	0	0	125,545	
Community Service Fees - Children	2,990	0	0	0	0	0	2,990	
<u>Other Charges for Services</u>								
Other Charges for Services	1,436	0	0	0	0	0	1,436	
Total Charges for Current Services	\$ 76,008	\$ 0	\$ 451,834	\$ 91,361	\$ 0	\$ 0	\$ 619,203	

(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			Capital Projects Fund	Total
		School Federal Projects	Central Cafeteria	School Transportation		
<b>Other Local Revenues</b>						
<u>Recurring Items</u>						
Investment Income	0 \$	0 \$	54,624 \$	0 \$	1,311 \$	55,935
Lease/Rentals	675	0	0	0	0	675
Sale of Materials and Supplies	4,299	0	0	0	0	4,299
Refund of Telecommunication and Internet Fees (B-Rate)	37,776	0	0	0	0	37,776
Miscellaneous Refunds	26,511	0	16,748	3,838	0	47,097
<u>Nonrecurring Items</u>						
Sale of Equipment	0	0	290	3,910	0	4,200
Damages Recovered from Individuals	160	0	0	119	0	279
Contributions and Gifts	478,339	0	0	0	0	478,339
<b>Total Other Local Revenues</b>	<b>547,760 \$</b>	<b>0 \$</b>	<b>71,662 \$</b>	<b>7,867 \$</b>	<b>1,311 \$</b>	<b>628,600</b>
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
On-Behalf Contributions for OPEB	203,375 \$	0 \$	0 \$	0 \$	0 \$	203,375
<u>State Education Funds</u>						
Basic Education Program	21,768,079	0	0	600,385	0	22,368,464
Early Childhood Education	290,490	0	0	0	0	290,490
School Food Service	28,436	0	0	0	0	28,436
Driver Education	10,737	0	0	0	0	10,737
Other State Education Funds	320,895	0	0	0	0	320,895
Career Ladder Program	174,594	0	0	0	0	174,594
Career Ladder - Extended Contract	30,100	0	0	0	0	30,100
<u>Other State Revenues</u>						
State Revenue Sharing - T.V.A.	166,492	0	0	65,352	0	231,844
Other State Grants	3,069	0	0	0	0	3,069
<b>Total State of Tennessee</b>	<b>22,996,267 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>665,737 \$</b>	<b>0 \$</b>	<b>23,662,004</b>
<u>Federal Government</u>						
<u>Federal Through State</u>						
USDA School Lunch Program	0 \$	0 \$	1,543,597 \$	0 \$	0 \$	1,543,597
USDA - Commodities	0	0	256,678	0	0	256,678
Breakfast	0	0	560,786	0	0	560,786
USDA - Other	0	0	24,908	0	0	24,908
Adult Education State Grant Program	72,061	0	0	0	0	72,061
Vocational Education - Basic Grants to States	0	130,088	0	0	0	130,088

(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			Capital Projects Fund	Other Capital Projects - Total
		School Federal Projects	Central Cafeteria	School Transpor- tation		
<u>Federal Government (Cont.)</u>						
<u>Federal Through State (Cont.)</u>						
Title I Grants to Local Education Agencies	\$ 0 \$	2,517,096 \$	0 \$	0 \$	0 \$	2,517,096
Special Education - Grants to States	76,620	1,000,220	0	0	0	1,076,840
Special Education Preschool Grants	0	57,770	0	0	0	57,770
Rural Education	0	98,456	0	0	0	98,456
Eisenhower Professional Development State Grants	0	269,280	0	0	0	269,280
Race-to-the-Top - ARRA	0	450,275	0	0	0	450,275
Other Federal through State	75,630	12,321	0	0	0	87,951
Direct Federal Revenue	122,401	0	0	0	0	122,401
ROTC Reimbursement	64,803	0	0	0	0	64,803
Forest Service						
Total Federal Government	\$ 411,515 \$	4,535,506 \$	2,385,969 \$	0 \$	0 \$	7,332,990
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 0 \$	0 \$	0 \$	518,285 \$	0 \$	518,285
Total Other Governments and Citizens Groups	\$ 0 \$	0 \$	0 \$	518,285 \$	0 \$	518,285
Total	\$ 30,301,093 \$	4,535,506 \$	2,909,465 \$	2,728,382 \$	1,311 \$	40,475,757

Exhibit J-8

Cocke County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2013

General Fund

General Government

County Commission

Secretary to Board	\$	1,710	
Board and Committee Members Fees		52,921	
Social Security		4,048	
Audit Services		10,699	
Data Processing Services		230	
Dues and Memberships		17,766	
Legal Services		3,584	
Legal Notices, Recording, and Court Costs		2,311	
Other Supplies and Materials		55	
Total County Commission			\$ 93,324

Board of Equalization

Board and Committee Members Fees	\$	3,975	
Total Board of Equalization			3,975

Beer Board

Board and Committee Members Fees	\$	3,815	
Legal Notices, Recording, and Court Costs		899	
Printing, Stationery, and Forms		48	
Total Beer Board			4,762

Other Boards and Committees

Board and Committee Members Fees	\$	1,860	
Evaluation and Testing		1,025	
Total Other Boards and Committees			2,885

County Mayor/Executive

County Official/Administrative Officer	\$	75,048	
Assistant(s)		30,505	
Secretary(ies)		24,932	
Social Security		9,824	
State Retirement		15,828	
Employee and Dependent Insurance		13,168	
Unemployment Compensation		171	
Communication		4,333	
Maintenance and Repair Services - Office Equipment		115	
Travel		5,296	
Office Supplies		3,436	
Office Equipment		1,481	
Total County Mayor/Executive			184,137

County Attorney

County Official/Administrative Officer	\$	34,650	
Printing, Stationery, and Forms		1,564	
Total County Attorney			36,214

Election Commission

County Official/Administrative Officer	\$	58,480	
Clerical Personnel		21,910	
Election Commission		2,600	

(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.)

Election Workers	\$	27,968	
Social Security		6,343	
State Retirement		9,751	
Employee and Dependent Insurance		13,168	
Unemployment Compensation		212	
Communication		712	
Dues and Memberships		175	
Legal Notices, Recording, and Court Costs		3,609	
Maintenance Agreements		16,662	
Printing, Stationery, and Forms		3,578	
Rentals		50	
Travel		3,667	
Other Contracted Services		9,859	
Office Equipment		1,580	
Total Election Commission			\$ 180,324

Register of Deeds

County Official/Administrative Officer	\$	64,977	
Deputy(ies)		27,968	
Clerical Personnel		49,297	
Social Security		10,715	
State Retirement		16,282	
Employee and Dependent Insurance		19,753	
Unemployment Compensation		305	
Communication		1,047	
Data Processing Services		9,734	
Printing, Stationery, and Forms		2,162	
Total Register of Deeds			202,240

Development

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

County Buildings

Maintenance Agreements	\$	8,717	
Maintenance and Repair Services - Buildings		104,810	
Custodial Supplies		8,922	
Utilities		121,776	
Building Improvements		1,681	
Site Development		4,000	
Total County Buildings			249,906

Other General Administration

Postal Charges	\$	39,944	
Printing, Stationery, and Forms		3,204	
Duplicating Supplies		38,659	
Total Other General Administration			81,807

Preservation of Records

Assistant(s)	\$	11,578	
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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.)

Preservation of Records (Cont.)

Supervisor/Director	\$	24,500	
Social Security		2,698	
State Retirement		2,972	
Employee and Dependent Insurance		6,584	
Unemployment Compensation		175	
Communication		305	
Office Supplies		981	
Other Supplies and Materials		922	
Office Equipment		1,769	
Total Preservation of Records			\$ 52,484

Finance

Accounting and Budgeting

Supervisor/Director	\$	64,977	
Accountants/Bookkeepers		66,821	
Social Security		9,769	
State Retirement		15,987	
Employee and Dependent Insurance		19,753	
Unemployment Compensation		270	
Dues and Memberships		1,206	
Legal Notices, Recording, and Court Costs		299	
Maintenance Agreements		11,391	
Maintenance and Repair Services - Office Equipment		33	
Printing, Stationery, and Forms		736	
Travel		1,027	
Office Supplies		826	
Office Equipment		126	
Total Accounting and Budgeting			193,221

Property Assessor's Office

County Official/Administrative Officer	\$	64,977	
Assistant(s)		27,939	
Deputy(ies)		26,053	
Laborers		83,528	
Overtime Pay		2,145	
Social Security		14,200	
State Retirement		24,823	
Employee and Dependent Insurance		46,090	
Unemployment Compensation		540	
Communication		2,767	
Contracts with Private Agencies		22,945	
Data Processing Services		11,437	
Legal Notices, Recording, and Court Costs		165	
Maintenance and Repair Services - Office Equipment		95	
Maintenance and Repair Services - Vehicles		982	
Printing, Stationery, and Forms		48	
Travel		480	
Gasoline		1,424	
Office Supplies		3,390	
Other Equipment		1,447	
Total Property Assessor's Office			335,475

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office

In-Service Training	\$	5,369	
Employee and Dependent Insurance		26,337	
Communication		1,855	
Data Processing Services		16,148	
Dues and Memberships		235	
Legal Notices, Recording, and Court Costs		63	
Maintenance Agreements		6,392	
Postal Charges		3,500	
Printing, Stationery, and Forms		852	
Office Supplies		3,585	
Office Equipment		3,152	
Total County Trustee's Office			\$ 67,488

County Clerk's Office

Social Security	\$	22,968	
State Retirement		35,852	
Employee and Dependent Insurance		65,842	
Unemployment Compensation		879	
Communication		1,406	
Maintenance and Repair Services - Office Equipment		14,200	
Printing, Stationery, and Forms		3,410	
Other Supplies and Materials		3,147	
Office Equipment		2,435	
Total County Clerk's Office			150,139

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	64,977	
Deputy(ies)		33,432	
Clerical Personnel		129,904	
Part-time Personnel		925	
Overtime Pay		7,167	
Jury and Witness Expense		28,460	
Social Security		17,593	
State Retirement		27,014	
Employee and Dependent Insurance		36,171	
Unemployment Compensation		572	
Communication		2,590	
Legal Notices, Recording, and Court Costs		4,445	
Maintenance and Repair Services - Office Equipment		12,995	
Printing, Stationery, and Forms		8,277	
Office Supplies		2,949	
Office Equipment		12,872	
Total Circuit Court			390,343

General Sessions Court

County Official/Administrative Officer	\$	64,977	
Judge(s)		130,336	
Deputy(ies)		57,582	
Clerical Personnel		22,736	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court (Cont.)

Part-time Personnel	\$	5,837	
Social Security		19,905	
State Retirement		33,434	
Employee and Dependent Insurance		32,921	
Unemployment Compensation		326	
Communication		993	
Data Processing Services		5,303	
Maintenance and Repair Services - Office Equipment		688	
Printing, Stationery, and Forms		1,833	
Office Supplies		1,890	
Office Equipment		324	
Total General Sessions Court			\$ 379,085

Drug Court

Other Charges	\$	11,993	
Total Drug Court			11,993

Chancery Court

County Official/Administrative Officer	\$	64,977	
Deputy(ies)		59,534	
Clerical Personnel		26,752	
Part-time Personnel		14,416	
Overtime Pay		259	
Jury and Witness Expense		990	
Social Security		12,370	
State Retirement		18,379	
Employee and Dependent Insurance		26,337	
Unemployment Compensation		448	
Communication		1,469	
Data Processing Services		7,180	
Legal Services		595	
Maintenance and Repair Services - Office Equipment		498	
Printing, Stationery, and Forms		5,926	
Travel		1,766	
Office Equipment		1,571	
Total Chancery Court			243,467

Juvenile Court

Deputy(ies)	\$	20,715	
Social Security		1,569	
State Retirement		1,171	
Employee and Dependent Insurance		4,418	
Unemployment Compensation		165	
Communication		1,014	
Printing, Stationery, and Forms		434	
Office Supplies		239	
Office Equipment		98	
Total Juvenile Court			29,823

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Judicial Commissioners

Other Salaries and Wages	\$	21,780	
In-Service Training		909	
Social Security		1,666	
State Retirement		2,642	
Unemployment Compensation		209	
Printing, Stationery, and Forms		341	
Office Supplies		129	
Total Judicial Commissioners			\$ 27,676

Victims Assistance Programs

Contracts with Private Agencies	\$	22,245	
Total Victims Assistance Programs			22,245

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	71,475	
Assistant(s)		46,146	
Supervisor/Director		27,627	
Deputy(ies)		341,546	
Detective(s)		122,117	
Captain(s)		43,405	
Lieutenant(s)		169,388	
Sergeant(s)		141,653	
Salary Supplements		19,800	
Dispatchers/Radio Operators		117,781	
Guards		34,052	
Clerical Personnel		58,925	
Attendants		47,306	
Custodial Personnel		18,999	
Overtime Pay		159,534	
Other Salaries and Wages		48,870	
In-Service Training		16,341	
Social Security		109,875	
State Retirement		206,926	
Employee and Dependent Insurance		289,235	
Unemployment Compensation		4,289	
Communication		12,350	
Maintenance and Repair Services - Equipment		1,492	
Maintenance and Repair Services - Office Equipment		734	
Maintenance and Repair Services - Vehicles		48,072	
Medical and Dental Services		2,986	
Printing, Stationery, and Forms		2,515	
Travel		5,739	
Other Contracted Services		2,628	
Gasoline		178,914	
Law Enforcement Supplies		19,828	
Office Supplies		3,636	
Tires and Tubes		12,843	
Uniforms		10,995	
Other Supplies and Materials		2,009	

(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.)

Other Charges	\$	15,559	
Motor Vehicles		19,295	
Total Sheriff's Department			\$ 2,434,885

Special Patrols

Guards	\$	93,125	
Social Security		7,015	
State Retirement		14,555	
Employee and Dependent Insurance		19,753	
Unemployment Compensation		262	
Total Special Patrols			134,710

Administration of the Sexual Offender Registry

Criminal Investigation of Applicants - TBI	\$	150	
Other Charges		2,328	
Total Administration of the Sexual Offender Registry			2,478

Jail

Assistant(s)	\$	25,497	
Supervisor/Director		32,017	
Medical Personnel		49,447	
Guards		276,784	
Secretary(ies)		21,163	
Clerical Personnel		20,903	
Cafeteria Personnel		19,185	
Part-time Personnel		186,798	
Overtime Pay		88,852	
In-Service Training		1,350	
Social Security		54,178	
State Retirement		46,690	
Employee and Dependent Insurance		129,033	
Unemployment Compensation		4,012	
Communication		12,096	
Maintenance and Repair Services - Buildings		55,653	
Maintenance and Repair Services - Equipment		4,116	
Medical and Dental Services		282,511	
Printing, Stationery, and Forms		170	
Travel		2,644	
Other Contracted Services		490	
Custodial Supplies		23,854	
Food Preparation Supplies		7,702	
Food Supplies		134,750	
Law Enforcement Supplies		5,310	
Office Supplies		6,814	
Prisoners Clothing		8,467	
Uniforms		6,458	
Data Processing Equipment		5,358	
Furniture and Fixtures		6,582	
Total Jail			1,518,884

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety (Cont.)

Juvenile Services

Youth Service Officer(s)	\$	62,148	
Secretary(ies)		27,968	
Part-time Personnel		9,788	
Overtime Pay		13,167	
Social Security		8,142	
State Retirement		12,528	
Employee and Dependent Insurance		19,753	
Unemployment Compensation		356	
Communication		7,827	
Contracts with Government Agencies		18,580	
Contracts with Private Agencies		1,844	
Dues and Memberships		706	
Maintenance and Repair Services - Office Equipment		5,092	
Medical and Dental Services		3,990	
Printing, Stationery, and Forms		993	
Travel		4,995	
Office Supplies		1,956	
Office Equipment		10,278	
Total Juvenile Services			\$ 210,111

Fire Prevention and Control

Salary Supplements	\$	9,600	
Overtime Pay		136,360	
Other Salaries and Wages		432,847	
In-Service Training		3,614	
Social Security		43,378	
State Retirement		80,683	
Employee and Dependent Insurance		105,903	
Unemployment Compensation		1,711	
Communication		763	
Contributions		1,000	
Maintenance and Repair Services - Buildings		2,902	
Maintenance and Repair Services - Equipment		50,551	
Maintenance and Repair Services - Vehicles		17,825	
Custodial Supplies		999	
Gasoline		12,750	
Office Supplies		84	
Uniforms		6,177	
Utilities		8,050	
Other Supplies and Materials		4,265	
Building Improvements		1,274	
Total Fire Prevention and Control			920,736

Civil Defense

Supervisor/Director	\$	31,200
Clerical Personnel		500
In-Service Training		700
Social Security		2,350
State Retirement		4,877
Employee and Dependent Insurance		6,584

(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.)

Unemployment Compensation	\$	90	
Communication		1,920	
Maintenance and Repair Services - Buildings		2,004	
Maintenance and Repair Services - Equipment		986	
Maintenance and Repair Services - Vehicles		1,842	
Custodial Supplies		496	
Gasoline		1,970	
Office Supplies		232	
Utilities		3,638	
Other Supplies and Materials		2,374	
Other Charges		36,516	
Office Equipment		1,365	
Total Civil Defense			\$ 99,644

Inspection and Regulation

Supervisor/Director	\$	3,200	
Social Security		241	
State Retirement		388	
Unemployment Compensation		9	
Travel		1,049	
Other Supplies and Materials		228	
Total Inspection and Regulation			5,115

County Coroner/Medical Examiner

Legal Services	\$	6,975	
Other Contracted Services		18,000	
Total County Coroner/Medical Examiner			24,975

Other Public Safety

Part-time Personnel	\$	37,630	
Social Security		2,879	
Unemployment Compensation		319	
Communication		554	
Maintenance and Repair Services - Equipment		3,977	
Printing, Stationery, and Forms		875	
Rentals		8,345	
Other Supplies and Materials		455	
Total Other Public Safety			55,034

Public Health and Welfare

Local Health Center

Medical Personnel	\$	97,766	
Clerical Personnel		51,188	
Social Security		11,295	
State Retirement		9,191	
Employee and Dependent Insurance		17,030	
Unemployment Compensation		569	
Communication		1,547	
Contracts with Government Agencies		64,296	
Janitorial Services		6,600	

(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.)

Maintenance and Repair Services - Buildings	\$	4,349	
Pest Control		480	
Travel		4,655	
Natural Gas		1,212	
Office Supplies		3,688	
Utilities		9,611	
Other Charges		914	
Office Equipment		3,722	
Total Local Health Center			\$ 288,113

Rabies and Animal Control

Supervisor/Director	\$	20,145	
Overtime Pay		3,472	
Social Security		1,775	
State Retirement		2,865	
Employee and Dependent Insurance		6,584	
Unemployment Compensation		90	
Communication		1,794	
Contracts with Other Public Agencies		60,000	
Maintenance and Repair Services - Vehicles		2,064	
Travel		839	
Gasoline		4,381	
Uniforms		584	
Other Supplies and Materials		1,166	
Total Rabies and Animal Control			105,759

General Welfare Assistance

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

Social, Cultural, and Recreational Services

Senior Citizens Assistance

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

Libraries

Contributions	\$	68,295	
Total Libraries			68,295

Other Social, Cultural, and Recreational

Supervisor/Director	\$	29,701	
Laborers		73,665	
Part-time Personnel		25,732	
Overtime Pay		930	
Social Security		9,503	
State Retirement		11,755	
Employee and Dependent Insurance		28,560	
Unemployment Compensation		641	
Communication		2,347	
Maintenance and Repair Services - Buildings		5,821	

(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.)

Maintenance and Repair Services - Equipment	\$	3,648	
Custodial Supplies		1,390	
Gasoline		3,288	
Office Supplies		43	
Uniforms		400	
Utilities		11,650	
Other Supplies and Materials		130	
Other Charges		10,000	
Total Other Social, Cultural, and Recreational			\$ 219,204

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$	33,357	
Part-time Personnel		8,754	
Social Security		2,165	
State Retirement		3,626	
Unemployment Compensation		85	
Communication		2,525	
Travel		1,372	
Other Supplies and Materials		10,066	
Total Agriculture Extension Service			61,950

Soil Conservation

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

Other Operations

Industrial Development

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

Housing and Urban Development

Contracts with Private Agencies	\$	311,459	
Total Housing and Urban Development			311,459

Veterans' Services

Supervisor/Director	\$	30,239	
Secretary(ies)		21,638	
Social Security		3,794	
State Retirement		6,293	
Employee and Dependent Insurance		6,584	
Unemployment Compensation		180	
Communication		1,269	
Maintenance and Repair Services - Vehicles		75	
Travel		1,039	
Office Supplies		1,574	
Total Veterans' Services			72,685

Other Charges

Other Contracted Services	\$	71,900	
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(Continued)

Exhibit J-8

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

General Fund (Cont.)

Other Operations (Cont.)

Other Charges (Cont.)

Liability Insurance	\$	243,519	
Premiums on Corporate Surety Bonds		1,075	
Refunds		18,955	
Trustee's Commission		138,724	
Workers' Compensation Insurance		174,781	
Liability Claims		15,470	
Total Other Charges			\$ 664,424

Contributions to Other Agencies

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

Employee Benefits

Social Security	\$	23	
State Retirement		37	
Employee and Dependent Insurance		12,418	
Unemployment Compensation		8,244	
Total Employee Benefits			20,722

Miscellaneous

Other Charges	\$	2,023	
Total Miscellaneous			2,023

Highways

Litter and Trash Collection

Supervisor/Director	\$	62,767	
Social Security		4,765	
State Retirement		3,875	
Employee and Dependent Insurance		6,584	
Unemployment Compensation		180	
Maintenance and Repair Services - Vehicles		1,995	
Gasoline		5,328	
Instructional Supplies and Materials		9,800	
Tires and Tubes		163	
Other Supplies and Materials		287	
Law Enforcement Equipment		608	
Total Litter and Trash Collection			96,352

Total General Fund \$ 10,824,021

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Supervisor/Director	\$	35,138	
Foremen		30,177	
Laborers		93,569	
Overtime Pay		5,880	
Social Security		12,097	
State Retirement		19,986	
Employee and Dependent Insurance		39,999	

(Continued)

Exhibit J-8

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Sanitation Management (Cont.)

Unemployment Compensation	\$	540	
Communication		400	
Contracts with Government Agencies		4,150	
Contracts with Private Agencies		26,482	
Engineering Services		30,720	
Other Contracted Services		3,401	
Equipment and Machinery Parts		26,353	
Fertilizer, Lime, and Seed		324	
Gasoline		28,576	
Lubricants		936	
Office Supplies		541	
Tires and Tubes		2,343	
Utilities		13,071	
Other Supplies and Materials		1,270	
Trustee's Commission		23,149	
Vehicle and Equipment Insurance		18,603	
Workers' Compensation Insurance		28,453	
Transportation Equipment		30,956	
Other Construction		2,006	
Total Sanitation Management			\$ 479,120

Convenience Centers

Laborers	\$	266,454	
Social Security		20,387	
Unemployment Compensation		2,027	
Rentals		3,480	
Disposal Fees		532,023	
Other Supplies and Materials		5,275	
Solid Waste Equipment		16,293	
Total Convenience Centers			845,939

Total Solid Waste/Sanitation Fund \$ 1,325,059

Industrial/Economic Development Fund

Principal on Debt

General Government

Principal on Other Loans	\$	53,328	
Total General Government			\$ 53,328

Interest on Debt

General Government

Interest on Other Loans	\$	76,802	
Total General Government			76,802

Capital Projects

Public Utility Projects

Contributions	\$	180,666	
Trustee's Commission		4,628	
Total Public Utility Projects			185,294

Total Industrial/Economic Development Fund 315,424

(Continued)

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

Drug Control Fund

Public Safety

Sheriff's Department

In-Service Training	\$	1,025	
Maintenance and Repair Services - Vehicles		1,021	
Other Supplies and Materials		1,090	
Law Enforcement Equipment		32,598	
Motor Vehicles		40,559	
Total Sheriff's Department			\$ 76,293

Drug Enforcement

Confidential Drug Enforcement Payments	\$	12,000	
Other Supplies and Materials		968	
Trustee's Commission		955	
Law Enforcement Equipment		4,670	
Total Drug Enforcement			18,593

Total Drug Control Fund \$ 94,886

Sports and Recreation Fund

Social, Cultural, and Recreational Services

Other Social, Cultural, and Recreational

Other Per Diem and Fees	\$	12,130	
Communication		1,279	
Other Contracted Services		9,720	
Food Supplies		6,463	
Liability Insurance		984	
Trustee's Commission		138	
Other Charges		980	
Total Other Social, Cultural, and Recreational			\$ 31,694

Total Sports and Recreation Fund 31,694

Constitutional Officers - Fees Fund

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$	263,191	
Total County Trustee's Office			\$ 263,191

County Clerk's Office

Constitutional Officers' Operating Expenses	\$	317,462	
Total County Clerk's Office			317,462

Administration of Justice

Circuit Court

Special Commissioner Fees/Special Master Fees	\$	2,550	
Total Circuit Court			2,550

General Sessions Court

Constitutional Officers' Operating Expenses	\$	48	
Total General Sessions Court			48

(Continued)

Exhibit J-8

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

Constitutional Officers - Fees Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court

Special Commissioner Fees/Special Master Fees	\$ 9,925	
Total Chancery Court		\$ 9,925

Juvenile Court

Constitutional Officers' Operating Expenses	\$ 43	
Total Juvenile Court		43

Public Safety

Sheriff's Department

Constitutional Officers' Operating Expenses	\$ 43	
Total Sheriff's Department		<u>43</u>

Total Constitutional Officers - Fees Fund		\$ 593,262
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Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 71,475	
Assistant(s)	37,649	
Secretary to Board	690	
Secretary(ies)	33,680	
Clerical Personnel	24,207	
Board and Committee Members Fees	17,100	
Social Security	13,791	
State Retirement	18,004	
Employee and Dependent Insurance	24,170	
Unemployment Compensation	766	
Data Processing Services	3,058	
Dues and Memberships	2,848	
Maintenance and Repair Services - Office Equipment	149	
Other Contracted Services	1,185	
Office Supplies	1,475	
Total Administration		\$ <u>250,247</u>

Highway and Bridge Maintenance

Foremen	\$ 179,311	
Equipment Operators	527,935	
Overtime Pay	25,012	
Social Security	54,384	
State Retirement	80,173	
Employee and Dependent Insurance	183,703	
Unemployment Compensation	8,175	
Matching Share	93,427	
Other Contracted Services	30,309	
Asphalt	70,894	
General Construction Materials	3,370	
Pipe	74,753	
Road Signs	10,571	
Other Supplies and Materials	5,059	
State Aid Projects	225,952	
Total Highway and Bridge Maintenance		1,573,028

(Continued)

Exhibit J-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment

Foremen	\$	31,408	
Mechanic(s)		135,676	
Social Security		12,424	
State Retirement		17,909	
Employee and Dependent Insurance		34,468	
Unemployment Compensation		1,568	
Diesel Fuel		245,155	
Equipment and Machinery Parts		307,973	
Garage Supplies		1,959	
Gasoline		23,063	
Lubricants		21,165	
Propane Gas		2,383	
Tires and Tubes		40,313	
Total Operation and Maintenance of Equipment			\$ 875,464

Quarry Operations

Foremen	\$	28,766	
Equipment Operators - Heavy		28,744	
Equipment Operators - Light		110,260	
Social Security		12,378	
State Retirement		20,100	
Employee and Dependent Insurance		39,505	
Unemployment Compensation		1,599	
Explosive and Drilling Services		37,275	
Maintenance and Repair Services - Equipment		48,707	
Total Quarry Operations			327,334

Other Charges

Communication	\$	6,780	
Electricity		28,166	
Trustee's Commission		51,019	
Vehicle and Equipment Insurance		111,612	
Workers' Compensation Insurance		193,244	
Total Other Charges			390,821

Employee Benefits

Employee and Dependent Insurance	\$	4,015	
Total Employee Benefits			4,015

Total Highway/Public Works Fund \$ 3,420,909

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	57,311	
Total General Government			\$ 57,311

Highways and Streets

Principal on Bonds	\$	344,630	
Total Highways and Streets			344,630

(Continued)

Exhibit J-8

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

General Debt Service Fund (Cont.)

Principal on Debt (Cont.)

Education

Principal on Bonds	\$ 1,228,059	
Principal on Notes	82,616	
Principal on Other Loans	347,871	
Total Education		\$ 1,658,546

Interest on Debt

General Government

Interest on Bonds	\$ 81,875	
Total General Government		81,875

Highways and Streets

Interest on Bonds	\$ 380,181	
Total Highways and Streets		380,181

Education

Interest on Bonds	\$ 639,311	
Interest on Notes	1,763	
Interest on Other Loans	271,652	
Total Education		912,726

Other Debt Service

General Government

Trustee's Commission	\$ 38,826	
Other Debt Service	4,840	
Total General Government		43,666

Education

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

Total General Debt Service Fund \$ 3,483,395

Rural Debt Service Fund

Principal on Debt

Education

Principal on Bonds	\$ 260,000	
Total Education		\$ 260,000

Interest on Debt

Education

Interest on Bonds	\$ 62,605	
Total Education		62,605

Total Rural Debt Service Fund 322,605

General Capital Projects Fund

Other Operations

Other Charges

Trustee's Commission	\$ 12,018	
Total Other Charges		\$ 12,018

(Continued)

Exhibit J-8

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

General Capital Projects Fund (Cont.)

Capital Projects

Public Safety Projects

Motor Vehicles	\$ 483,143	
Total Public Safety Projects		\$ 483,143

Public Health and Welfare Projects

Building Construction	\$ 8,428	
Land	150,000	
Total Public Health and Welfare Projects		158,428

Public Utility Projects

Engineering Services	\$ 4,570	
Other Construction	45,452	
Total Public Utility Projects		50,022

Education Capital Projects

Contributions	\$ 518,285	
Total Education Capital Projects		518,285

Total General Capital Projects Fund		\$ 1,221,896
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Highway Capital Projects Fund

Capital Projects

Highway and Street Capital Projects

Highway Construction	\$ 216	
Other Capital Outlay	262,348	
Total Highway and Street Capital Projects		\$ 262,564

Total Highway Capital Projects Fund		262,564
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Total Governmental Funds - Primary Government		<u>\$ 21,895,715</u>
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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, 2013

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	10,617,865	
Career Ladder Program		103,835	
Career Ladder Extended Contracts		28,120	
Homebound Teachers		9,440	
Educational Assistants		290,346	
Other Salaries and Wages		40,409	
Certified Substitute Teachers		26,214	
Non-certified Substitute Teachers		114,482	
Social Security		652,188	
State Retirement		963,161	
Medical Insurance		1,712,624	
Employer Medicare		155,098	
Other Fringe Benefits		227,930	
Maintenance and Repair Services - Equipment		21,423	
Other Contracted Services		2,346	
Instructional Supplies and Materials		169,689	
Textbooks		336,604	
Other Supplies and Materials		23,177	
Other Charges		62,024	
Regular Instruction Equipment		150,508	
Total Regular Instruction Program			\$ 15,707,483

Alternative Instruction Program

Teachers	\$	126,184	
Career Ladder Program		1,000	
Clerical Personnel		20,323	
Social Security		8,996	
State Retirement		13,759	
Medical Insurance		24,712	
Employer Medicare		2,104	
Instructional Supplies and Materials		827	
Total Alternative Instruction Program			197,905

Special Education Program

Teachers	\$	1,168,424	
Career Ladder Program		14,000	
Homebound Teachers		11,314	
Educational Assistants		65,879	
Speech Pathologist		148,800	
Certified Substitute Teachers		2,754	
Non-certified Substitute Teachers		12,370	
Social Security		85,361	
State Retirement		125,723	
Medical Insurance		206,711	
Employer Medicare		19,974	
Contracts with Private Agencies		51,895	
Evaluation and Testing		7,449	
Maintenance and Repair Services - Equipment		296	
Other Contracted Services		145,665	

(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.)

Instruction (Cont.)

Special Education Program (Cont.)

Instructional Supplies and Materials	\$	26,845	
Special Education Equipment		17,046	
Total Special Education Program			\$ 2,110,506

Vocational Education Program

Teachers	\$	909,039	
Career Ladder Program		5,500	
Certified Substitute Teachers		714	
Non-certified Substitute Teachers		10,430	
Social Security		55,558	
State Retirement		79,459	
Medical Insurance		136,113	
Employer Medicare		13,028	
Maintenance and Repair Services - Equipment		1,080	
Instructional Supplies and Materials		62,233	
Other Charges		710	
Total Vocational Education Program			1,273,864

Student Body Education Program

Other Charges	\$	356	
Total Student Body Education Program			356

Adult Education Program

Teachers	\$	85,734	
Career Ladder Program		1,000	
Clerical Personnel		12,145	
Social Security		5,003	
State Retirement		6,811	
Medical Insurance		4,981	
Employer Medicare		1,423	
Instructional Supplies and Materials		184	
Total Adult Education Program			117,281

Support Services

Attendance

Supervisor/Director	\$	64,578	
Career Ladder Program		1,000	
Clerical Personnel		28,642	
Social Security		5,322	
State Retirement		9,312	
Medical Insurance		13,757	
Employer Medicare		1,245	
Travel		6,621	
Other Supplies and Materials		12,268	
Total Attendance			142,745

Health Services

Medical Personnel	\$	127,231	
Other Salaries and Wages		110,075	

(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.)

Social Security	\$	14,482	
State Retirement		21,496	
Medical Insurance		36,091	
Employer Medicare		3,387	
Travel		14,201	
Drugs and Medical Supplies		1,500	
Other Supplies and Materials		4,777	
Other Charges		1,084	
Total Health Services			\$ 334,324

Other Student Support

Career Ladder Program	\$	1,000	
Guidance Personnel		633,949	
Other Salaries and Wages		68,459	
Social Security		40,750	
State Retirement		62,463	
Medical Insurance		112,388	
Employer Medicare		9,530	
Contracts with Government Agencies		89,686	
Other Supplies and Materials		1,527	
In Service/Staff Development		1,443	
Total Other Student Support			1,021,195

Regular Instruction Program

Supervisor/Director	\$	150,571	
Career Ladder Program		7,345	
Librarians		412,266	
Instructional Computer Personnel		40,632	
Secretary(ies)		33,800	
Clerical Personnel		13,936	
Educational Assistants		34,321	
Other Salaries and Wages		63,165	
Social Security		40,192	
State Retirement		62,825	
Medical Insurance		112,060	
Employer Medicare		10,378	
Travel		20,869	
Library Books/Media		9,901	
Periodicals		4,970	
Other Supplies and Materials		19,571	
In Service/Staff Development		8,744	
Other Charges		94	
Total Regular Instruction Program			1,045,640

Special Education Program

Supervisor/Director	\$	60,359	
Psychological Personnel		45,571	
Secretary(ies)		33,800	
Other Salaries and Wages		114,098	

(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.)

Special Education Program (Cont.)

Social Security	\$	15,553	
State Retirement		25,257	
Medical Insurance		35,437	
Employer Medicare		3,637	
Travel		21,035	
Other Contracted Services		56,945	
In Service/Staff Development		18,571	
Other Charges		6,870	
Total Special Education Program			\$ 437,133

Vocational Education Program

Supervisor/Director	\$	31,488	
Career Ladder Program		1,800	
Other Salaries and Wages		15,695	
Social Security		973	
State Retirement		1,912	
Employer Medicare		687	
Travel		14,808	
Other Supplies and Materials		2,370	
Other Charges		2,191	
Total Vocational Education Program			71,924

Adult Programs

Communication	\$	2,825	
Travel		2,961	
In Service/Staff Development		3,265	
Total Adult Programs			9,051

Other Programs

On-Behalf Payments to OPEB	\$	203,375	
Total Other Programs			203,375

Board of Education

Board and Committee Members Fees	\$	17,100	
Social Security		1,060	
Life Insurance		18,513	
Unemployment Compensation		53,570	
Employer Medicare		248	
Audit Services		9,500	
Dues and Memberships		20,273	
Legal Services		15,719	
Travel		13,217	
Liability Insurance		31,350	
Trustee's Commission		145,326	
Workers' Compensation Insurance		93,391	
Other Charges		18,000	
Total Board of Education			437,267

(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.)

Director of Schools

County Official/Administrative Officer	\$	117,695	
Secretary(ies)		30,888	
Clerical Personnel		13,936	
Social Security		9,451	
State Retirement		15,913	
Medical Insurance		19,344	
Employer Medicare		2,305	
Communication		14,154	
Postal Charges		3,940	
Travel		1,687	
Office Supplies		113	
Other Charges		4,195	
Total Director of Schools			\$ 233,621

Office of the Principal

Principals	\$	775,761	
Career Ladder Program		13,000	
Assistant Principals		287,178	
Secretary(ies)		469,569	
Other Salaries and Wages		29,159	
Social Security		94,349	
State Retirement		155,149	
Medical Insurance		235,141	
Employer Medicare		22,065	
Communication		58,617	
Travel		9,379	
Other Contracted Services		4,115	
Other Supplies and Materials		74,689	
Other Charges		7,889	
Total Office of the Principal			2,236,060

Fiscal Services

Accountants/Bookkeepers	\$	47,451	
Clerical Personnel		50,075	
Other Salaries and Wages		15,444	
Social Security		7,002	
State Retirement		6,688	
Medical Insurance		12,030	
Employer Medicare		1,638	
Data Processing Services		7,756	
Other Contracted Services		6,956	
Data Processing Supplies		2,795	
Other Supplies and Materials		404	
Total Fiscal Services			158,239

Operation of Plant

Custodial Personnel	\$	666,577	
Other Salaries and Wages		6,800	
Social Security		41,001	

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

State Retirement	\$	72,331	
Medical Insurance		177,732	
Employer Medicare		9,589	
Maintenance and Repair Services - Equipment		20,440	
Rentals		5,497	
Disposal Fees		1,461	
Other Contracted Services		131,501	
Custodial Supplies		81,970	
Electricity		797,403	
Natural Gas		161,786	
Water and Sewer		53,428	
Boiler Insurance		7,166	
Building and Contents Insurance		150,551	
Other Charges		88,711	
Total Operation of Plant			\$ 2,473,944

Maintenance of Plant

Supervisor/Director	\$	45,216	
Secretary(ies)		26,416	
Maintenance Personnel		173,097	
Other Salaries and Wages		5,485	
Social Security		15,410	
State Retirement		28,743	
Medical Insurance		40,523	
Employer Medicare		3,604	
Maintenance and Repair Services - Vehicles		3,079	
Other Contracted Services		36,188	
General Construction Materials		3,122	
Other Supplies and Materials		160,015	
Other Charges		710	
Total Maintenance of Plant			541,608

Transportation

Bus Drivers	\$	31,689	
Social Security		1,952	
State Retirement		3,863	
Medical Insurance		6,015	
Employer Medicare		456	
Contracts with Vehicle Owners		8,289	
Total Transportation			52,264

Central and Other

Other Salaries and Wages	\$	345,320	
Social Security		20,191	
State Retirement		30,772	
Medical Insurance		19,104	
Employer Medicare		4,889	
Travel		1,409	
Office Supplies		12,146	

(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 (Cont.)

Other Supplies and Materials	\$	2,418	
Other Charges		<u>27,677</u>	
Total Central and Other	\$		463,926

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	60,312	
Career Ladder Program		1,000	
Social Security		3,749	
State Retirement		5,449	
Medical Insurance		6,015	
Employer Medicare		<u>877</u>	
Total Food Service			77,402

Community Services

Other Salaries and Wages	\$	198,482	
Social Security		12,177	
State Retirement		10,789	
Medical Insurance		47,380	
Employer Medicare		2,832	
Other Charges		<u>53,921</u>	
Total Community Services			325,581

Early Childhood Education

Supervisor/Director	\$	6,700	
Teachers		122,012	
Educational Assistants		44,236	
Non-certified Substitute Teachers		843	
Social Security		10,505	
State Retirement		14,880	
Medical Insurance		37,228	
Employer Medicare		2,458	
Travel		384	
Instructional Supplies and Materials		35,177	
Other Supplies and Materials		6,186	
In Service/Staff Development		2,656	
Other Equipment		<u>7,225</u>	
Total Early Childhood Education			290,490

Capital Outlay

Regular Capital Outlay

Architects	\$	24,196	
Building Improvements		<u>178,013</u>	
Total Regular Capital Outlay			202,209

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	<u>575,213</u>	
Total Education			<u>575,213</u>

Total General Purpose School Fund \$ 30,740,606

(Continued)

Exhibit J-9

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

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	1,142,452	
Educational Assistants		251,798	
Other Salaries and Wages		50,311	
Certified Substitute Teachers		2,168	
Non-certified Substitute Teachers		10,914	
Social Security		85,454	
State Retirement		133,226	
Medical Insurance		292,122	
Employer Medicare		19,998	
Instructional Supplies and Materials		172,363	
Other Supplies and Materials		1,461	
Other Charges		386	
Regular Instruction Equipment		210,148	
Total Regular Instruction Program			\$ 2,372,801

Special Education Program

Teachers	\$	169,411	
Educational Assistants		404,573	
Certified Substitute Teachers		255	
Non-certified Substitute Teachers		1,479	
Social Security		33,936	
State Retirement		60,338	
Medical Insurance		193,722	
Employer Medicare		7,938	
Instructional Supplies and Materials		19,357	
Special Education Equipment		17,000	
Total Special Education Program			908,009

Vocational Education Program

Clerical Personnel	\$	18,304	
Other Salaries and Wages		21,621	
Social Security		1,083	
State Retirement		2,220	
Medical Insurance		6,015	
Employer Medicare		567	
Vocational Instruction Equipment		54,279	
Total Vocational Education Program			104,089

Support Services

Other Student Support

Assessment Personnel	\$	65,778	
Other Salaries and Wages		40,998	
Social Security		6,552	
State Retirement		9,487	
Medical Insurance		6,015	
Employer Medicare		1,532	
Travel		22,025	
Other Charges		25,028	
Total Other Student Support			177,415

(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

Instructional Computer Personnel	\$	32,595	
Secretary(ies)		15,444	
Other Salaries and Wages		285,249	
Certified Substitute Teachers		4,182	
In-Service Training		44,847	
Non-certified Substitute Teachers		24,585	
Social Security		24,653	
State Retirement		34,095	
Medical Insurance		44,731	
Employer Medicare		5,790	
Consultants		3,600	
Maintenance and Repair Services - Equipment		99	
Travel		35,323	
Library Books/Media		125	
Other Supplies and Materials		17,571	
In Service/Staff Development		68,293	
Other Charges		23,229	
Other Equipment		98,698	
Total Regular Instruction Program			\$ 763,109

Vocational Education Program

Travel	\$	3,006	
In Service/Staff Development		1,234	
Total Vocational Education Program			4,240

Transportation

Bus Drivers	\$	35,952	
Other Salaries and Wages		59,473	
Social Security		5,736	
State Retirement		11,409	
Medical Insurance		36,091	
Employer Medicare		1,341	
Total Transportation			150,002

Total School Federal Projects Fund \$ 4,479,665

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Accountants/Bookkeepers	\$	25,469	
Cafeteria Personnel		782,082	
Other Salaries and Wages		67,650	
Social Security		52,330	
State Retirement		98,452	
Medical Insurance		293,131	
Employer Medicare		12,238	
Communication		6,482	
Maintenance and Repair Services - Equipment		19,350	
Transportation - Other than Students		8,462	

(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.)

Travel	\$	3,332	
Other Contracted Services		160,190	
Food Supplies		965,128	
Office Supplies		5,312	
Uniforms		938	
USDA - Commodities		256,678	
Other Supplies and Materials		106,349	
In Service/Staff Development		617	
Food Service Equipment		102,224	
Total Food Service			\$ 2,966,414

Total Central Cafeteria Fund \$ 2,966,414

School Transportation Fund

Support Services

Board of Education

Trustee's Commission	\$	28,246	
Total Board of Education			\$ 28,246

Transportation

Supervisor/Director	\$	45,216	
Mechanic(s)		122,038	
Bus Drivers		478,440	
Other Salaries and Wages		56,968	
Social Security		41,906	
State Retirement		81,789	
Medical Insurance		261,647	
Employer Medicare		9,801	
Communication		3,632	
Maintenance and Repair Services - Vehicles		21,209	
Medical and Dental Services		7,181	
Rentals		5,316	
Towing Services		2,304	
Other Contracted Services		1,101	
Diesel Fuel		328,499	
Garage Supplies		1,131	
Gasoline		43,452	
Lubricants		11,882	
Tires and Tubes		25,575	
Vehicle Parts		300,543	
Other Supplies and Materials		11,570	
Vehicle and Equipment Insurance		40,307	
Other Charges		3,560	
Transportation Equipment		518,285	
Total Transportation			2,423,352

Total School Transportation Fund 2,451,598

(Continued)

Exhibit J-9

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

<u>Other Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>Education Capital Projects</u>		
Building Improvements	\$ 1,658,958	
Total Education Capital Projects	<u>1,658,958</u>	\$ <u>1,658,958</u>
Total Other Capital Projects Fund		\$ <u>1,658,958</u>
Total Governmental Funds - Coke County School Department		\$ <u><u>42,297,241</u></u>

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, 2013

	Cities - Sales Tax Fund	City School ADA - Newport Fund	Total
<u>Cash Receipts</u>			
Current Property Taxes	\$ 0	\$ 391,387	\$ 391,387
Trustee's Collections - Prior Years	0	18,225	18,225
Circuit/Clerk and Master Collections - Prior Years	0	14,107	14,107
Interest and Penalty	0	2,966	2,966
Payments in-Lieu-of Taxes - Local Utilities	0	18,744	18,744
Payments in-Lieu-of Taxes - Other	0	3	3
Local Option Sales Tax	3,107,859	578,647	3,686,506
Bank Excise Tax	0	1,719	1,719
Interstate Telecommunications Tax	0	387	387
Marriage Licenses	0	143	143
Other Local Revenues	0	64	64
<b>Total Cash Receipts</b>	<b>\$ 3,107,859</b>	<b>\$ 1,026,392</b>	<b>\$ 4,134,251</b>
<u>Cash Disbursements</u>			
Remittance of Revenues Collected	\$ 3,076,780	\$ 1,012,145	\$ 4,088,925
Trustee's Commission	31,079	14,237	45,316
<b>Total Cash Disbursements</b>	<b>\$ 3,107,859</b>	<b>\$ 1,026,382</b>	<b>\$ 4,134,241</b>
<u>Excess of Cash Receipts Over (Under)</u>			
Cash Disbursements	\$ 0	\$ 10	\$ 10
Cash Balance, July 1, 2012	0	0	0
<b>Cash Balance, June 30, 2013</b>	<b>\$ 0</b>	<b>\$ 10</b>	<b>\$ 10</b>

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## **SINGLE AUDIT SECTION**

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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, 2013, and the related notes to the financial statements, which collectively comprise Cocke County's basic financial statements, and have issued our report thereon dated November 26, 2013.

**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. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies: 2013-002, 2013-003, 2013-004, and 2013-006.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Cocke County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items: 2013-001 and 2013-005.

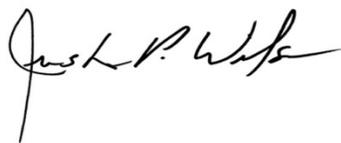
### **Cocke County's Responses to Findings**

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

November 26, 2013

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  
PHONE (615) 401-7841

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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

**Report on Compliance for Each Major Federal Program**

We have audited Cocke County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Cocke County's major federal programs for the year ended June 30, 2013. Cocke County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Cocke County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan

and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Cocke County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Cocke County's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Cocke County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

### **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.

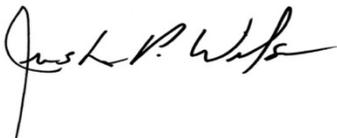
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any 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, 2013, and the related notes to the financial statements, which collectively comprise Cocke County's basic financial statements. We issued our report thereon dated November 26, 2013, 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

November 26, 2013

JPW/sb

Cooke County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1)  
For the Year Ended June 30, 2013

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Programs:			
Schools and Roads - Grants to States	10.665	N/A	\$ 86,404
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	560,786
National School Lunch Program	10.555	N/A	1,568,505 (3)
Passed-through State Department of Agriculture:			
Child Nutrition Cluster:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	256,678 (3)
Total U.S. Department of Agriculture			<u>\$ 2,472,373</u>
U.S. Department of Housing and Urban Development:			
Passed-through Tennessee Housing Development Agency:			
Home Investment Partnerships Program	14.239	HM-11-10	\$ 311,459
Total U.S. Department of Housing and Urban Development			<u>\$ 311,459</u>
U.S. Bureau of Land Management, Department of Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 81,079
Total U.S. Bureau of Land Management, Department of Interior			<u>\$ 81,079</u>
U.S. Department of Justice:			
Direct Programs:			
Bulletproof Vest Partnership Program	16.607	(2)	\$ 2,083
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2012-DJ-BX-0746	10,559
Total U.S. Department of Justice			<u>\$ 12,642</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Open Container Requirements	20.607	(2)	\$ 14,827
Total U.S. Department of Transportation			<u>\$ 14,827</u>
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - Basic Grants to States	84.002	(2)	\$ 72,061
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	2,517,096
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,076,840
Special Education - Preschool Grants	84.173	N/A	57,790
Career and Technical Education - Basic Grants to States	84.048	N/A	130,088
Education Technology State Grants	84.318	(2)	12,321
Rural Education	84.358	(2)	98,456
English Language Acquisition Grants	84.365	N/A	6,564
Improving Teacher Quality State Grants	84.367	N/A	269,280
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	450,275
Passed-through State Department of Human Services:			
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	DG-13-37956	69,066
Total U.S. Department of Education			<u>\$ 4,759,837</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
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance	97.036	34101-6942	\$ 31,531
Emergency Management Performance Grants	97.042	(2)	30,000
Homeland Security Grant Program	97.067	(2)	13,986
Total U.S. Department of Homeland Security			<u>\$ 75,517</u>
Total Expenditures of Federal Awards			<u>\$ 7,727,734</u>
 <u>State Grants</u>			
		<u>Contract Number</u>	
Litter Program - State Department of Transportation	N/A	(2)	\$ 62,105
Fast Track Industrial Development Project - State Department of Economic and Community Development	N/A	(2)	50,022
Solid Waste Grant - State Department of Environment and Conservation	N/A	(2)	36,693
Juvenile Service Program - State Commission on Children and Youth	N/A	(2)	11,396
State Aid Program - State Department of Transportation	N/A	(2)	225,952
Adult Basic Education - State Department of Education	N/A	(2)	24,020
Early Childhood Education Pilot Project - State Department of Education	N/A	(2)	290,490
Connect TN - State Department of Education	N/A	(2)	15,550
ACT/Explore - State Department of Education	N/A	(2)	5,796
Lottery for Education - Afterschool Program (LEAP) - State Department of Education	N/A	119-12-02-012	113,349
Student Ticket Subsidy - Tennessee Arts Commission through the Arts and Culture Alliance of Greater Knoxville	N/A	(2)	4,166
Statewide System Management - State Department of Education	N/A	(2)	12,268
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)	25,300
Energy Efficient Schools - State Department of Education	N/A	(2)	192,607
Total State Grants			<u>\$ 1,194,326</u>

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

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.  
 (2) Information not available.  
 (3) Total for CFDA No. 10.555 is \$1,825,183.

Cocke County, Tennessee  
Schedule of Audit Findings Not Corrected  
June 30, 2013

*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, 2012, which have not been corrected.

**OFFICE OF COUNTY MAYOR**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
12.01	190	Some Park and Recreation Department funds were not deposited within three days of collection

**OFFICE OF SHERIFF**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
12.06	193	Deficiencies existed in the fingerprinting process

**OFFICES OF GENERAL SESSIONS COURT CLERK AND SHERIFF**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
12.07	194	Duties were not segregated adequately

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**COCKE COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2013**

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**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 significant deficiencies in internal control. None of the deficiencies was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Cocke County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unmodified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program, and National School Lunch Program, (CFDA Nos. 10.553 and 10.555), the Home Investment Partnerships Program, (CFDA No. 14.239), Title I Grants to Local Educational Agencies (CFDA No. 84.010), and the State Fiscal Stabilization Fund – Race-to-the-Top Incentive Grants, Recovery Act (CFDA No. 84.395) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Cocke County did not qualify as a low-risk auditee.

## **PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS**

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The county mayor, director of accounts and budgets, and sheriff provided written responses on certain findings, which are paraphrased in this report. Other management officials did not provide responses for inclusion in this report.

### **OFFICE OF COUNTY MAYOR**

**FINDING 2013-001**                      **THE PARKS AND RECREATION DEPARTMENT HAD DEFICIENCIES RELATED TO RECEIPTS AND DEPOSITS**  
(Noncompliance Under *Government Auditing Standards*)

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

- A.     The Cocke County Parks and Recreation Department manually issues official prenumbered receipts for fees and other collections. Receipt books were provided to us for the months of April 2013 through June 2013. However, receipt books could not be located for the months of July 2012 through March 2013. Therefore, we were unable to determine if all funds received by the Parks and Recreation Department were properly receipted and deposited with the county trustee. Section 9-2-103, *Tennessee Code Annotated (TCA)*, requires official prenumbered receipts be issued for all collections.
- B.     Of the 92 receipts issued in April 2013 through June 2013, we noted 23 receipts that were not deposited with the county trustee within three days of collection as required by state statute. Section 5-8-207, *TCA*, requires county officials to deposit public funds within three days of receiving the funds.

These deficiencies are the result of a lack of management oversight, which increases the risk of fraud and abuse.

### **RECOMMENDATION**

Official prenumbered receipts should be issued for all collections, and all receipts should be available for audit inspection. All funds 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 the finding. Official receipts should be issued for all collections, and these receipts should be available for audit inspection. Corrective action has been specifically addressed with the director of the Parks and Recreation Department.

Receipt books with prenumbered triplicate receipts will be procured, and all triplicate receipts will be submitted to the Cocke County Finance Department on a bi-weekly basis to ensure retention and availability. The three-day deposit law has been reviewed with the director of the Parks and Recreation Department along with a plan to successfully comply with this law.

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## **OFFICE OF DIRECTOR OF SCHOOLS**

### **FINDING 2013-002**

#### **A CONTRACT FOR REPAIR OF A STORM DAMAGED ROOF WAS OVERPAID**

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

As part of our audit, we examined invoices paid on construction contracts and coded to capital outlay accounts to ensure that capital assets and construction commitments were recorded properly. We examined 47 contractor payments totaling \$1,901,180. This examination revealed that one contract had been overpaid. During the previous year, the School Department and its insurance company entered into a contract to repair storm damage to the old vocational school building roof.

As of June 30, 2013, the overpayment totaled \$22,306 and has been reflected as a receivable in the financial statements of the General Purpose School Fund. Through August 14, 2013, the contractor invoiced the School Department \$126,382 too much on this contract, and the School Department paid those invoices. This overpayment was caused by not carefully monitoring the billing on two projects with similar names. The School Department subsequently collected this overpayment.

### **RECOMMENDATION**

The School Department should carefully monitor its construction contracts and payments to ensure that the appropriate payments are made.

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## **OFFICE OF TRUSTEE**

### **FINDING 2013-003**

#### **THE OFFICE DID NOT IMPLEMENT ADEQUATE CONTROLS TO PROTECT ITS INFORMATION RESOURCES**

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

The office did not implement adequate controls to protect its information resources. This finding does not identify specific vulnerabilities that could allow someone to exploit the office's information system or misuse county funds. Disclosing those vulnerabilities could present a potential security risk by providing the readers with information that might be confidential pursuant to Section 10-7-504(i), *Tennessee Code Annotated*. Sound business

practices dictate that proper controls be implemented. Without these controls, unauthorized system activity could occur. Proper controls were implemented in June 2013.

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## **OFFICE OF SHERIFF**

### **FINDING 2013-004**

### **SOME BANK STATEMENTS WERE NOT RECONCILED WITH ACCOUNTING RECORDS**

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

As part of our procedures to determine if internal controls are operating effectively, we determined that various reconciliations related to the commissary operations and seized funds accounts were not being performed accurately. These deficiencies are the result of a lack of management oversight and management's failure to ensure that internal controls are being followed.

- A. Bank statements for the commissary operations had not been reconciled with the general ledger. An attempt had been made to reconcile the bank statements and prepare lists of outstanding checks and deposits; however, variances that were identified were not corrected. Our examination revealed that variances in deposits of \$8,177 existed as of June 30, 2013. These variances resulted from the receipt and disbursement of several cash bonds through the commissary account. The reconciliation of bank statements and the monthly preparation of accurate lists of outstanding checks and deposits are necessary procedures to ensure that all cash collections and disbursements are recorded accurately in the accounting records.
- B. Bank statements for the seized funds account had not been reconciled with the detailed cash seizure records. The Sheriff's Office maintains a detailed log of cash seized from defendants, and this log reflected a balance of \$98,772 at June 30, 2013. However, the Sheriff's Office did not accurately reconcile the detailed log with the bank account balance and did not accurately update the log to reflect the final disposition of seized cash. Our review of this detailed cash seizure log revealed that the log was overstated by \$30,884. This variance was due in part to the Sheriff's Office not recording approximately \$4,913 in deposits in the log plus remitting even dollar amounts to the county trustee when funds were awarded to the department instead of remitting the actual amount of funds awarded. This made it impossible to trace exact amounts back to the detailed seizure records.

## **RECOMMENDATION**

Bank statements should be reconciled with cash control records monthly and any errors identified should be promptly corrected. Cash bonds should not be processed through the commissary operation account. Detailed records of seizures of cash should be properly maintained and reconciled with bank accounts.

## MANAGEMENT'S RESPONSE – SHERIFF

- A. The issue was related to a variance created when cash bonds were accounted for in the commissary activity. Records show the funds were deposited and checks were issued out of the appropriate bank account. However, the reconciliation did not reflect the transactions accurately. Procedures have been implemented to correct the issue.
  - B. The current administration maintains internal tracking records reflecting all seizures and does not transfer funds until all funds are forfeited. The records for the funds in the seized bank account prior to our administration will be reviewed and a determination made if possible.
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### FINDING 2013-005

### **DEFICIENCIES EXISTED IN THE FINGERPRINTING PROCESS**

(Noncompliance Under *Government Auditing Standards*)

As part of our audit procedures for obtaining reasonable assurance that the Sheriff's Department has complied with fingerprinting requirements as set forth in Section 8-4-114, *Tennessee Code Annotated*, we selected ten prisoners' records from the jail intake book. We determined that the Sheriff's Department uses an electronic imaging fingerprint machine to fingerprint arrestees at the time of their arrest. This machine is designed to electronically store the fingerprint images, generate records of the images taken, and transmit the images to the Tennessee Bureau of Investigation (TBI). Section 8-4-114, *Tennessee Code Annotated*, provides that if fingerprints are transmitted to the TBI electronically, the booking agency shall maintain one hardcopy of the fingerprints along with an acknowledgement from the TBI that a copy of the fingerprints has been received and accepted. During our examination of arrestee files, we noted that in nine of the ten files examined, the department failed to record the acknowledgement from the TBI that the fingerprints had been received and accepted on the original fingerprint card. This deficiency can be attributed to a lack of management oversight and failure to correct the finding from the prior-year audit report.

### RECOMMENDATION

The sheriff should ensure that a hardcopy of all fingerprints taken are maintained on file, and that the fingerprints of all arrestees are properly submitted to and accepted by the TBI as required by state statute.

## MANAGEMENT'S RESPONSE – SHERIFF

The detention center maintains a card in the arrestee file and the jail administrator also stores a card to document the fingerprint electronic system transmittal number. At that point, the number is recorded on the jail administrator's card but is not reflected on the original fingerprint card.

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**OFFICES OF GENERAL SESSIONS COURT CLERK AND SHERIFF**

**FINDING 2013-006**

**DUTIES WERE NOT SEGREGATED ADEQUATELY**

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

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

**RECOMMENDATION**

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

**MANAGEMENT’S RESPONSE – SHERIFF**

In order to segregate duties, additional personnel would have to be hired. However, utilizing existing personnel, a review process will be put in place.

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**BEST PRACTICE**

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

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

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

There were no findings and questioned costs for federal awards.

**COCKE COUNTY, TENNESSEE**  
**AUDITEE REPORTING RESPONSIBILITIES**  
**For the Year Ended June 30, 2013**

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