

ANNUAL FINANCIAL REPORT
COCKE COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2019



DIVISION OF LOCAL GOVERNMENT AUDIT



**ANNUAL FINANCIAL REPORT
COCKE COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2019**

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

***DIVISION OF LOCAL GOVERNMENT AUDIT
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Director***

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

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Summary of Audit Findings

Annual Financial Report
Cocke County, Tennessee
For the Year Ended June 30, 2019

Scope

We have audited the basic financial statements of Cocke County as of and for the year ended June 30, 2019.

Results

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

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

Findings

The following are summaries of the audit findings:

OFFICES OF COUNTY MAYOR AND DIRECTOR OF ACCOUNTS AND BUDGETS

- ◆ The accounting records for various funds had not been maintained properly.
- ◆ A tax deposit due to the Internal Revenue Service was not reported timely resulting in the assessment of interest and penalty totaling \$32,236.
- ◆ Expenditures exceeded appropriations.
- ◆ The office did not implement adequate controls to protect its information resources.

INTRODUCTORY SECTION

Cocke County Officials

June 30, 2019

Officials

Crystal Ottinger, County Mayor
Dwayne McCallister, Road Superintendent
Manney Moore, Director of Schools
Rob Mathis, Trustee
Angie Shelton, Assessor of Property
Jan Brockwell, County Clerk
Kristy Nease, Circuit Court Clerk
Frankie Cody, General Sessions Court Clerk
Craig Wild, Clerk and Master
Mark McGaha, Register of Deeds
Armando Fontes, Sheriff
Heather McGaha, Director of Accounts and Budgets

Board of County Commissioners

Clay Blazer, Chairman
Calvin Ball
Shalee McClure-Benson
Gayla Blazer
Dan Bright
Gary Carver
Forest Clevenger

Terry Dawson
Barry Ford
Casey Gilliam
Jonathan Laws
Kyle Shute
Norman Smith
David Veridal

Highway Commission

Ronald Blazer, Chairman
Randy Dyke
Robert Grooms
Kenneth Hall

Jerry Holt
Jack Smith
Chuck Smithpeters

Board of Education

Dr. Kenneth Johnson, Chairman
Richard Coggins
John Johnson
Rose Lovell

Darla Morgan
Otha Rolan
Jimmy Stokely

Audit Committee

Forest Clevenger, Chairman
Shalee McClure-Benson
Clay Blazer
Dan Bright

Gary Carver
Terry Dawson
Barry Ford

FINANCIAL SECTION



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

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, 2019, 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, 2019, 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.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the schedule of changes in the county's net pension liability and related ratios, schedules of county and school contributions, schedule of school's proportionate share of the net pension liability, and schedule of county and school changes in the total other postemployment benefits liability and related ratios, as listed in the table of contents, 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 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), miscellaneous schedules and the other information such as the introductory section and management's corrective action plans are presented for purposes of

additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is also presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

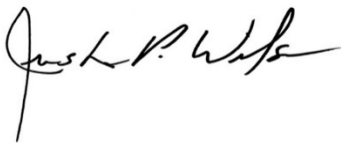
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Cocke County School Department (a discretely presented component unit), schedule of expenditures of federal awards, 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, 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), schedule of expenditures of federal awards, and miscellaneous schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and management's corrective action plans have 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated November 15, 2019, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Cocke County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cocke County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

November 15, 2019

JPW/tg

BASIC FINANCIAL STATEMENTS

Exhibit A

Cocke County, Tennessee
Statement of Net Position
June 30, 2019

| | Primary Governmental Activities | Component Unit Cocke County School Department |
|--|---------------------------------------|--|
| <u>ASSETS</u> | | |
| Cash | \$ 318,084 | \$ 1,333,592 |
| Equity in Pooled Cash and Investments | 13,936,822 | 9,457,288 |
| Investments | 51,732 | 0 |
| Accounts Receivable | 130,614 | 363,074 |
| Due from Other Governments | 1,199,423 | 895,897 |
| Property Taxes Receivable | 12,839,430 | 4,624,551 |
| Allowance for Uncollectible Property Taxes | (622,441) | (224,192) |
| Prepaid Items | 53,932 | 0 |
| Net Pension Asset - Agent Plan | 2,165,044 | 1,452,406 |
| Net Pension Asset - Teacher Retirement Plan | 0 | 147,693 |
| Net Pension Asset - Teacher Legacy Retirement Plan | 0 | 1,623,461 |
| Restricted Assets: | | |
| Amounts Accumulated for Pension Benefits | | 69,436 |
| Capital Assets: | | |
| Assets Not Depreciated: | | |
| Land | 1,475,183 | 601,292 |
| Construction in Progress | 30,581 | 0 |
| Assets Net of Accumulated Depreciation: | | |
| Buildings and Improvements | 1,943,395 | 13,875,449 |
| Other Capital Assets | 2,347,123 | 4,122,586 |
| Infrastructure | 11,244,878 | 81,464 |
| Total Assets | <u>\$ 47,113,800</u> | <u>\$ 38,423,997</u> |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | | |
| Deferred Charge on Refunding | \$ 422,615 | \$ 0 |
| Pension Changes in Experience | 468,527 | 650,830 |
| Pension Changes in Assumptions | 370,652 | 1,214,442 |
| Pension Changes in Proportion | 0 | 41,621 |
| Pension Contributions After Measurement Date | 526,803 | 2,128,152 |
| OPEB Changes in Experience | 4,364 | 1,288,943 |
| OPEB Changes in Assumptions | 34,589 | 146,121 |
| OPEB Changes in Proportion | 0 | 638,532 |
| OPEB Contributions After Measurement Date | 3,475 | 375,336 |
| Total Deferred Outflows of Resources | <u>\$ 1,831,025</u> | <u>\$ 6,483,977</u> |
| <u>LIABILITIES</u> | | |
| Accounts Payable | \$ 167,830 | \$ 38,818 |
| Accrued Payroll | 0 | 4,441 |
| Payroll Deductions Payable | 53,539 | 0 |

(Continued)

Exhibit A

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

| | Primary Government Governmental Activities | Component Unit Cocke County School Department |
|---|---|--|
| <u>LIABILITIES (CONT.)</u> | | |
| Accrued Interest Payable | \$ 66,176 | \$ 0 |
| Due to State of Tennessee | 252 | 0 |
| Other Current Liabilities | 268,980 | 3,834,679 |
| Noncurrent Liabilities: | | |
| Due Within One Year - Debt | 2,045,339 | 0 |
| Due Within One Year - Other | 9,037 | 21,530 |
| Due in More Than One Year - Debt | 18,767,406 | |
| Due in More Than One Year - Other | 613,821 | 9,008,194 |
| Total Liabilities | <u>\$ 21,992,380</u> | <u>\$ 12,907,662</u> |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | |
| Deferred Current Property Taxes | \$ 11,764,260 | \$ 4,237,292 |
| Pension Changes in Experience | 478,501 | 2,517,060 |
| Pension Changes in Investment Earnings | 127,870 | 447,456 |
| Pension Changes in Proportion | 0 | 41,235 |
| OPEB Changes in Assumptions | 19,576 | 239,625 |
| OPEB Changes in Experience | 16,583 | 0 |
| Total Deferred Inflows of Resources | <u>\$ 12,406,790</u> | <u>\$ 7,482,668</u> |
| <u>NET POSITION</u> | | |
| Net Investment in Capital Assets | \$ 6,564,850 | \$ 18,680,791 |
| Restricted for: | | |
| General Government | 24,777 | 0 |
| Finance | 55,595 | 0 |
| Administration of Justice | 1,311,755 | 0 |
| Public Safety | 214,623 | 0 |
| Public Health and Welfare | 42,997 | 0 |
| Social, Cultural, and Recreational Services | 13,078 | 0 |
| Other Operations | 325,772 | 0 |
| Highways | 1,251,813 | 0 |
| Debt Service | 120,026 | 0 |
| Education | 0 | 1,166,466 |
| Capital Projects | 559,142 | 0 |
| Pensions | 2,165,044 | 3,292,996 |
| Unrestricted | <u>1,896,183</u> | <u>1,377,391</u> |
| Total Net Position | <u>\$ 14,545,655</u> | <u>\$ 24,517,644</u> |

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

Exhibit B

Cocke County, Tennessee
Statement of Activities
For the Year Ended June 30, 2019

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | |
|---|----------------------|-------------------------|--|--|--|---|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary | Component |
| | | | | | Governmental Total Activities | Unit Cocke County School Department |
| Primary Government: | | | | | | |
| Governmental Activities: | | | | | | |
| General Government | \$ 2,121,466 | \$ 283,891 | \$ 38,668 | \$ 0 | \$ (1,798,907) | \$ 0 |
| Finance | 1,488,326 | 943,303 | 0 | 0 | (545,023) | 0 |
| Administration of Justice | 1,245,460 | 707,002 | 105,189 | 0 | (433,269) | 0 |
| Public Safety | 6,712,869 | 630,110 | 395,017 | 0 | (5,687,742) | 0 |
| Public Health and Welfare | 2,111,804 | 62,214 | 314,089 | 0 | (1,735,501) | 0 |
| Social, Cultural, and Recreational Services | 408,477 | 381,328 | 0 | 0 | (27,149) | 0 |
| Agriculture and Natural Resources | 106,746 | 0 | 0 | 0 | (106,746) | 0 |
| Highways | 5,671,943 | 95,025 | 2,450,690 | 175,320 | (2,950,908) | 0 |
| Education | 494,157 | 0 | 0 | 0 | (494,157) | 0 |
| Interest on Long-term Debt | 830,264 | 0 | 0 | 0 | (830,264) | 0 |
| Total Primary Government | \$ 21,191,512 | \$ 3,102,873 | \$ 3,303,653 | \$ 175,320 | \$ (14,609,666) | \$ 0 |
| Component Unit: | | | | | | |
| Cocke County School Department | \$ 42,548,747 | \$ 263,335 | \$ 7,556,409 | \$ 618,227 | \$ 0 | \$ (34,110,776) |
| Total Component Unit | \$ 42,548,747 | \$ 263,335 | \$ 7,556,409 | \$ 618,227 | \$ 0 | \$ (34,110,776) |

(Continued)

Exhibit B

Cocke County, Tennessee
Statement of Activities (Cont.)

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | |
|--|----------|-------------------------|--|--|--|---|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary | Component |
| | | | | | Governmental Total Activities | Unit Cocke County School Department |
| General Revenues: | | | | | | |
| Taxes: | | | | | | |
| Property Taxes Levied for General Purposes | | | | | \$ 6,952,497 | \$ 2,982,971 |
| Property Taxes Levied for Development | | | | | 240,995 | 0 |
| Property Taxes Levied for Highway/Public Works | | | | | 1,761,229 | 0 |
| Property Taxes Levied for Public Health and Welfare | | | | | 1,270,772 | 0 |
| Property Taxes Levied for School Transportation | | | | | 0 | 1,343,622 |
| Property Taxes Levied for Debt Service | | | | | 1,052,533 | 0 |
| Property Taxes for Capital Outlay | | | | | 728,974 | 0 |
| Local Option Sales Taxes | | | | | 2,135,334 | 3,795,287 |
| Hotel/Motel Tax | | | | | 331,655 | 0 |
| Litigation Tax - General | | | | | 34,976 | 0 |
| Litigation Tax - Special Purpose | | | | | 3,094 | 0 |
| Litigation Tax - Jail, Workhouse, Courthouse | | | | | 148,517 | 0 |
| Litigation Tax - Courthouse Security | | | | | 11,524 | 0 |
| Business Tax | | | | | 295,216 | 0 |
| Mineral Severance Tax | | | | | 91,000 | 0 |
| Wholesale Beer Tax | | | | | 199,856 | 0 |
| Mixed Drink Tax | | | | | 1,384 | 0 |
| Other Local Taxes | | | | | 64,976 | 37,000 |
| Grants and Contributions Not Restricted to Specific Programs | | | | | 1,575,574 | 27,831,496 |
| Unrestricted Investment Income | | | | | 169,152 | 7 |
| Gain on Investments | | | | | 0 | 3,505 |
| Miscellaneous | | | | | 150,275 | 75,852 |
| Gain on Disposal of Capital Assets | | | | | 80,045 | 4,685 |
| Total General Revenues | | | | | \$ 17,299,578 | \$ 36,074,425 |
| Change in Net Position | | | | | \$ 2,689,912 | \$ 1,963,649 |
| Net Position, July 1, 2018 | | | | | 11,855,743 | 22,553,995 |
| Net Position, June 30, 2019 | | | | | \$ 14,545,655 | \$ 24,517,644 |

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, 2019

| | Major Funds | | | | Nonmajor | Total |
|--|----------------------|--------------------------------|------------------------------|----------------------------|--|----------------------|
| | General | Solid Waste / Sanitation | Highway / Public Works | General Debt Service | Funds Other Govern- mental Funds | |
| <u>ASSETS</u> | | | | | | |
| Cash | \$ 268,980 | \$ 0 | \$ 0 | \$ 0 | \$ 49,104 | \$ 318,084 |
| Equity in Pooled Cash and Investments | 3,458,231 | 511,424 | 2,533,517 | 6,155,314 | 1,278,336 | 13,936,822 |
| Investments | 0 | 0 | 0 | 0 | 51,732 | 51,732 |
| Accounts Receivable | 89,328 | 10,501 | 0 | 0 | 30,785 | 130,614 |
| Due from Other Governments | 425,555 | 4,471 | 471,617 | 297,780 | 0 | 1,199,423 |
| Due from Other Funds | 32,547 | 0 | 0 | 0 | 0 | 32,547 |
| Property Taxes Receivable | 7,327,161 | 1,469,053 | 1,882,187 | 662,782 | 1,498,247 | 12,839,430 |
| Allowance for Uncollectible Property Taxes | (357,923) | (68,508) | (91,246) | (42,565) | (62,199) | (622,441) |
| Prepaid Items | 0 | 0 | 0 | 53,932 | 0 | 53,932 |
| Total Assets | <u>\$ 11,243,879</u> | <u>\$ 1,926,941</u> | <u>\$ 4,796,075</u> | <u>\$ 7,127,243</u> | <u>\$ 2,846,005</u> | <u>\$ 27,940,143</u> |
| <u>LIABILITIES</u> | | | | | | |
| Accounts Payable | \$ 115,469 | \$ 14,938 | \$ 36,628 | \$ 0 | \$ 795 | \$ 167,830 |
| Payroll Deductions Payable | 38,182 | 1,703 | 13,654 | 0 | 0 | 53,539 |
| Due to Other Funds | 0 | 0 | 0 | 0 | 32,547 | 32,547 |
| Due to State of Tennessee | 0 | 0 | 252 | 0 | 0 | 252 |
| Other Current Liabilities | 268,980 | 0 | 0 | 0 | 0 | 268,980 |
| Total Liabilities | <u>\$ 422,631</u> | <u>\$ 16,641</u> | <u>\$ 50,534</u> | <u>\$ 0</u> | <u>\$ 33,342</u> | <u>\$ 523,148</u> |

(Continued)

Exhibit C-1

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

| | Major Funds | | | | Nonmajor | Total |
|--------------------------------------|---------------------|--------------------------------|------------------------------|----------------------------|-------------------------------------|----------------------|
| | General | Solid Waste / Sanitation | Highway / Public Works | General Debt Service | Other Govern- mental Funds | |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | | | | |
| Deferred Current Property Taxes | \$ 6,706,673 | \$ 1,352,948 | \$ 1,724,573 | \$ 580,665 | \$ 1,399,401 | \$ 11,764,260 |
| Deferred Delinquent Property Taxes | 237,192 | 42,997 | 59,954 | 35,730 | 33,106 | 408,979 |
| Other Deferred/Unavailable Revenue | 171,859 | 0 | 230,782 | 150,472 | 0 | 553,113 |
| Total Deferred Inflows of Resources | <u>\$ 7,115,724</u> | <u>\$ 1,395,945</u> | <u>\$ 2,015,309</u> | <u>\$ 766,867</u> | <u>\$ 1,432,507</u> | <u>\$ 12,726,352</u> |

FUND BALANCES

| | | | | | | |
|--|-----------|---------|-----------|-----------|---------|-----------|
| Nonspendable: | | | | | | |
| Prepaid Items | \$ 0 | \$ 0 | \$ 0 | \$ 53,932 | \$ 0 | \$ 53,932 |
| Restricted: | | | | | | |
| Restricted for General Government | 24,777 | 0 | 0 | 0 | 0 | 24,777 |
| Restricted for Finance | 8,253 | 0 | 0 | 0 | 47,342 | 55,595 |
| Restricted for Administration of Justice | 1,311,755 | 0 | 0 | 0 | 0 | 1,311,755 |
| Restricted for Public Safety | 5,518 | 0 | 0 | 0 | 114,686 | 120,204 |
| Restricted for Social, Cultural, and Recreational Services | 0 | 0 | 0 | 0 | 13,078 | 13,078 |
| Restricted for Other Operations | 0 | 0 | 0 | 0 | 317,495 | 317,495 |
| Restricted for Highways/Public Works | 0 | 0 | 961,077 | 0 | 0 | 961,077 |
| Restricted for Capital Projects | 0 | 0 | 0 | 0 | 534,313 | 534,313 |
| Committed: | | | | | | |
| Committed for Public Health and Welfare | 0 | 514,355 | 0 | 0 | 0 | 514,355 |
| Committed for Social, Cultural, and Recreational Services | 0 | 0 | 0 | 0 | 22,948 | 22,948 |
| Committed for Other Operations | 0 | 0 | 0 | 0 | 330,294 | 330,294 |
| Committed for Highways/Public Works | 0 | 0 | 1,769,155 | 0 | 0 | 1,769,155 |
| Committed for Debt Service | 0 | 0 | 0 | 6,306,444 | 0 | 6,306,444 |
| Assigned: | | | | | | |
| Assigned for General Government | 92,758 | 0 | 0 | 0 | 0 | 92,758 |

(Continued)

Exhibit C-1

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

| | Major Funds | | | | Nonmajor | Total |
|---|---------------|--------------------------------|------------------------------|----------------------------|--|---------------|
| | General | Solid Waste / Sanitation | Highway / Public Works | General Debt Service | Funds Other Govern- mental Funds | |
| <u>FUND BALANCES (Cont.)</u> | | | | | | |
| Assigned (Cont.): | | | | | | |
| Assigned for Administration of Justice | 14,220 | 0 | 0 | 0 | 0 | 14,220 |
| Assigned for Public Safety | 132,514 | 0 | 0 | 0 | 0 | 132,514 |
| Assigned for Social, Cultural, and Recreational Services | 1,841 | 0 | 0 | 0 | 0 | 1,841 |
| Assigned for Agriculture and Natural Resources | 200 | 0 | 0 | 0 | 0 | 200 |
| Assigned for Other Purposes | 969,932 | 0 | 0 | 0 | 0 | 969,932 |
| Unassigned | 1,143,756 | 0 | 0 | 0 | 0 | 1,143,756 |
| Total Fund Balances | \$ 3,705,524 | \$ 514,355 | \$ 2,730,232 | \$ 6,360,376 | \$ 1,380,156 | \$ 14,690,643 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 11,243,879 | \$ 1,926,941 | \$ 4,796,075 | \$ 7,127,243 | \$ 2,846,005 | \$ 27,940,143 |

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, 2019

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) | | \$ 14,690,643 |
| (1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. | | |
| Add: land | \$ 1,475,183 | |
| Add: construction in progress | 30,581 | |
| Add: infrastructure net of accumulated depreciation | 11,244,878 | |
| Add: buildings and improvements net of accumulated depreciation | 1,943,395 | |
| Add: other capital assets net of accumulated depreciation | <u>2,347,123</u> | 17,041,160 |
| (2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds. | | |
| Less: other loans payable | \$ (4,349,774) | |
| Less: bonds payable | (16,225,000) | |
| Less: capital lease payable | (35,713) | |
| Add: deferred charge on refunding | 422,615 | |
| Less: OPEB liability | (521,162) | |
| Less: landfill postclosure care costs | (101,696) | |
| Less: other deferred revenue - premium on debt | (202,258) | |
| Less: accrued interest on bonds, notes, and other loans payable | <u>(66,176)</u> | (21,079,164) |
| (3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be amortized and recognized as components of pension expense in future years. | | |
| Add: deferred outflows of resources related to pensions | \$ 1,365,982 | |
| Less: deferred inflows of resources related to pensions | (606,371) | |
| Add: deferred outflows of resources related to OPEB | 42,428 | |
| Less: deferred inflows of resources related to OPEB | <u>(36,159)</u> | 765,880 |
| (4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds. | | 2,165,044 |
| (5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds. | | <u>962,092</u> |
| Net position of governmental activities (Exhibit A) | | <u>\$ 14,545,655</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, 2019

| | Major Funds | | | | Nonmajor | Total | |
|---|----------------------|--------------------------|------------------------|----------------------|--------------------------|----------------------|--------------------|
| | General | Solid Waste / Sanitation | Highway / Public Works | General Debt Service | Other Governmental Funds | | Governmental Funds |
| <u>Revenues</u> | | | | | | | |
| Local Taxes | \$ 8,830,435 | \$ 1,312,163 | \$ 1,907,577 | \$ 2,676,335 | \$ 996,460 | \$ 15,722,970 | |
| Licenses and Permits | 143,419 | 0 | 0 | 0 | 0 | 143,419 | |
| Fines, Forfeitures, and Penalties | 166,720 | 0 | 0 | 0 | 68,955 | 235,675 | |
| Charges for Current Services | 453,932 | 19,603 | 0 | 0 | 328,181 | 801,716 | |
| Other Local Revenues | 146,249 | 43,121 | 216,097 | 185,802 | 1,133 | 592,402 | |
| Fees Received From County Officials | 1,220,863 | 0 | 0 | 0 | 0 | 1,220,863 | |
| State of Tennessee | 1,267,047 | 90,016 | 2,782,947 | 49,744 | 46,091 | 4,235,845 | |
| Federal Government | 629,755 | 0 | 17,336 | 33,249 | 0 | 680,340 | |
| Other Governments and Citizens Groups | 105,518 | 0 | 0 | 142,801 | 9,000 | 257,319 | |
| Total Revenues | \$ 12,963,938 | \$ 1,464,903 | \$ 4,923,957 | \$ 3,087,931 | \$ 1,449,820 | \$ 23,890,549 | |
| <u>Expenditures</u> | | | | | | | |
| Current: | | | | | | | |
| General Government | \$ 1,327,265 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 1,327,265 | |
| Finance | 1,200,322 | 0 | 0 | 0 | 288,004 | 1,488,326 | |
| Administration of Justice | 1,230,574 | 0 | 0 | 0 | 14,886 | 1,245,460 | |
| Public Safety | 6,376,601 | 0 | 0 | 0 | 32,729 | 6,409,330 | |
| Public Health and Welfare | 428,682 | 1,566,605 | 0 | 0 | 0 | 1,995,287 | |
| Social, Cultural, and Recreational Services | 335,341 | 0 | 0 | 0 | 16,103 | 351,444 | |
| Agriculture and Natural Resources | 106,746 | 0 | 0 | 0 | 0 | 106,746 | |
| Other Operations | 1,213,063 | 0 | 0 | 0 | 15,203 | 1,228,266 | |
| Highways | 81,711 | 0 | 5,056,743 | 0 | 0 | 5,138,454 | |
| Debt Service: | | | | | | | |
| Principal on Debt | 0 | 0 | 0 | 2,082,871 | 84,822 | 2,167,693 | |
| Interest on Debt | 0 | 0 | 0 | 723,056 | 60,725 | 783,781 | |
| Other Debt Service | 0 | 0 | 0 | 49,069 | 0 | 49,069 | |

(Continued)

Exhibit C-3

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

| | Major Funds | | | | Nonmajor | Total |
|--|---------------|--------------------------------|------------------------------|----------------------------|--|---------------|
| | General | Solid Waste / Sanitation | Highway / Public Works | General Debt Service | Funds Other Govern- mental Funds | |
| <u>Expenditures (Cont.)</u> | | | | | | |
| Capital Projects | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 622,412 | \$ 622,412 |
| Total Expenditures | \$ 12,300,305 | \$ 1,566,605 | \$ 5,056,743 | \$ 2,854,996 | \$ 1,134,884 | \$ 22,913,533 |
| <u>Excess (Deficiency) of Revenues</u> | | | | | | |
| Over Expenditures | \$ 663,633 | \$ (101,702) | \$ (132,786) | \$ 232,935 | \$ 314,936 | \$ 977,016 |
| <u>Other Financing Sources (Uses)</u> | | | | | | |
| Capital Leases Issued | \$ 35,713 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 35,713 |
| Insurance Recovery | 47,900 | 0 | 42,700 | 0 | 0 | 90,600 |
| Transfers In | 0 | 0 | 0 | 253,811 | 3,900 | 257,711 |
| Transfers Out | (257,711) | 0 | 0 | 0 | 0 | (257,711) |
| Total Other Financing Sources (Uses) | \$ (174,098) | \$ 0 | \$ 42,700 | \$ 253,811 | \$ 3,900 | \$ 126,313 |
| <u>Net Change in Fund Balances</u> | | | | | | |
| Fund Balance, July 1, 2018 | \$ 3,215,989 | \$ 616,057 | \$ 2,820,318 | \$ 5,873,630 | \$ 1,061,320 | \$ 13,587,314 |
| Fund Balance, June 30, 2019 | \$ 3,705,524 | \$ 514,355 | \$ 2,730,232 | \$ 6,360,376 | \$ 1,380,156 | \$ 14,690,643 |

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, 2019

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

| | | |
|---|--------------------|---------------------|
| Net change in fund balances - total governmental funds (Exhibit C-3) | | \$ 1,103,329 |
| | | |
| (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 | \$ 646,773 | |
| Less: current-year depreciation expense | <u>(1,343,620)</u> | (696,847) |
| | | |
| (2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position. | | |
| Less: book value of capital assets disposed | | (55,636) |
| | | |
| (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, 2019 | \$ 962,092 | |
| Less: deferred delinquent property taxes and other deferred June 30, 2018 | <u>(958,281)</u> | 3,811 |
| | | |
| (4) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt related items: | | |
| Add: principal payments on bonds | \$ 1,735,000 | |
| Add: principal payments on other loans | 432,693 | |
| Less: capital lease proceeds | (35,713) | |
| Add: change in unamortized premium on debt issuances | 22,636 | |
| Less: change in deferred charge on refunding | <u>(73,358)</u> | 2,081,258 |
| | | |
| (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 | \$ 4,239 | |
| Change in net OPEB liability | (74,260) | |
| Change in landfill postclosure care costs | 6,751 | |
| Change in net pension liability/asset | 474,426 | |
| Change in deferred outflows related to pensions | (325,876) | |
| Change in deferred inflows related to pensions | 146,947 | |
| Change in deferred outflows related to OPEB | 35,761 | |
| Change in deferred inflows related to OPEB | <u>(13,991)</u> | 253,997 |
| | | |
| Change in net position of governmental activities (Exhibit B) | | <u>\$ 2,689,912</u> |

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

Exhibit C-5

Cocke County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2019

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2018 | Add: Encumbrances 6/30/2019 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|---------------------------------------|---------------------------|-----------------------------------|-----------------------------------|---|------------------|---------------|--|
| | | | | | Original | Final | |
| <u>Revenues</u> | | | | | | | |
| Local Taxes | \$ 8,830,435 | \$ 0 | \$ 0 | \$ 8,830,435 | \$ 8,634,460 | \$ 8,642,136 | \$ 188,299 |
| Licenses and Permits | 143,419 | 0 | 0 | 143,419 | 133,500 | 136,000 | 7,419 |
| Fines, Forfeitures, and Penalties | 166,720 | 0 | 0 | 166,720 | 172,375 | 181,457 | (14,737) |
| Charges for Current Services | 453,932 | 0 | 0 | 453,932 | 434,100 | 442,952 | 10,980 |
| Other Local Revenues | 146,249 | 0 | 0 | 146,249 | 45,425 | 147,078 | (829) |
| Fees Received From County Officials | 1,220,863 | 0 | 0 | 1,220,863 | 1,226,000 | 1,247,704 | (26,841) |
| State of Tennessee | 1,267,047 | 0 | 0 | 1,267,047 | 1,218,787 | 1,219,587 | 47,460 |
| Federal Government | 629,755 | 0 | 0 | 629,755 | 460,000 | 588,707 | 41,048 |
| Other Governments and Citizens Groups | 105,518 | 0 | 0 | 105,518 | 90,000 | 90,000 | 15,518 |
| Total Revenues | \$ 12,963,938 | \$ 0 | \$ 0 | \$ 12,963,938 | \$ 12,414,647 | \$ 12,695,621 | \$ 268,317 |
| <u>Expenditures</u> | | | | | | | |
| <u>General Government</u> | | | | | | | |
| County Commission | \$ 98,275 | \$ (385) | \$ 0 | \$ 97,890 | \$ 103,588 | \$ 103,627 | \$ 5,737 |
| Board of Equalization | 4,080 | 0 | 0 | 4,080 | 5,680 | 5,680 | 1,600 |
| Beer Board | 8,847 | (64) | 0 | 8,783 | 6,750 | 9,250 | 467 |
| Other Boards and Committees | 5,495 | (1,230) | 0 | 4,265 | 7,360 | 7,360 | 3,095 |
| County Mayor/Executive | 206,448 | (308) | 45 | 206,185 | 215,153 | 216,153 | 9,968 |
| County Attorney | 39,495 | 0 | 0 | 39,495 | 40,000 | 40,000 | 505 |
| Election Commission | 243,591 | (1,589) | 200 | 242,202 | 250,820 | 251,115 | 8,913 |
| Register of Deeds | 229,281 | 0 | 0 | 229,281 | 234,404 | 234,404 | 5,123 |
| Development | 14,245 | 0 | 0 | 14,245 | 16,110 | 16,110 | 1,865 |
| County Buildings | 329,768 | (6,573) | 90,425 | 413,620 | 251,500 | 444,276 | 30,656 |
| Other General Administration | 73,594 | 0 | 2,089 | 75,683 | 89,000 | 89,000 | 13,317 |
| Preservation of Records | 74,146 | 0 | 0 | 74,146 | 77,509 | 77,509 | 3,363 |
| <u>Finance</u> | | | | | | | |
| Accounting and Budgeting | 218,122 | 0 | 0 | 218,122 | 250,568 | 247,568 | 29,446 |
| Property Assessor's Office | 372,984 | 0 | 0 | 372,984 | 390,133 | 390,133 | 17,149 |
| Reappraisal Program | 12,399 | 0 | 0 | 12,399 | 21,840 | 21,840 | 9,441 |
| County Trustee's Office | 76,293 | (588) | 0 | 75,705 | 85,906 | 85,906 | 10,201 |

(Continued)

Exhibit C-5

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

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2018 | Add: Encumbrances 6/30/2019 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------------|-----------------------------------|-----------------------------------|---|------------------|------------|--|
| | | | | | Original | Final | |
| <u>Expenditures (Cont.)</u> | | | | | | | |
| <u>Finance (Cont.)</u> | | | | | | | |
| County Clerk's Office | \$ 520,524 | \$ (2,883) | \$ 0 | \$ 517,641 | \$ 528,354 | \$ 533,954 | \$ 16,313 |
| <u>Administration of Justice</u> | | | | | | | |
| Circuit Court | 408,258 | (722) | 12,033 | 419,569 | 469,893 | 474,708 | 55,139 |
| General Sessions Court | 427,265 | 0 | 0 | 427,265 | 437,491 | 447,209 | 19,944 |
| Chancery Court | 264,230 | (1,507) | 2,188 | 264,911 | 270,575 | 270,595 | 5,684 |
| Juvenile Court | 36,906 | (128) | 0 | 36,778 | 43,318 | 43,318 | 6,540 |
| District Attorney General | 42,323 | 0 | 0 | 42,323 | 50,542 | 50,542 | 8,219 |
| Judicial Commissioners | 32,450 | 0 | 0 | 32,450 | 33,759 | 33,759 | 1,309 |
| Victim Assistance Programs | 19,142 | 0 | 0 | 19,142 | 0 | 19,142 | 0 |
| <u>Public Safety</u> | | | | | | | |
| Sheriff's Department | 2,774,863 | (32,691) | 105,023 | 2,847,195 | 2,835,268 | 3,041,853 | 194,658 |
| Special Patrols | 155,349 | 0 | 0 | 155,349 | 171,128 | 165,428 | 10,079 |
| Administration of the Sexual Offender Registry | 5,570 | (500) | 1,482 | 6,552 | 0 | 800 | (5,752) |
| Jail | 1,954,237 | (20,954) | 15,010 | 1,948,293 | 1,981,531 | 2,042,588 | 94,295 |
| Juvenile Services | 196,208 | (2,189) | 1,608 | 195,627 | 219,044 | 219,616 | 23,989 |
| Fire Prevention and Control | 1,024,926 | (2,633) | 8,369 | 1,030,662 | 1,116,115 | 1,153,726 | 123,064 |
| Civil Defense | 103,912 | (4,266) | 884 | 100,530 | 126,935 | 140,660 | 40,130 |
| Inspection and Regulation | 4,072 | 0 | 0 | 4,072 | 6,178 | 6,178 | 2,106 |
| County Coroner/Medical Examiner | 77,086 | 0 | 0 | 77,086 | 86,000 | 86,000 | 8,914 |
| Other Public Safety | 80,378 | (3,753) | 136 | 76,761 | 79,263 | 87,373 | 10,612 |
| <u>Public Health and Welfare</u> | | | | | | | |
| Local Health Center | 282,156 | (3,720) | 0 | 278,436 | 382,998 | 382,998 | 104,562 |
| Rabies and Animal Control | 142,540 | 0 | 0 | 142,540 | 153,592 | 153,592 | 11,052 |
| General Welfare Assistance | 3,986 | 0 | 0 | 3,986 | 10,500 | 10,500 | 6,514 |
| <u>Social, Cultural, and Recreational Services</u> | | | | | | | |
| Senior Citizens Assistance | 3,600 | 0 | 0 | 3,600 | 3,600 | 3,600 | 0 |
| Libraries | 70,795 | 0 | 0 | 70,795 | 70,795 | 70,795 | 0 |
| Other Social, Cultural, and Recreational | 260,946 | (4,573) | 1,841 | 258,214 | 314,795 | 310,895 | 52,681 |

(Continued)

Exhibit C-5

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

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2018 | Add: Encumbrances 6/30/2019 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------------|-----------------------------------|-----------------------------------|---|------------------|----------------|--|
| | | | | | Original | Final | |
| <u>Expenditures (Cont.)</u> | | | | | | | |
| <u>Agriculture and Natural Resources</u> | | | | | | | |
| Agricultural Extension Service | \$ 78,746 | \$ (1,896) | \$ 200 | \$ 77,050 | \$ 77,720 | \$ 77,720 | \$ 670 |
| Soil Conservation | 28,000 | 0 | 0 | 28,000 | 28,000 | 28,000 | 0 |
| <u>Other Operations</u> | | | | | | | |
| Industrial Development | 263,690 | 0 | 0 | 263,690 | 263,690 | 263,690 | 0 |
| Housing and Urban Development | 0 | 0 | 0 | 0 | 0 | 9,675 | 9,675 |
| Veterans' Services | 89,372 | (588) | 0 | 88,784 | 89,567 | 96,806 | 8,022 |
| Other Charges | 620,997 | 0 | 0 | 620,997 | 686,161 | 686,161 | 65,164 |
| Contributions to Other Agencies | 210,000 | 0 | 0 | 210,000 | 210,000 | 210,000 | 0 |
| Employee Benefits | 24,030 | 0 | 0 | 24,030 | 112,952 | 103,137 | 79,107 |
| Miscellaneous | 4,974 | 0 | 0 | 4,974 | 5,000 | 5,000 | 26 |
| <u>Highways</u> | | | | | | | |
| Litter and Trash Collection | 81,711 | 0 | 0 | 81,711 | 101,748 | 101,748 | 20,037 |
| Total Expenditures | \$ 12,300,305 | \$ (93,740) | \$ 241,533 | \$ 12,448,098 | \$ 13,012,833 | \$ 13,571,697 | \$ 1,123,599 |
| Excess (Deficiency) of Revenues Over Expenditures | | | | | | | |
| | \$ 663,633 | \$ 93,740 | \$ (241,533) | \$ 515,840 | \$ (598,186) | \$ (876,076) | \$ 1,391,916 |
| <u>Other Financing Sources (Uses)</u> | | | | | | | |
| Capital Leases Issued | \$ 35,713 | \$ 0 | \$ 0 | \$ 35,713 | \$ 0 | \$ 35,713 | \$ 0 |
| Insurance Recovery | 47,900 | 0 | 0 | 47,900 | 0 | 28,622 | 19,278 |
| Transfers Out | (257,711) | 0 | 0 | (257,711) | (252,000) | (255,900) | (1,811) |
| Total Other Financing Sources | \$ (174,098) | \$ 0 | \$ 0 | \$ (174,098) | \$ (252,000) | \$ (191,565) | \$ 17,467 |
| Net Change in Fund Balance | | | | | | | |
| Fund Balance, July 1, 2018 | \$ 489,535 | \$ 93,740 | \$ (241,533) | \$ 341,742 | \$ (850,186) | \$ (1,067,641) | \$ 1,409,383 |
| | 3,215,989 | (93,740) | 0 | 3,122,249 | 2,854,201 | 2,854,201 | 268,048 |
| Fund Balance, June 30, 2019 | \$ 3,705,524 | \$ 0 | \$ (241,533) | \$ 3,463,991 | \$ 2,004,015 | \$ 1,786,560 | \$ 1,677,431 |

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, 2019

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2018 | Add: Encumbrances 6/30/2019 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------------|-----------------------------------|-----------------------------------|---|---------------------|---------------------|--|
| | | | | | Original | Final | |
| <u>Revenues</u> | | | | | | | |
| Local Taxes | \$ 1,312,163 | \$ 0 | \$ 0 | \$ 1,312,163 | \$ 1,289,493 | \$ 1,289,493 | \$ 22,670 |
| Charges for Current Services | 19,603 | 0 | 0 | 19,603 | 17,500 | 17,500 | 2,103 |
| Other Local Revenues | 43,121 | 0 | 0 | 43,121 | 24,000 | 24,000 | 19,121 |
| State of Tennessee | 90,016 | 0 | 0 | 90,016 | 80,898 | 80,898 | 9,118 |
| Total Revenues | <u>\$ 1,464,903</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 1,464,903</u> | <u>\$ 1,411,891</u> | <u>\$ 1,411,891</u> | <u>\$ 53,012</u> |
| <u>Expenditures</u> | | | | | | | |
| <u>Public Health and Welfare</u> | | | | | | | |
| Sanitation Management | \$ 571,181 | \$ (19,965) | \$ 20 | \$ 551,236 | \$ 677,727 | \$ 626,927 | \$ 75,691 |
| Convenience Centers | 995,424 | (16,637) | 111 | 978,898 | 1,027,640 | 1,078,440 | 99,542 |
| Total Expenditures | <u>\$ 1,566,605</u> | <u>\$ (36,602)</u> | <u>\$ 131</u> | <u>\$ 1,530,134</u> | <u>\$ 1,705,367</u> | <u>\$ 1,705,367</u> | <u>\$ 175,233</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ (101,702)</u> | <u>\$ 36,602</u> | <u>\$ (131)</u> | <u>\$ (65,231)</u> | <u>\$ (293,476)</u> | <u>\$ (293,476)</u> | <u>\$ 228,245</u> |
| Net Change in Fund Balance | \$ (101,702) | \$ 36,602 | \$ (131) | \$ (65,231) | \$ (293,476) | \$ (293,476) | \$ 228,245 |
| Fund Balance, July 1, 2018 | <u>616,057</u> | <u>(36,602)</u> | <u>0</u> | <u>579,455</u> | <u>674,175</u> | <u>674,175</u> | <u>(94,720)</u> |
| Fund Balance, June 30, 2019 | <u>\$ 514,355</u> | <u>\$ 0</u> | <u>\$ (131)</u> | <u>\$ 514,224</u> | <u>\$ 380,699</u> | <u>\$ 380,699</u> | <u>\$ 133,525</u> |

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

Exhibit C-7

Cocke County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2019

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2018 | Add: Encumbrances 6/30/2019 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------------|-----------------------------------|-----------------------------------|---|---------------------|---------------------|--|
| | | | | | Original | Final | |
| <u>Revenues</u> | | | | | | | |
| Local Taxes | \$ 1,907,577 | \$ 0 | \$ 0 | \$ 1,907,577 | \$ 1,874,529 | \$ 1,874,529 | \$ 33,048 |
| Other Local Revenues | 216,097 | 0 | 0 | 216,097 | 11,500 | 185,547 | 30,550 |
| State of Tennessee | 2,782,947 | 0 | 0 | 2,782,947 | 3,222,893 | 3,222,893 | (439,946) |
| Federal Government | 17,336 | 0 | 0 | 17,336 | 20,000 | 20,000 | (2,664) |
| Total Revenues | \$ 4,923,957 | \$ 0 | \$ 0 | \$ 4,923,957 | \$ 5,128,922 | \$ 5,302,969 | \$ (379,012) |
| <u>Expenditures</u> | | | | | | | |
| <u>Highways</u> | | | | | | | |
| Administration | \$ 282,718 | \$ (444) | \$ 0 | \$ 282,274 | \$ 286,212 | \$ 286,212 | \$ 3,938 |
| Highway and Bridge Maintenance | 3,514,405 | (540,290) | 320,892 | 3,295,007 | 3,455,393 | 3,672,140 | 377,133 |
| Operation and Maintenance of Equipment | 597,187 | (58,617) | 633 | 539,203 | 907,920 | 907,920 | 368,717 |
| Quarry Operations | 317,638 | (6,371) | 282 | 311,549 | 436,650 | 436,650 | 125,101 |
| Other Charges | 344,795 | (72) | 0 | 344,723 | 372,500 | 372,500 | 27,777 |
| Employee Benefits | 0 | 0 | 0 | 0 | 3,500 | 3,500 | 3,500 |
| Total Expenditures | \$ 5,056,743 | \$ (605,794) | \$ 321,807 | \$ 4,772,756 | \$ 5,462,175 | \$ 5,678,922 | \$ 906,166 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ (132,786) | \$ 605,794 | \$ (321,807) | \$ 151,201 | \$ (333,253) | \$ (375,953) | \$ 527,154 |
| <u>Other Financing Sources (Uses)</u> | | | | | | | |
| Insurance Recovery | \$ 42,700 | \$ 0 | \$ 0 | \$ 42,700 | \$ 0 | \$ 42,700 | \$ 0 |
| Total Other Financing Sources | \$ 42,700 | \$ 0 | \$ 0 | \$ 42,700 | \$ 0 | \$ 42,700 | \$ 0 |
| Net Change in Fund Balance | \$ (90,086) | \$ 605,794 | \$ (321,807) | \$ 193,901 | \$ (333,253) | \$ (333,253) | \$ 527,154 |
| Fund Balance, July 1, 2018 | 2,820,318 | (605,794) | 0 | 2,214,524 | 1,094,155 | 1,094,155 | 1,120,369 |
| Fund Balance, June 30, 2019 | \$ 2,730,232 | \$ 0 | \$ (321,807) | \$ 2,408,425 | \$ 760,902 | \$ 760,902 | \$ 1,647,523 |

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

Exhibit D

Coke County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2019

| | <u>Agency Funds</u> |
|--|-------------------------|
| <u>ASSETS</u> | |
| Cash | \$ 2,087,103 |
| Due from Other Governments | 836,818 |
| Property Taxes Receivable | 470,663 |
| Allowance for Uncollectible Property Taxes | (22,818) |
| Cash Shortage | <u>26,670</u> |
| Total Assets | <u>\$ 3,398,436</u> |
| <u>LIABILITIES</u> | |
| Due to Other Taxing Units | \$ 1,284,663 |
| Due to Litigants, Heirs, and Others | <u>2,113,773</u> |
| Total Liabilities | <u>\$ 3,398,436</u> |

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

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, 2019

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 financial statements of the Cocke County Emergency Communications District, a component unit requiring discrete presentation, were excluded from this report due to materiality calculations; therefore, the effect of its omission did not affect the independent auditor's opinion thereon. 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 material to the component units' opinion unit and therefore have been omitted from this report.

The Coker County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the school department are included in this report as listed in the table of contents. Complete financial statements of the Coker County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Coker 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 Coker 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 Coker 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.

Coker County issues all debt for the discretely presented Coker County School Department. There were no debt issues contributed by the county to the school department during the year ended June 30, 2019.

Separate financial statements are provided for governmental funds, proprietary funds (internal service fund), and fiduciary funds. The internal service fund is reported with the governmental activities in the government-wide financial statements, and 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/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental category. The Cocke County School Department reports one proprietary fund, an internal service fund. There are no enterprise funds to report. The internal service fund was closed during the year.

Separate financial statements are provided for governmental funds, the proprietary fund, 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. The internal service fund and fiduciary funds in total are reported in single columns by fund type.

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.

The proprietary funds and 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 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:

Internal Service Fund – The Employee Dental Fund accounted for the school department’s self-insured dental program. This fund was closed during the year.

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. The Cocke County School Department has one proprietary fund, an internal service fund used to account for the employees’ dental insurance program. As previously noted, the internal service fund was closed during the year. Operating revenues and expenses generally result from providing services in connection with the fund’s principal ongoing operations. The principal operating revenues of the internal service fund were charges for services. Operating expenses for the internal service fund included administrative expenses and dental insurance claims.

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

1. **Deposits and Investments**

For purposes of the Statement of Cash Flows of the school department's internal service fund (the Employee Dental Insurance Fund), cash includes demand deposits and cash on deposit with the county trustee.

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

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Coker County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Debt Service Fund. In addition, investments are held separately by the Highway Capital Projects Fund. Coker County and the school department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost. Investments in the State Treasurer's Investment Pool are reported at amortized cost using a stable net asset value. 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. Other than investments of the pension stabilization trust discussed in Note IV.A., no investments required to be reported at fair value were held at the balance sheet date.

2. **Receivables and Payables**

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

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 2.57 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 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 primary government's General Fund, the account Other Current Liabilities totaling \$268,980 represents the remaining balance in the payroll clearing account and in the health insurance, retirement, and payroll tax clearing account. In the discretely presented Cocke County School Department funds, Other Current Liabilities totaling \$3,834,679 represents the remaining balances in the teacher's insurance, retirement, and payroll clearing accounts.

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. **Restricted Assets**

Restricted assets consist of amounts held in a pension stabilization trust by the Tennessee Consolidated Retirement System (TCRS) for the benefit of the discretely presented Cocke County School Department's Teacher Retirement Plan. The purpose of this trust is to accumulate funds to provide stabilization (smoothing) of retirement costs to the school system in times of fluctuating investment returns and market downturns. These funds are held and invested by TCRS pursuant to an irrevocable agreement and may only be used for the benefit of the Cocke County School Department to fund retirement benefits upon approval of the TCRS Board of Directors. To date, the Cocke County School Department has not withdrawn any funds from the trust to pay pension cost. Trust documents provide that the funds are not subject to the claims of general creditors of the school department.

5. **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 acquisition 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 | 40 |
| Building Improvements | 20 |
| Vehicles and Other Capital Assets | 3 - 15 |
| Infrastructure: | |
| Roads | 30 - 50 |
| Bridges | 30 - 50 |

6. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has items that qualify for reporting in this category. Accordingly, these items are reported in the government-wide Statement of Net Position. These items are for the deferred charge on refunding, pension changes in experience, pension changes in assumptions, pension other deferrals, pension contributions after the measurement date, OPEB changes in experience, OPEB changes in assumptions, OPEB changes in proportion, and OPEB contributions after the measurement date.

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

7. **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.

8. **Long-term Debt and 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.

9. Net Position and Fund Balance

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

- a. Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of restricted or net investment in capital assets.

The government-wide Statement of Net Position reports \$6,084,622 of restricted net position for the Primary Government, of which \$1,464,989 is restricted by enabling legislation.

As of June 30, 2019, Cocke County had \$7,405,661 in outstanding debt for capital purposes for the discretely presented Cocke County School Department. In accordance with state statutes, certain county school debt proceeds must be shared with other public school systems in the county (City of Newport School System) based on an average daily attendance proration. This debt is a liability of Cocke County, but the capital assets acquired are reported in the financial statements of the school department and the City of Newport School System. Therefore, Cocke County has incurred a liability, significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.

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

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

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

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

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

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes but are neither restricted nor committed (excluding stabilization arrangements). The county commission and Board of Education are authorized bodies to make assignments. Assigned fund balances in the primary government's General Fund totaling \$1,211,465 consists of fund balance appropriated for use in the 2019-20 budget (\$969,932) and amounts assigned for encumbrances (\$241,533). Assigned fund balance of \$2,618,244 in the school department's General Purpose School Fund includes amounts assigned for encumbrances (\$17,129), employee termination benefits (\$279,890), other postemployment benefits (\$357,835), and fund balance appropriated for use in the 2019-20 budget (\$1,963,390).

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.

E. Pension Plans

Primary Government

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

Discretely Presented Cocke County School Department

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

F. Other Postemployment Benefit (OPEB) Plans

Primary Government

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, have been determined on the same basis as they are reported by Cocke County. For this purpose, Cocke County recognizes benefit payments when due and payable in accordance with benefit terms. Cocke County's OPEB plan is not administered through a trust.

Discretely Presented Cocke County School Department

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, have been determined on the same basis as they are reported by the discretely presented Cocke County School Department. For this purpose, the school department recognizes benefit payments when due and payable in accordance with benefit terms. The school department's OPEB plan is not administered through a trust.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

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

Discretely Presented Cocke County School Department

Exhibit I-3 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Position.

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

Primary Government

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

Discretely Presented Cocke County School Department

Exhibit I-5 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net position of governmental activities reported in the government-wide Statement of Activities.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on the basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees Fund (special revenue fund), which is not budgeted, and the Highway Capital Projects Fund, which adopts project length budgets. All annual appropriations lapse at fiscal year end.

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

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

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

At June 30, 2019, Cocke County and the discretely presented Cocke County School Department reported encumbrances in the following budgeted funds:

| <u>Funds</u> | <u>Amount</u> |
|---|---------------|
| Primary Government: | |
| Major Funds: | |
| General | \$ 241,533 |
| Solid Waste/Sanitation | 131 |
| Highway/Public Works | 321,807 |
| Nonmajor governmental | 96,432 |
| Discretely Presented School Department: | |
| Major Fund: | |
| General Purpose School | 17,129 |
| School Transportation | 7,084 |

B. Cash Shortage

Former Clerk and Master – Charles Chesteen

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, and over the past 22 years, Mr. Chesteen has paid a total of \$25,152 toward liquidating the remaining shortage, leaving a balance due the office of \$26,670 as of June 30, 2019.

C. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the county commission in several major categories (the legal level of control) in the following funds:

| <u>Fund/Major Appropriation Category</u> | <u>Amount Overspent</u> |
|--|-----------------------------|
| Primary Government: | |
| General: | |
| Administration of the Sexual Offender Registry | \$ 5,752 |
| Transfers Out | 1,811 |
| General Debt Service: | |
| Interest on Debt - Highway and Streets | 5 |
| Nonmajor governmental: | |
| Industrial/Economic Development: | |
| Public Utility Projects | 65 |
| General Capital Projects: | |
| Other Charges | 342 |
| Public Safety Projects | 4,708 |

Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balances in the respective funds.

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, 2019, Cocke County had the following nonpooled investment carried at amortized cost using a stable net asset value.

| Investment | Weighted Average Maturities (days) | Amortized Cost |
|-----------------------------------|--|-------------------|
| Nonmajor Governmental Fund: | | |
| Highway Capital Projects Fund: | | |
| State Treasurer's Investment Pool | 1 to 86 | \$ 51,732 |

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, 2019, Cocke County’s investment in the State Treasurer’s Investment Pool was unrated.

TCRS Stabilization Trust

Legal Provisions. The Cocke County School Department is a member of the Tennessee Consolidated Retirement System (TCRS) Stabilization Reserve Trust. The school department has placed funds into the irrevocable trust as authorized by statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the trust. Funds of trust members are held and invested in the name of the trust for the benefit of each member. Each member’s funds are restricted for the payment of retirement benefits of that member’s employees. Trust funds are not subject to the claims of general creditors of the school department.

The trust is authorized to make investments as directed by the TCRS Board of Trustees. The Cocke County School Department may not impose any restrictions on investments placed by the trust on their behalf.

Investment Balances. Assets of the TCRS, including the Stabilization Reserve Trust, are invested in the Tennessee Retiree Group Trust (TRGT). The TRGT is not registered with the Securities and Exchange Commission (SEC) as an investment company. The State of Tennessee has not obtained a credit quality rating for the TRGT from a nationally recognized credit ratings agency. The fair value of investment positions in the TRGT is determined daily based on the fair value of the pool's underlying portfolio. Furthermore, TCRS had not obtained or provided any legally binding guarantees to support the value of participant shares during the fiscal year. There are no restrictions on the sale or redemption of shares.

Investments are reported at fair value or amortized cost, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income consists of realized and unrealized appreciation (depreciation) in the fair value. Securities and securities transactions are recorded in the financial statements on a trade-date basis. The fair value of assets of the TRGT held at June 30, 2019, represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Assets held are categorized for fair value measurement within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

- Level 1 - Unadjusted quoted prices for identical assets or liabilities in active markets that can be accessed at the measurement date.
- Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; assets or liabilities that have a bid-ask spread price in an inactive dealer market, brokered market and principal-to-principal market; and Level 1 assets or liabilities that are adjusted.
- Level 3 - Valuations derived from valuation techniques in which significant inputs are unobservable.

Investments using the Net Asset Value ("NAV") per share have no readily determinable fair value and have been determined using amortized cost, which approximates fair value.

Where inputs used in the measurement of fair value fall into different levels of the hierarchy, fair value of the instrument in its entirety is categorized based on the lowest level input that is significant to the valuation. This assessment requires professional judgement and as such management of the

TRGT developed a fair value committee that worked in conjunction with the plan's custodian and investment professionals to make these valuations. All assets held were valued individually and aggregated into classes to be represented in the table below.

Short-term securities generally include investments in money market-type securities reported at cost plus accrued interest.

Equity and equity derivative securities classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Equity and equity derivative securities classified in Level 2 are securities whose values are derived daily from associated traded securities. Equity securities classified in Level 3 are valued with last trade data having limited trading volume.

U.S. Treasury Bills, Bonds, Notes and Futures classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Debt and debt derivative securities classified in Level 2 are valued using a bid-ask spread price from multiple independent brokers, dealers, or market principals, which are known to be actively involved in the market. Level 3 debt securities are valued using proprietary information, a single pricing source, or other unobservable inputs related to similar assets or liabilities.

Real estate investments classified in Level 3 are valued using the last valuations provided by external investment advisors or independent external appraisers. Generally, all direct real estate investments are appraised by a qualified independent appraiser(s) with the professional designation of Member of the Appraisal Institute ("MAI"), or its equivalent, every three (3) years beginning from the acquisition date of the property. The appraisals are performed using generally accepted valuation approaches applicable to the property type.

Investments in private mutual funds, traditional private equity funds, strategic lending funds and real estate funds that report using GAAP, the fair value, as well as the unfunded commitments, were determined using the prior quarter's NAV, as reported by the fund managers, plus the current cash flows. These assets were then categorized by investment strategy. In instances where the fund investment reported using non-GAAP standards, the investment was valued using the same method, but was classified in Level 3.

At June 30, 2019, the Coker County School Department had the following investments held by the trust on its behalf.

| Investment | Weighted Average Maturity (days) | Maturities | Fair Value |
|--|---|------------|------------------|
| Investments at Fair Value: | | | |
| U.S. Equity | N/A | N/A | \$ 21,525 |
| Developed Market International Equity | N/A | N/A | 9,721 |
| Emerging Market International Equity | N/A | N/A | 2,778 |
| U.S. Fixed Income | N/A | N/A | 13,887 |
| Real Estate | N/A | N/A | 6,944 |
| Short-term Securities | N/A | N/A | 694 |
| Investments at Amortized Cost using the NAV: | | | |
| Private Equity and Strategic Lending | N/A | N/A | 13,887 |
| Total | | | \$ 69,436 |

| Investment by Fair Value Level | Fair Value 6-30-19 | Fair Value Measurements Using | | | Amortized Cost |
|--|-----------------------|--|---|--|-------------------|
| | | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | NAV |
| U.S. Equity | \$ 21,525 | \$ 21,525 | 0 \$ | 0 \$ | 0 |
| Developed Market International Equity | 9,721 | 9,721 | 0 | 0 | 0 |
| Emerging Market International Equity | 2,778 | 2,778 | 0 | 0 | 0 |
| U.S. Fixed Income | 13,887 | 0 | 13,887 | 0 | 0 |
| Real Estate | 6,944 | 0 | 0 | 6,944 | 0 |
| Short-term Securities | 694 | 0 | 694 | 0 | 0 |
| Private Equity and Strategic Lending | 13,887 | 0 | 0 | 0 | 13,887 |
| Total | \$ 69,436 | \$ 34,024 | \$ 14,581 | \$ 6,944 | 13,887 |

Risks and Uncertainties. The trust's investments include various types of investment funds, which in turn invest in any combination of stock, bonds and other investments exposed to various risks, such as interest rate, credit, and market risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported for trust investments.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Coker County School Department does not have the ability to limit trust 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. The Coker County School Department does not have the ability to limit the credit ratings of individual investments made by the trust.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the county's investment in a single issuer. Coker County School Department places no limit on the amount the county may invest in one issuer.

Custodial Credit Risk. Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Pursuant to the trust agreement, investments are held in the name of the trust for the benefit of the Coker County School Department to pay retirement benefits of the school department employees.

For further information concerning the school department's investments with the TCRS Stabilization Reserve Trust, audited financial statements of the Tennessee Consolidated Retirement System may be obtained at <https://comptroller.tn.gov/content/dam/cot/sa/advanced-search/disclaimer/2019/ag18092.pdf>.

B. Capital Assets

Capital assets activity for the year ended June 30, 2019, was as follows:

Primary Government

Governmental Activities:

| | Balance 7-1-18 | Increases | Decreases | Balance 6-30-19 |
|--|----------------------|---------------------|-------------------|----------------------|
| Capital Assets Not Depreciated: | | | | |
| Land | \$ 1,475,183 | \$ 0 | \$ 0 | \$ 1,475,183 |
| Construction in Progress | 0 | 30,581 | 0 | 30,581 |
| Total Capital Assets Not Depreciated | <u>\$ 1,475,183</u> | <u>\$ 30,581</u> | <u>\$ 0</u> | <u>\$ 1,505,764</u> |
| Capital Assets Depreciated: | | | | |
| Buildings and Improvements | \$ 3,902,375 | \$ 0 | \$ 0 | \$ 3,902,375 |
| Infrastructure | 35,698,507 | 0 | 0 | 35,698,507 |
| Other Capital Assets | 7,965,595 | 616,192 | 626,641 | 7,955,146 |
| Total Capital Assets Depreciated | <u>\$ 47,566,477</u> | <u>\$ 616,192</u> | <u>\$ 626,641</u> | <u>\$ 47,556,028</u> |
| Less Accumulated Depreciation For: | | | | |
| Buildings and Improvements | \$ 1,865,119 | \$ 93,861 | \$ 0 | \$ 1,958,980 |
| Infrastructure | 23,795,819 | 657,810 | 0 | 24,453,629 |
| Other Capital Assets | 5,587,079 | 591,949 | 571,005 | 5,608,023 |
| Total Accumulated Depreciation | <u>\$ 31,248,017</u> | <u>\$ 1,343,620</u> | <u>\$ 571,005</u> | <u>\$ 32,020,632</u> |
| Total Capital Assets Depreciated, Net | <u>\$ 16,318,460</u> | <u>\$ (727,428)</u> | <u>\$ 55,636</u> | <u>\$ 15,535,396</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 17,793,643</u> | <u>\$ (727,428)</u> | <u>\$ 55,636</u> | <u>\$ 17,041,160</u> |

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

Governmental Activities:

| | | |
|---|----|-------------------------|
| General Government | \$ | 44,648 |
| Public Safety | | 257,325 |
| Public Health and Welfare | | 44,588 |
| Social, Cultural, and Recreational Services | | 16,033 |
| Highways/Public Works | | <u>981,026</u> |
| Total Depreciation Expense - Governmental Activities | \$ | <u><u>1,343,620</u></u> |

Discretely Presented Cocke County School Department

Governmental Activities:

| | Balance 7-1-18 | Increases | Decreases | Balance 6-30-19 |
|--|----------------------|---------------------|-------------------|----------------------|
| Capital Assets Not Depreciated: | | | | |
| Land | \$ 601,292 | \$ 0 | \$ 0 | \$ 601,292 |
| Total Capital Assets Not Depreciated | <u>\$ 601,292</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 601,292</u> |
| Capital Assets Depreciated: | | | | |
| Buildings and Improvements | \$ 39,238,418 | \$ 361,023 | \$ 0 | \$ 39,599,441 |
| Infrastructure | 99,599 | 0 | 0 | 99,599 |
| Other Capital Assets | 11,018,611 | 766,099 | 426,125 | 11,358,585 |
| Total Capital Assets Depreciated | <u>\$ 50,356,628</u> | <u>\$ 1,127,122</u> | <u>\$ 426,125</u> | <u>\$ 51,057,625</u> |
| Less Accumulated Depreciation For: | | | | |
| Buildings and Improvements | \$ 24,563,815 | \$ 1,160,177 | \$ 0 | \$ 25,723,992 |
| Infrastructure | 14,981 | 3,154 | 0 | 18,135 |
| Other Capital Assets | 7,013,111 | 633,151 | 410,263 | 7,235,999 |
| Total Accumulated Depreciation | <u>\$ 31,591,907</u> | <u>\$ 1,796,482</u> | <u>\$ 410,263</u> | <u>\$ 32,978,126</u> |
| Total Capital Assets Depreciated, Net | <u>\$ 18,764,721</u> | <u>\$ (669,360)</u> | <u>\$ 15,862</u> | <u>\$ 18,079,499</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 19,366,013</u> | <u>\$ (669,360)</u> | <u>\$ 15,862</u> | <u>\$ 18,680,791</u> |

For the year ended June 30, 2019, Coker County contributed \$489,697 to the school department to purchase school buses. This \$489,697 contribution is included in the additions to Other Capital Assets. The related revenues and expenditures are reflected in the General Capital Projects and the School Transportation Funds.

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

Governmental Activities:

| | |
|---|----------------------------|
| Instruction | \$ 1,205,522 |
| Support Services | 511,067 |
| Operation of Non-instructional Services | <u>79,893</u> |
| Total Depreciation Expense - Governmental Activities | <u><u>\$ 1,796,482</u></u> |

C. Construction Commitments

At June 30, 2019, the highway department had uncompleted construction contracts of approximately \$320,861 for the construction of a bridge. Funding for these future expenditures is expected to be received from state grants.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2019, is as follows:

Due to/from Other Funds:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|-----------------------|---------------|
| Primary Government: | | |
| General | Nonmajor governmental | \$ 32,547 |

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

Interfund Transfers:

Interfund transfers for the year ended June 30, 2019, consisted of the following amounts:

Primary Government

| Transfers Out | Transfers In | |
|---------------|---------------------------|-----------------------------|
| | General Debt Service Fund | Nonmajor Governmental Funds |
| General Fund | \$ 253,811 | \$ 3,900 |

The transfer from the General Fund to the General Debt Service Fund represents amounts contributed toward debt retirement.

Discretely Presented Cocke County School Department

| Transfers Out | Transfers In | | Purpose |
|-----------------------------|-----------------------------|-----------------------|----------------|
| | General Purpose School Fund | Internal Service Fund | |
| General Purpose School Fund | | 14,080 | Operations |
| Nonmajor governmental funds | \$ 35,000 | | Indirect Costs |

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

E. Capital Lease

On February 27, 2019, Cocke County entered into a four-year lease-purchase agreement for an air compressor for the fire department. The terms of the agreement require total lease payments of \$35,713 plus interest of 2.98 percent. Title to the equipment transferred to Cocke County upon acceptance of the equipment. The lease payments are made from the General Fund.

The assets acquired through capital leases are as follows:

| Asset | Governmental Activities Primary Government |
|-------------------------|--|
| Machinery and Equipment | \$ 35,713 |
| Total Book Value | \$ 35,713 |

There was no accumulated depreciation for this asset during the year ended June 30, 2019.

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2019, were as follows:

| Year Ending June 30 | Governmental Funds |
|--|-----------------------------|
| 2020 | \$ 9,992 |
| 2021 | 9,991 |
| 2022 | 9,991 |
| 2023 | 9,991 |
| Total Minimum Lease Payments | <u>\$ 39,965</u> |
| Less: Amount Representing Interest | <u>4,252</u> |
| Present Value of Minimum Lease Payments | <u><u>\$ 35,713</u></u> |

F. Long-term Debt

Primary Government

General Obligation Bonds, Notes, and Other Loans

General Obligation Bonds - Cocke County issues general obligation bonds 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. General obligation bonds are direct obligations and pledge the full faith, credit, and taxing authority of the government. General obligation bonds outstanding were issued for original terms of up to 21 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds included in long-term debt as of June 30, 2019, will be retired from the General Debt Service Fund.

Direct Borrowing and Direct Placements - Cocke County issues other loans to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented school department. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment. Capital outlay notes, and other loans are direct obligations and pledge the full faith, credit, and taxing authority of the government. Other loans outstanding were issued for original terms of up to 39 years. There were no capital outlay notes outstanding at June 30, 2019. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All other loans included in long-term debt as of June 30, 2019, will be retired from the General Debt Service Fund and Industrial/Economic Development Funds.

General obligation bonds, other loans, and capital lease outstanding as of June 30, 2019, for governmental activities are as follows:

| Type | Interest Rate | Final Maturity | Original Amount of Issue | Balance 6-30-19 |
|--|---------------|----------------|--------------------------|-----------------|
| General Obligation and Refunding Bonds | 1.5 to 3.2% | 6-1-30 | \$ 16,390,000 | \$ 14,425,000 |
| Build America Bonds | 3.44 | 6-1-30 | 2,500,000 | 1,800,000 |
| Direct Borrowing and Direct Placement: | | | | |
| Other Loans - Qualified | | | | |
| School Construction Bonds | 0 | (1) 9-15-27 | 5,575,000 | 2,850,010 |
| Other Loans - City of Newport | 2.15 to 4.5 | 5-1-45 | 2,299,614 | 1,499,764 |
| Capital Lease | 2.98 | 8-1-22 | 35,713 | 35,713 |

(1) The effective interest rate is zero after rebate.

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

| Description | Original Amount of Loan Agreement | Outstanding Principal 6-30-19 | Interest Rates |
|---|-----------------------------------|-------------------------------|----------------|
| <u>City of Newport-Newport Utilities</u> | | | |
| River Crest (A) | \$ 1,024,000 | \$ 837,640 | 4.13% |
| River Crest (B) | 300,000 | 245,075 | 4.38 |
| Hartford | 478,417 | 266,694 | 2.15 |
| Hwy 25E | 497,197 | <u>150,355</u> | 4.5 |
| Total City of Newport - Newport Utilities | | <u>\$ 1,499,764</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 other loans outstanding as of June 30, 2019, including interest payments are presented in the following tables:

| Year Ending June 30 | Bonds | | |
|------------------------|----------------------|---------------------|----------------------|
| | Principal | Interest | Total |
| 2020 | \$ 1,640,000 | \$ 413,930 | \$ 2,053,930 |
| 2021 | 1,675,000 | 375,555 | 2,050,555 |
| 2022 | 1,665,000 | 334,900 | 1,999,900 |
| 2023 | 1,675,000 | 296,475 | 1,971,475 |
| 2024 | 1,690,000 | 256,375 | 1,946,375 |
| 2025-2029 | 7,480,000 | 639,850 | 8,119,850 |
| 2030 | 400,000 | 19,050 | 419,050 |
| Total | <u>\$ 16,225,000</u> | <u>\$ 2,336,135</u> | <u>\$ 18,561,135</u> |

The minimum annual requirements to amortize the loans payable outstanding as of June 30, 2019, 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 (with a balance of \$150,355) 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 - Direct Placement - City of Newport | | |
|------------------------|--|-------------------|---------------------|
| | Principal | Interest | Total |
| 2020 | \$ 48,414 | \$ 51,009 | \$ 99,423 |
| 2021 | 49,951 | 49,472 | 99,423 |
| 2022 | 51,542 | 47,881 | 99,423 |
| 2023 | 53,201 | 46,234 | 99,435 |
| 2024 | 54,907 | 44,529 | 99,436 |
| 2025-2029 | 304,364 | 194,881 | 499,245 |
| 2030-2034 | 199,977 | 148,504 | 348,481 |
| 2035-2039 | 245,450 | 103,030 | 348,480 |
| 2040-2044 | 301,271 | 47,209 | 348,480 |
| 2045 | 40,332 | 1,672 | 42,004 |
| Total | <u>\$ 1,349,409</u> | <u>\$ 734,421</u> | <u>\$ 2,083,830</u> |

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

| Year Ending June 30 | Other Loans - Direct Placement - QSCB | | |
|------------------------|---------------------------------------|----------|--------------|
| | Principal | Interest | Total |
| 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 |
| 2025-2028 | 1,110,655 | 0 | 1,110,655 |
| Total | \$ 2,850,010 | \$ 0 | \$ 2,850,010 |

There is \$6,360,376 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$455, based on the 2010 federal census. Total debt per capita, including bonds, other loans, capital leases, and unamortized premiums on bonds, totaled \$584, based on the 2010 federal census.

The school department 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, 2019, the General Purpose School Fund contributed \$142,801 to the General Debt Service Fund. As of June 30, 2019, the balance on the Qualified School Construction Bonds other loan was \$2,850,010.

Changes in Long-term Debt

Long-term debt activity for the year ended June 30, 2019, was as follows:

Governmental Activities:

| | Bonds | Other Loans - Direct Placement - QSCB | Other Loans - Direct Placement - City of Newport |
|-----------------------------|----------------------|---|---|
| Balance, July 1, 2018 | \$ 17,960,000 | \$ 3,197,881 | \$ 1,584,586 |
| Additions | 0 | 0 | 0 |
| Reductions | (1,735,000) | (347,871) | (84,822) |
| Balance, June 30, 2019 | <u>\$ 16,225,000</u> | <u>\$ 2,850,010</u> | <u>\$ 1,499,764</u> |
| Balance Due Within One Year | <u>\$ 1,640,000</u> | <u>\$ 347,871</u> | <u>\$ 48,414</u> |

| | Capital Lease - Direct Placement |
|-----------------------------|---|
| Balance, July 1, 2018 | \$ 0 |
| Additions | 35,713 |
| Reductions | 0 |
| Balance, June 30, 2019 | <u>\$ 35,713</u> |
| Balance Due Within One Year | <u>\$ 9,054</u> |

Analysis of Noncurrent Liabilities for Debt Presented on Exhibit A:

| | |
|--|----------------------|
| Total Noncurrent Liabilities - Debt, June 30, 2019 | \$ 20,610,487 |
| Less: Balance Due Within One Year - Debt | (2,045,339) |
| Add: Unamortized Premium on Debt | <u>202,258</u> |
| Noncurrent Liabilities - Due in More Than One Year - Debt - Exhibit A | <u>\$ 18,767,406</u> |

G. Long-term Obligations

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2019, was as follows:

Governmental Activities:

| | Landfill Postclosure Care Costs | Other Post- Employment Benefits |
|-----------------------------|---------------------------------------|---------------------------------------|
| Balance, July 1, 2018 | \$ 108,447 | \$ 446,902 |
| Additions | 0 | 99,508 |
| Reductions | (6,751) | (25,248) |
| | <hr/> | <hr/> |
| Balance, June 30, 2019 | \$ 101,696 | \$ 521,162 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Balance Due Within One Year | \$ 9,037 | \$ 0 |
| | <hr/> <hr/> | <hr/> <hr/> |

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

| | |
|---|-------------------|
| Total Noncurrent Liabilities, June 30, 2019 | \$ 622,858 |
| Less: Balance Due Within One Year - Other | <u>(9,037)</u> |
| Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A | <u>\$ 613,821</u> |

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

Discretely Presented County School Department

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Cocke County School Department for the year ended June 30, 2019, was as follows:

| Governmental Activities: | Termination Benefits | Other Postemployment Benefits |
|-----------------------------|-------------------------|-------------------------------------|
| Balance, July 1, 2018 | \$ 314,338 | \$ 6,391,937 |
| Additions | 51,672 | 2,950,810 |
| Reductions | (86,120) | (592,913) |
| Balance, June 30, 2019 | <u>\$ 279,890</u> | <u>\$ 8,749,834</u> |
| Balance Due Within One Year | <u>\$ 21,530</u> | <u>\$ 0</u> |

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

| | |
|---|---------------------|
| Total Noncurrent Liabilities, June 30, 2019 | \$ 9,029,724 |
| Less: Balance Due Within One Year - Other | <u>(21,530)</u> |
| Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A | <u>\$ 9,008,194</u> |

Termination benefits will be paid from the General Purpose School Fund. Other postemployment benefits will be paid by the employing funds, the General Purpose School, School Federal Projects, Central Cafeteria, and School Transportation funds.

H. Pledges of Future Revenues

As discussed in Note IV.F., Cocke County has pledged incremental real and personal property tax revenues from certain developments (River Crest, Hartford, and Highway 25E) toward the retirement of loan agreements entered into between the county and the City of Newport. The principal amount of these outstanding loans at June 30, 2019, was \$1,499,764. The details of the county's commitment and the annual principal and interest requirements are discussed in that note.

I. On-Behalf Payments

Discretely Presented Cocke County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Cocke County School Department. These payments are made by the state to the Local Education Group Insurance Plan. This plan is administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan for the year ended June 30, 2019, was \$132,699. The school department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

J. Short-term Debt

Cocke County issued tax anticipation notes in advance of property tax collection for the General Fund. The notes were issued internally with the General Debt Service Fund loaning cash to the General Fund. Short-term debt activity for the year ended June 30, 2019, was as follows:

| | Balance 7-1-18 | Issued | Paid | Balance 6-30-19 |
|------------------------|-------------------|------------|------------|--------------------|
| Tax Anticipation Notes | \$ 0 | \$ 800,000 | \$ 800,000 | \$ 0 |

V. OTHER INFORMATION

A. Risk Management

The Cocke County School Department established the Employee Insurance – Dental Fund for risks associated with the employees’ dental plan. As explained below, the school department changed its employee dental coverage effective January 1, 2019. The Employee – Dental Fund was then closed. The Employee Insurance – Dental Fund was accounted for as an internal service fund where assets were set aside for claim settlements. The maximum liability per employee per year was \$1,500 for the premium plan and \$1,000 for the standard plan. All full-time employees of the Cocke County School Department were eligible to participate. A premium charge was allocated to each fund that accounted for full-time employees.

Effective January 1, 2019, the Cocke County School Department changed its employee dental insurance coverage from the self-insured plan to a plan available through the Local Education Group Insurance Fund (LEGIF), discussed below.

Liabilities of the fund were reported when it was probable that a loss had occurred and the amount of the loss could be reasonably estimated. The Employee Insurance – Dental Fund established claims liabilities based on estimates of claims that had been incurred but not reported. The process used to compute claims liabilities did not necessarily result in an exact amount. Changes in the balance of claims liabilities during the year were as follows:

Employee Insurance – Dental Fund

| | Beginning of Fiscal Year Liability | Current-year Claims and Estimates | Payments | Balance at Fiscal Year-end |
|---------|--|---|--------------|----------------------------------|
| 2017-18 | \$ 2,997 | \$ 124,971 | \$ (123,709) | \$ 4,259 |
| 2018-19 | 4,259 | 68,861 | (73,120) | 0 |

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 their 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 were established for the primary purpose of providing services for or on behalf of state and local governments. In accordance with Section 8-27-702, *Tennessee Code Annotated (TCA)*, all local governments and quasi-governmental entities described above are eligible to participate. The LGGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. State statute provides for the LGGIF to be self-sustaining through member premiums.

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

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 83, *Certain Asset Retirement Obligations*; Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements* became effective for the year ended June 30, 2019. In addition, Cocke County early implemented the provisions of GASB Statement No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*.

GASB Statement No. 83, *Certain Asset Retirement Obligations* establishes accounting and reporting requirements for certain asset retirement obligations (AROs) associated with tangible capital assets. The scope of this statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, and expense/expenditures. In addition, this standard establishes note disclosure requirements for AROs.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements* addresses note disclosure requirements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should report when disclosing information related to debt. These required disclosures include direct borrowings and direct placements, unused lines of credit, assets pledged as collateral for debt, terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant acceleration clauses.

GASB Statement No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period* amends paragraphs 5 through 22 of GASB Statement No. 62. This standard establishes that interest cost incurred before the end of a construction period should be recognized as an expense/expenditure. The changes adopted to conform with this standard are to be applied prospectively.

C. 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.

D. Changes in Administration

On August 31, 2018, Kenneth Ford left the Office of Road Superintendent and was succeeded by Dwayne McCallister and Peggy Lane left the Office of Circuit Court Clerk and was succeeded by Kristy Nease.

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 \$101,696 reported as postclosure care liability at June 30, 2019, represents amounts based on what it would cost to perform all postclosure care in 2019. 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, 2019 and does not have any equity interest in this joint venture. Complete financial statements for the DTF can be obtained from its administrative office at the following address:

Administrative Office:

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

The Stokely Memorial Library is a joint venture between Cocke County and the City of Newport. The library board is comprised of nine members. The county appoints four of the board members, the Nolichucky Regional Board appoints two members, the City of Newport appoints three members. Cocke County has control over budgeting and financing of the joint venture only to the extent of representation by the four board members appointed. Contributions from Cocke County and the City of Newport provide the major funding for this entity. Cocke County contributed \$70,795 to the operations of the library during the year ended June 30, 2019. Complete financial statements for the library can be obtained from its administrative office at the following address:

Administrative Office:

Stokely Memorial Library
383 East Broadway
Newport, TN 37821

Discretely Presented Cocke County School Department

The discretely presented school department participates in the Northeast Tennessee Cooperative (NETCO). The cooperative was established through a contractual agreement between the Boards of Education of Cocke County and various other counties and cities in the upper East Tennessee area. The cooperative was authorized through Chapter 49, *Tennessee Code Annotated*, and was established to obtain lower prices for food supplies, materials,

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

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

Administrative Office:

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

G. Jointly Governed Organizations

Primary Government

The East Tennessee Regional Agribusiness Marketing Authority was established through Title 64 of *Tennessee Code Annotated, (TCA)*, 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, and to further the economy and growth of the region served by the authority by developing, marketing, and promoting facilities for warehousing, distribution, light manufacturing, and agribusiness purposes. 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 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 manager as an ex-officio member, is in charge of the daily operation of the center.

H. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Employees of Cocke County and non-certified employees of the discretely presented Cocke County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 59.85 percent, the non-certified employees of the discretely presented school department comprise 40.15 percent of the plan based on contribution data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies.

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

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

leaves employment may withdraw their employee contributions plus any accumulated interest.

Employees Covered by Benefit Terms. At the measurement date of June 30, 2018, the following employees were covered by the benefit terms:

| | |
|--|-------|
| Inactive Employees or Beneficiaries Currently Receiving Benefits | 277 |
| Inactive Employees Entitled to But Not Yet Receiving Benefits | 348 |
| Active Employees | 468 |
| Total | 1,093 |

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. Cocke County makes employer contributions at a rate higher than the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2019, the employer contribution for Cocke County was \$918,261 based on a rate of 6.74 percent of covered payroll for general employees and 10.24 percent of covered payroll for public safety officers. The minimum rate established by the Board of Trustees was 4.24 percent of covered payroll for general employees and 7.74 percent for public safety officers. By law, employer contributions are required to be paid. The TCRS may intercept Cocke County’s state shared taxes if required employer contributions are not remitted. The employer’s actuarially determined contributions (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Cocke County’s net pension liability (asset) was measured as of June 30, 2018, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability as of the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|--|
| Inflation | 2.5% |
| Salary Increases | Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4% |
| Investment Rate of Return | 7.25%, Net of Pension Plan Investment Expenses, Including Inflation |
| Cost of Living Adjustment | 2.25% |

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2018, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major class are summarized in the following table:

| Asset Class | Percentage Long-term Expected Real Rate of Return | Percentage Target Allocations |
|---|---|-------------------------------------|
| U.S. Equity Developed Market | 5.69 % | 31 % |
| International Equity Emerging Market | 5.29 | 14 |
| International Equity Private Equity and Strategic Lending | 6.36 | 4 |
| U.S. Fixed Income | 5.79 | 20 |
| Real Estate | 2.01 | 20 |
| Short-term Securities | 4.32 | 10 |
| | 0.00 | 1 |
| Total | | 100 % |

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 percent based on a blending of the factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from Cocke County will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

| | Pension Liability (a) | Fiduciary Net Position (b) | Liability (Asset) (a)-(b) |
|---|-----------------------------|----------------------------------|---------------------------------|
| Balance, July 1, 2017 | \$ 43,216,834 | \$ 45,934,433 | \$ (2,717,599) |
| Changes for the Year: | | | |
| Service Cost | \$ 1,185,550 | \$ 0 | \$ 1,185,550 |
| Interest | 3,148,817 | 0 | 3,148,817 |
| Differences Between Expected and Actual Experience | 1,781 | 0 | 1,781 |
| Changes in Assumptions | 0 | 0 | 0 |
| Contributions-Employer | 0 | 884,486 | (884,486) |
| Contributions-Employees | 0 | 603,065 | (603,065) |
| Net Investment Income | 0 | 3,792,199 | (3,792,199) |
| Benefit Payments, Including Refunds of Employee Contributions | (1,940,857) | (1,940,857) | 0 |
| Administrative Expense | 0 | (43,751) | 43,751 |
| Other Changes | 0 | 0 | 0 |
| Net Changes | \$ 2,395,291 | \$ 3,295,142 | \$ (899,851) |
| Balance, June 30, 2018 | \$ 45,612,125 | \$ 49,229,575 | \$ (3,617,450) |

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

| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability (Asset) |
|--------------------|-------------------------------|--------------------------------------|--|
| Primary Government | 59.85% \$ 27,298,857 | \$ 29,463,901 | \$ (2,165,044) |
| School Department | 40.15% 18,313,268 | 19,765,674 | (1,452,406) |
| Total | \$ 45,612,125 | \$ 49,229,575 | \$ (3,617,450) |

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of Cocke County calculated using the discount rate of 7.25 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

| Cocke County | 1% Decrease 6.25% | Current Discount Rate 7.25% | 1% Increase 8.25% |
|-----------------------|-------------------------|--------------------------------------|-------------------------|
| Net Pension Liability | \$ 1,979,973 | \$ (3,617,450) | \$ (8,291,343) |

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

Pension Expense or Negative Pension Expense. For the year ended June 30, 2019, Cocke County recognized pension expense of \$252,409.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, Cocke County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Difference Between Expected and Actual Experience | \$ 782,835 | \$ 799,501 |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | 0 | 213,650 |
| Changes in Assumptions | 619,302 | 0 |
| Contributions Subsequent to the Measurement Date of June 30, 2018 (1) | 918,261 | N/A |
| Total | \$ 2,320,398 | \$ 1,013,151 |

- (1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2018,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--------------------|--------------------------------------|-------------------------------------|
| Primary Government | \$ 1,365,982 | \$ 606,371 |
| School Department | <u>954,416</u> | <u>406,780</u> |
| Total | <u>\$ 2,320,398</u> | <u>\$ 1,013,151</u> |

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

| Year Ending June 30 | Amount |
|------------------------|------------|
| 2020 | \$ 393,299 |
| 2021 | 241,347 |
| 2022 | (150,029) |
| 2023 | (95,638) |
| 2024 | 0 |
| Thereafter | 0 |

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

Discretely Presented Cocke County School Department

Non-certified Employees

General Information About the Pension Plan

Plan Description. As noted above under the primary government, employees of Cocke County and non-certified employees of the discretely presented Cocke County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 59.85 percent and the non-certified employees of the discretely presented school

department comprise 40.15 percent of the plan based on contribution data.

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

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

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members are eligible to retire with an unreduced benefit at age 65 with five years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 60 or pursuant to the rule of 80. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted

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

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers are required to contribute five percent of their salary to the plan. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2019, to the Teacher Retirement Plan were \$65,851, which is 1.96 percent of covered payroll. In addition, employer contributions of \$65,931 were made to the Pension Stabilization Reserve Trust Fund to fund future pension costs. The employer rate, when combined with member contributions and the stabilization reserve trust funds, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liabilities (Assets). At June 30, 2019, the school department reported a liability (asset) of (\$147,693) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The school department's proportion of the net pension liability (asset) was based on the school department's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2018, the school department's proportion was .325654 percent. The proportion as of June 30, 2017, was .348288 percent.

Pension Expense. For the year ended June 30, 2019, the school department recognized pension expense of \$51,404.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the school department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Difference Between Expected and Actual Experience | \$ 8,365 | \$ 5,883 |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | 0 | 8,343 |
| Changes in Assumptions | 6,968 | 0 |
| Changes in Proportion of Net Pension Liability (Asset) | 12,951 | 1,007 |
| LEA's Contributions Subsequent to the Measurement Date of June 30, 2018 | 65,851 | N/A |
| Total | <u>\$ 94,135</u> | <u>\$ 15,233</u> |

The school department's employer contributions of \$65,851, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase of net pension asset in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ending June 30 | Amount |
|------------------------|----------|
| 2020 | \$ (115) |
| 2021 | (379) |
| 2022 | (1,569) |
| 2023 | 611 |
| 2024 | 1,723 |
| Thereafter | 12,780 |

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

Actuarial Assumptions. The total pension liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|--|
| Inflation | 2.5% |
| Salary Increases | Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4% |
| Investment Rate of Return | 7.25%, Net of Pension Plan Investment Expenses, Including Inflation |
| Cost of Living Adjustment | 2.25% |

Mortality rates are based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2018, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major class are summarized in the following table:

| Asset Class | Percentage Long-term Expected Real Rate of Return | Percentage Target Allocations |
|---|---|-------------------------------------|
| U.S. Equity Developed Market | 5.69 % | 31 % |
| International Equity Emerging Market | 5.29 | 14 |
| International Equity Private Equity and Strategic Lending | 6.36 | 4 |
| U.S. Fixed Income Real Estate | 5.79 | 20 |
| | 2.01 | 20 |
| | 4.32 | 10 |
| Short-term Securities | 0.00 | 1 |
| | | 100 % |
| Total | | 100 % |

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 percent based on a blending of the factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the school department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what the school department's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

| School Department's Proportionate Share of the Net Pension Liability (Asset) | 1% Decrease 6.25% | Current Discount Rate 7.25% | 1% Increase 8.25% |
|---|-------------------------|--------------------------------------|-------------------------|
|---|-------------------------|--------------------------------------|-------------------------|

Net Pension Liability \$ 22,833 \$ (147,693) \$ (273,331)

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

Teacher Legacy Pension Plan

General Information About the Pension Plan

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

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

death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Legacy Pension Plan, benefit terms and conditions, including COLAs can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers are required to contribute five percent of their salaries. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Cocke County School Department for the year ended June 30, 2019, to the Teacher Legacy Pension Plan were \$1,670,843, which is 10.54 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liability (Assets). At June 30, 2019, the school department reported a liability (asset) of (\$1,623,461) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The school department's proportion of the net pension liability (asset) was based on the school department's long-term share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2018, the school department's proportion was .461353 percent. The proportion measured at June 30, 2017, was .458559 percent.

Pension Expense. For the year ended June 30, 2019, the school department recognized (negative) pension expense of (\$480,204).

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the school department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Difference Between Expected and Actual Experience | \$ 328,157 | \$ 2,190,177 |
| Changes in Assumptions | 958,824 | 0 |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | 0 | 353,333 |
| Changes in Proportion of Net Pension Liability (Asset) | 28,670 | 40,228 |
| LEA's Contributions Subsequent to the Measurement Date of June 30, 2018 | <u>1,670,843</u> | N/A |
| Total | <u>\$ 2,986,494</u> | <u>\$ 2,583,738</u> |

The school department's employer contributions of \$1,670,843 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ending June 30 | Amount |
|------------------------|------------|
| 2020 | \$ 319,187 |
| 2021 | (533,936) |
| 2022 | (905,152) |
| 2023 | (148,187) |
| 2024 | 0 |
| Thereafter | 0 |

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

Actuarial Assumptions. The total pension liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|--|
| Inflation | 2.5% |
| Salary Increases | Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4% |
| Investment Rate of Return | 7.25%, Net of Pension Plan Investment Expenses, Including Inflation |
| Cost of Living Adjustment | 2.25% |

Mortality rates are based actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2018, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major class are summarized in the following table:

| Asset Class | Percentage Long-term Expected Real Rate of Return | % | Percentage Target Allocations | % |
|---|---|---|-------------------------------------|---|
| U.S. Equity Developed Market | 5.69 | % | 31 | % |
| International Equity Emerging Market | 5.29 | | 14 | |
| International Equity Private Equity and Strategic Lending | 6.36 | | 4 | |
| U.S. Fixed Income Real Estate | 5.79 | | 20 | |
| | 2.01 | | 20 | |
| | 4.32 | | 10 | |
| Short-term Securities | 0.00 | | 1 | |
| | | | 100 | % |
| Total | | | 100 | % |

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 percent based on a blending of the factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the school department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what the school department's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

| School Department's Proportionate Share of the Net Pension Liability (Asset) | 1% Decrease 6.25% | Current Discount Rate 7.25% | 1% Increase 8.25% |
|--|----------------------|--------------------------------|----------------------|
|--|----------------------|--------------------------------|----------------------|

Net Pension Liability \$ 12,514,657 \$ (1,623,461) \$ (13,320,783)

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

2. Deferred Compensation

Cocke County offers its employees two deferred compensation plans, one established pursuant to IRC Section 457 and the other pursuant to IRC Section 401(k). All costs of administering and funding these programs are the responsibility of plan participants. The Section 401(k) and Section 457 plan assets remain the property of the contributing employees and are not presented in the accompanying financial statements. IRC Sections 401(k) and 457 establish participation, contribution, and withdrawal provisions for the plans.

Teachers hired after July 1, 2014, by the discretely presented Cocke County School Department are required to participate in a hybrid pension plan consisting of a defined benefit portion, which is detailed in the pension footnote above and is managed by the Tennessee Consolidated Retirement System, and a defined contribution portion which is placed into the state’s 401(K) plan and is managed by the employee. The defined contribution portion of the plan requires that the school department contribute five percent of each teacher’s salary into their deferred compensation plan. In addition, teachers are required to contribute a minimum of two percent of their salaries into this deferred compensation plan, unless they opt out of the employee portion. During the year, the Cocke County School Department contributed \$167,761 and teachers contributed \$115,921 to this deferred compensation pension plan.

I. Other Postemployment Benefits (OPEB)

Cocke County and the discretely presented Cocke County School Department provide OPEB benefits to their retirees through state administered public entity risk pools. For reporting purposes the plans are considered single employer defined benefit OPEB plans based on criteria in Statement No. 75 of the Governmental Accounting Standards Board (GASB). The plans are funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

General retirees of Cocke County and retirees of the Cocke County Highway Department are provided healthcare under separate Local Government Plans (LGPs) until they reach Medicare eligibility. Likewise, the school department provides healthcare benefits to its employees under the Local Education Plan (LEP) until they reach Medicare eligibility. The certified retirees of Cocke County School Department may then join the Tennessee Plan – Medicare (TNM), which provides supplemental medical insurance for retirees with Medicare. However, the school department does not provide any subsidy (direct or indirect) to this plan and therefore does not recognize any OPEB liability associated with the TNM.

The county and the school department’s total OPEB liability for each plan was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and other inputs. The total OPEB liability in the June 30, 2018, actuarial valuation of each plan was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|--|---|
| Actuarial Cost Method | Entry Age Normal |
| Inflation | 2.25% |
| Salary Increases | Salary increases used in the July 1, 2018, TCRS actuarial valuation; 3.44% to 8.72%, including inflation |
| Discount Rate | 3.62% |
| Healthcare Cost Trend Rates | Based on the Getzen Model, with trend starting at 6.75% for the 2019 calendar year, and gradually decreasing over a 32-year period to an ultimate trend rate of 3.53 percent with an amount added to approximate the effect of the excise tax (.28% for LGP and .32% for LEP) |
| Retirees Share of Benefit Related Cost | Discussed under each plan |

The discount rate was 3.62 percent, based on the daily rate of Fidelity’s 20-year Municipal GO AA index closest to but not later than the measurement date.

Mortality rates were based on the results of a statewide experience study undertaken on behalf of the Tennessee Consolidated Retirement System (TCRS). These mortality rates were used in the July 1, 2018, actuarial valuation of the TCRS.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2018, valuations were the same as those employed in the July 1, 2018 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2012 - June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Post-retirement tables are Blue Collar and adjusted with a 2 percent load for males and a -3 percent load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10 percent load.

Changes in Assumptions. The discount rate changed from 3.56 percent as of the beginning of the measurement period to 3.62 percent as of the measurement date of June 30, 2018. The assumed initial costs and premium amounts were revised to reflect rates adopted for the 2019 plan year. The assumed initial trend rate applicable to the 2019 plan year was revised from 5.4 percent to 6.75 percent.

Local Government OPEB Plan (Primary Government)

Plan Description. Employees of Cocke County are provided with pre-65 retiree health insurance benefits through the Local Government Plan (LGP) administered by the Tennessee Department of Finance and Administration. All eligible pre-65 retired employees and disability participants of local governments, who choose coverage, participate in the LGP.

Benefits Provided. Cocke County offers the LGP to provide health insurance coverage to eligible pre-65 retirees and disabled participants. With the exception of a small group of grandfathered individuals, retirees are required to discontinue coverage under the LGP upon obtaining Medicare eligibility. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with *Tennessee Code Annotated (TCA) 8-27-701* establishes and amends the benefit terms of the LGP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members of the LGP, receives the same plan benefits as active employees, at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for the retiree premiums. Cocke County does not provide a direct subsidy for retiree insurance and is only subject to the implicit subsidy.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2018, the following employees were covered by the benefit terms:

| | General County | Highway Department | Total |
|--|-------------------|-----------------------|-------|
| Inactive Employees or Beneficiaries Currently Receiving Benefits | 1 | 0 | 1 |
| Inactive Employees Entitled to But Not Yet Receiving Benefits | 0 | 0 | 0 |
| Active Employees | 153 | 42 | 195 |
| Total | 154 | 42 | 196 |

An insurance committee, created in accordance with *TCA 8-27-701*, establishes the required payments to the LGP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. For the fiscal year ended June 30, 2019, the county paid \$3,475 (General County - \$2,539, Highway Department - \$936) to the LGP for OPEB benefits as they came due.

Changes in the Total OPEB Liability

| | General County | Highway Department | Total OPEB Liability |
|--|-------------------|-----------------------|-------------------------|
| Balance July 1, 2017 | \$ 352,166 | \$ 94,736 | \$ 446,902 |
| Changes for the Year: | | | |
| Service Cost | \$ 28,828 | \$ 9,770 | \$ 38,598 |
| Interest | 13,452 | 3,713 | 17,165 |
| Changes in Benefit Terms | 0 | 0 | 0 |
| Difference between Expected and Actuarial Experience | (18,581) | 4,923 | (13,658) |
| Changes in Assumption and Other Inputs | 29,245 | 9,577 | 38,822 |
| Benefit Payments | (6,271) | (396) | (6,667) |
| Net Changes | \$ 46,673 | \$ 27,587 | \$ 74,260 |
| Balance June 30, 2018 | \$ 398,839 | \$ 122,323 | \$ 521,162 |

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the county recognized OPEB expense of \$55,965 (General County - \$41,279, Highway Department - \$14,686). At June 30, 2019, the county reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Difference Between Expected and Actual Experience | | |
| (DO - General County \$0, Highway \$4,364; DI - General County \$16,583, Highway \$0) | \$ 4,364 | \$ 16,583 |
| Changes of Assumptions/Inputs | | |
| (DO - General County \$26,100, Highway \$8,489; DI - General County \$16,109, Highway \$3,467) | 34,589 | 19,576 |
| Benefits Paid After the Measurement Date of June 30, 2018 (DO - General County \$2,539, Highway \$936) | <u>3,475</u> | <u>0</u> |
| Total | <u>\$ 42,428</u> | <u>\$ 36,159</u> |

Amounts reported as deferred inflows and deferred outflows of resources (excluding benefits paid after the measurement date) related to OPEB will be recognized in OPEB expense as follows:

| Year Ending June 30 | General County | Highway Department | Total Amount |
|------------------------|-------------------|-----------------------|-----------------|
| 2020 | (1,001) | 1,203 | 202 |
| 2021 | (1,001) | 1,203 | 202 |
| 2022 | (1,001) | 1,203 | 202 |
| 2023 | (1,001) | 1,203 | 202 |
| 2024 | (1,001) | 1,203 | 202 |
| Thereafter | (1,587) | 3,371 | 1,784 |

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

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the county calculated using the current discount rate as well as what the OPEB liability would be if it was calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

| | 1% Decrease 2.62% | Current Discount Rate 3.62% | 1% Increase 4.62% |
|-----------------------------|-------------------------|--------------------------------------|-------------------------|
| General County | \$ 435,540 | \$ 398,839 | \$ 364,567 |
| Highway Department | 129,975 | 122,323 | 114,910 |
| Total OPEB Liability | \$ 565,515 | \$ 521,162 | \$ 479,477 |

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the total OPEB liability of the county calculated using the current healthcare cost trend rate, as well as what the OPEB liability would be if it was calculated using a trend rate that is one percentage point lower or one percentage point higher than the current rate:

| | 1% Decrease 5.75 to 2.81% | Current Trend Rates 6.75 to 3.81% | 1% Increase 7.75 to 4.81% |
|-----------------------------|---------------------------------|--|---------------------------------|
| General County | \$ 346,092 | \$ 398,839 | \$ 461,908 |
| Highway Department | 109,634 | 122,323 | 136,916 |
| Total OPEB Liability | \$ 455,726 | \$ 521,162 | \$ 598,824 |

Closed Local Education (LEP) OPEB Plan (Discretely Presented School Department)

Plan Description. Employees of the Cocke County School Department who were hired prior to July 1, 2015, are provided with pre-65 retiree health insurance benefits through the closed Local Education Plan (LEP) administered by the Tennessee Department of Finance and Administration. All eligible pre-65 retired teachers, support staff, and disability participants of local education agencies, who choose coverage, participate in the LEP. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

Benefits Provided. The Cocke County School Department offers the LEP to provide health insurance coverage to eligible pre-65 retirees, support staff, and disabled participants. Retirees are required to discontinue coverage under the LEP upon obtaining Medicare eligibility. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-301 establishes and amends the benefit terms of the LEP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the

wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members of the LEP receive the same plan benefits as active employees at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for retiree premiums. For noncertified retirees age 60 and 10 years of service, the school department provides a direct subsidy ranging from \$429 to \$571 per month depending on coverage selected. The school department also provides a direct subsidy for certified retirees with at least 30 years of service or age 60 and 10 years of service. That subsidy ranges from \$236 to \$314 per month depending on the coverage selected. The state, as a governmental non-employer contributing entity, provides a direct subsidy for eligible retirees premiums based on years of service. Retirees with 30 or more years of service will receive 45 percent; 20 but less than 30 years, 35 percent; and less than 20 years, 20 percent of the scheduled premium. No subsidy is provided for enrollees of the health savings CDHP.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2018, the following employees were covered by the benefit terms:

| | <u>School Department</u> |
|--|------------------------------|
| Retirees and Beneficiaries | 37 |
| Inactive, Nonretired Members | 1 |
| Active Members Eligible for Future Benefits | 495 |
| Active Members not Eligible for Future Benefits | 68 |
| Total | <u><u>601</u></u> |

A state insurance committee, created in accordance with *TCA 8-27-301*, establishes the required payments to the LEP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the school department paid \$375,336 to the LEP for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

| | <u>Share of Collective Liability</u> | | |
|------------------------|--------------------------------------|---------------------|----------------------|
| | Cocke County | State of | Total OPEB |
| | School Department | TN | |
| | 79.4012% | 20.5988% | Liability |
| Balance July 1, 2017 | \$ 6,391,937 | \$ 2,543,549 | \$ 8,935,486 |
| Changes for the Year: | | | |
| Service Cost | \$ 389,291 | \$ 100,992 | \$ 490,283 |
| Interest | 258,559 | 67,077 | 325,636 |
| Changes in | | | |
| Benefit Terms | (150,346) | (39,004) | (189,350) |
| Difference between | | | |
| Expected and Actuarial | | | |
| Experience | 1,437,098 | 372,822 | 1,809,920 |
| Changes in Proportion | 702,946 | (702,946) | 0 |
| Changes in Assumption | | | |
| and Other Inputs | 162,917 | 42,265 | 205,182 |
| Benefit Payments | (442,567) | (114,814) | (557,381) |
| Net Changes | <u>\$ 2,357,897</u> | <u>\$ (273,607)</u> | <u>\$ 2,084,290</u> |
| Balance June 30, 2018 | <u>\$ 8,749,834</u> | <u>\$ 2,269,942</u> | <u>\$ 11,019,776</u> |

The Cocke County School Department has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the LEP. The Cocke County School Department's proportionate share of the collective total OPEB liability was based on a projection of the employers long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The school department recognized \$90,285 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the LEP for school department retirees.

During the year, the Cocke County School Department's proportionate share of the collective OPEB liability was 79.4012 percent and the State of Tennessee's share was 20.5988 percent.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the school department recognized OPEB expense of \$794,603, which includes expenses funded by subsidies provided by the state. At June 30, 2019, the school department reported deferred outflows of resources and deferred inflows of resources related to its proportionate share of OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Difference Between Expected and Actual Experience | \$ 1,288,943 | \$ 0 |
| Changes of Assumptions/Inputs | 146,121 | 239,625 |
| Changes in Proportion and Differences Between Amounts Paid as Benefits Came Due and Proportionate Share Amounts Paid by the Employer and Nonemployer Contributors As Benefits Came Due | 638,532 | 0 |
| Benefits Paid After the Measurement Date of June 30, 2018 | <u>375,336</u> | <u>0</u> |
| Total | <u>\$ 2,448,932</u> | <u>\$ 239,625</u> |

Amounts reported as deferred inflows and deferred outflows of resources (excluding benefits paid after the measurement date) related to OPEB will be recognized in OPEB expense as follows:

| Year Ending June 30 | School Department |
|------------------------|----------------------|
| 2020 | 206,815 |
| 2021 | 206,815 |
| 2022 | 206,815 |
| 2023 | 206,815 |
| 2024 | 206,815 |
| Thereafter | 799,897 |

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

Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Discount Rate. The following presents the school department's proportionate share of the collective total OPEB liability related to the LEP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate.

| <u>Discount Rate</u> | 1% Decrease | Current Discount Rate | 1% Increase |
|----------------------|----------------|-----------------------------|----------------|
| | 2.62% | 3.62% | 4.62% |

| | | | |
|--|--------------|--------------|--------------|
| Proportionate Share of the Collective Total OPEB Liability | \$ 9,338,980 | \$ 8,749,834 | \$ 8,185,964 |
|--|--------------|--------------|--------------|

Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the school department's proportionate share of the collective total OPEB liability related to the LEP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate.

| <u>Healthcare Cost Trend Rate</u> | 1% Decrease | Current Rate | 1% Increase |
|-----------------------------------|----------------|-----------------|----------------|
| | 5.75 to 2.85% | 6.75 to 3.85% | 7.75 to 4.85% |

| | | | |
|--|--------------|--------------|--------------|
| Proportionate Share of the Collective Total OPEB Liability | \$ 7,833,227 | \$ 8,749,834 | \$ 9,823,963 |
|--|--------------|--------------|--------------|

J. Termination Benefits

To reward a teacher for long and meritorious service, the Cocke County Board of Education pays a one-time amount of \$8,000 at the end of 30 years of service or thereafter to each retiring teacher who has a minimum of 15 years of service in the Cocke County School System. Those eligible to receive the benefit, may elect to receive payment in a lump sum upon retirement or in a lump sum the following January 1 of the subsequent year of that teacher's retirement, or 50 percent upon retirement and 50 percent on the following January 1 of the subsequent year of that teacher's retirement. As of June 30, 2019, 34 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 \$279,890. Of the amount reported in the government-wide Statement of Net Position, \$21,530 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 \$25,000.

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.

M. Subsequent Events

On July 12, 2019, Cocke County issued a \$316,409 capital lease through the General Fund for Sheriff's Department vehicles.

On September 23, 2019, Cocke County received \$977,178 in contributions from an estate for the establishment of a library in Parrottsville.

On October 4, 2019, Cocke County issued \$1,630,000 in general obligation refunding bonds.

On October 21, 2019, the primary government's General Debt Service Fund loaned \$800,000 to the General Fund in the form of a tax anticipation note to provide temporary operating funds.

**REQUIRED SUPPLEMENTARY
INFORMATION**

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

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|--|----------------|----------------|----------------|----------------|----------------|
| Total Pension Liability | | | | | |
| Service Cost | \$ 942,835 | \$ 1,024,253 | \$ 1,022,988 | \$ 1,085,653 | \$ 1,185,550 |
| Interest | 2,618,321 | 2,687,687 | 2,842,895 | 2,916,181 | 3,148,817 |
| Changes in Benefit Terms | 0 | 0 | 0 | 0 | |
| Differences Between Actual and Expected Experience | (1,154,782) | 1,299 | (1,214,080) | 1,301,631 | 1,781 |
| Changes in Assumptions | 0 | 0 | 0 | 1,032,170 | 0 |
| Benefit Payments, Including Refunds of Employee Contributions | (1,484,294) | (1,641,519) | (1,643,544) | (1,831,116) | (1,940,857) |
| Net Change in Total Pension Liability | \$ 922,080 | \$ 2,071,720 | \$ 1,008,259 | \$ 4,504,519 | \$ 2,395,291 |
| Total Pension Liability, Beginning | 34,710,256 | 35,632,336 | 37,704,056 | 38,712,315 | 43,216,834 |
| Total Pension Liability, Ending (a) | \$ 35,632,336 | \$ 37,704,056 | \$ 38,712,315 | \$ 43,216,834 | \$ 45,612,125 |
| Plan Fiduciary Net Position | | | | | |
| Contributions - Employer | \$ 1,395,492 | \$ 1,308,654 | \$ 1,337,267 | \$ 894,367 | \$ 884,486 |
| Contributions - Employee | 548,948 | 546,195 | 564,122 | 609,190 | 603,065 |
| Net Investment Income | 5,506,973 | 1,203,056 | 1,075,115 | 4,700,278 | 3,792,199 |
| Benefit Payments, Including Refunds of Employee Contributions | (1,484,294) | (1,641,519) | (1,643,544) | (1,831,116) | (1,940,857) |
| Administrative Expense | (17,854) | (23,099) | (34,808) | (38,713) | (43,751) |
| Other | 0 | 0 | 1,301 | 977 | 0 |
| Net Change in Plan Fiduciary Net Position | \$ 5,949,265 | \$ 1,393,287 | \$ 1,299,453 | \$ 4,334,983 | \$ 3,295,142 |
| Plan Fiduciary Net Position, Beginning | 32,957,445 | 38,906,710 | 40,299,997 | 41,599,450 | 45,934,433 |
| Plan Fiduciary Net Position, Ending (b) | \$ 38,906,710 | \$ 40,299,997 | \$ 41,599,450 | \$ 45,934,433 | \$ 49,229,575 |
| Net Pension Liability (Asset), Ending (a - b) | \$ (3,274,374) | \$ (2,595,941) | \$ (2,887,135) | \$ (2,717,599) | \$ (3,617,450) |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 109.19% | 106.89% | 107.46% | 106.29% | 107.93% |
| Covered Payroll | \$ 10,978,842 | \$ 10,924,107 | \$ 11,215,445 | \$ 12,045,811 | \$ 12,031,550 |
| Net Pension Liability (Asset) as a Percentage of Covered Payroll | (29.82%) | (23.76%) | (25.74) | (22.56%) | (30.07%) |

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

Note: The agent plan is a single plan reported under one account with the Tennessee Consolidated Retirement System. This plan covers employees of the primary government and non-certified employees of the discretely presented school department.

Exhibit E-2

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

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---------------|---------------|---------------|---------------|---------------|------------|
| Actuarially Determined Contribution | \$ 1,395,492 | \$ 1,308,654 | \$ 1,337,267 | \$ 574,585 | \$ 583,696 | 619,730 |
| Less Contributions in Relation to the Actuarially Determined Contribution | (1,395,492) | (1,308,654) | (1,337,267) | (894,367) | (884,486) | (918,261) |
| Contribution Deficiency (Excess) | \$ 0 | \$ 0 | \$ 0 | \$ (319,782) | \$ (300,790) | (298,531) |
| Covered Payroll | \$ 10,978,842 | \$ 10,924,107 | \$ 11,215,445 | \$ 12,045,811 | \$ 12,031,550 | 12,699,377 |
| Contributions as a Percentage of Covered Payroll | 12.71% | 11.98% | 11.92% | 7.42% | 7.35% | 7.23% |

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

Note: The agent plan is a single plan reported under one account with the Tennessee Consolidated Retirement System. This plan covers employees of the primary government and non-certified employees of the discretely presented school department.

Exhibit E-3

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

| | 2015 | 2016 | 2017 | 2018 | 2019* |
|---|------------|--------------|--------------|--------------|--------------|
| Contractually Required Contribution | \$ 32,106 | \$ 74,167 | \$ 91,438 | \$ 113,833 | \$ 65,851 |
| Less Contributions in Relation to the Contractually Required Contribution | (32,106) | (74,167) | (91,438) | (113,833) | (65,851) |
| Contribution Deficiency (Excess) | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Covered Payroll | \$ 802,633 | \$ 1,854,185 | \$ 2,254,414 | \$ 2,812,645 | \$ 3,357,799 |
| Contributions as a Percentage of Covered Payroll | 4.00% | 4.00% | 4.06% | 4.05% | 1.96% |

* - In FY 2019 the School Department placed the actuarially determined contribution into the pension plan and placed \$65,931 into the Pension Stabilization Reserve Trust.

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

Exhibit E-4

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

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
| Contractually Required Contribution | \$ 1,598,249 | \$ 1,556,534 | \$ 1,511,756 | \$ 1,465,369 | \$ 1,466,880 | \$ 1,670,843 |
| Less Contributions in Relation to the Contractually Required Contribution | (1,598,249) | (1,556,534) | (1,511,756) | (1,465,369) | (1,466,880) | (1,670,843) |
| Contribution Deficiency (Excess) | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Covered Payroll | \$ 17,998,294 | \$ 17,218,327 | \$ 16,722,978 | \$ 16,244,991 | \$ 16,188,086 | \$ 15,853,119 |
| Contributions as a Percentage of Covered Payroll | 8.88% | 9.04% | 9.04% | 9.02% | 9.06% | 10.54% |

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

Cocke County, Tennessee
Schedule of Proportionate Share of the Net Pension Liability (Asset)
in the Teacher Pension Plan of TCRS
Discretely Presented Cocke County School Department
For the Fiscal Year Ended June 30

| | 2015 | 2016 | 2018 | 2018 |
|---|-------------|--------------|--------------|--------------|
| School Department's Proportion of the Net Pension Liability/Asset | 0.386305% | 0.421399% | 0.348288% | 0.325654% |
| School Department's Proportionate Share of the Net Pension Liability (Asset) | \$ (15,541) | \$ (43,869) | \$ (91,891) | \$ (147,693) |
| Covered Payroll | \$ 802,633 | \$ 1,854,185 | \$ 2,254,414 | \$ 2,812,645 |
| School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll | (1.94%) | (2.37) | (4.08%) | (5.25%) |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 127.46% | 121.88% | 126.81% | 126.97% |

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

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

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---------------|---------------|---------------|---------------|----------------|
| School Department's Proportion of the Net Pension Liability/Asset | 0.458556% | 0.459951% | 0.463266% | 0.458559% | 0.461353% |
| School Department's Proportionate Share of the Net Pension Liability (Asset) | \$ (74,513) | \$ 188,412 | \$ 2,895,154 | \$ (150,032) | \$ (1,623,461) |
| Covered Payroll | \$ 17,998,294 | \$ 17,218,327 | \$ 16,722,978 | \$ 16,244,991 | \$ 16,188,086 |
| School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll | (0.41%) | 1.09% | 17.31% | (0.92%) | (10.03%) |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 100.08% | 99.81% | 97.14% | 100.14% | 101.49% |

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

Exhibit E-7

Cocke County, Tennessee
Schedule of Changes in the Total OPEB Liability and Related Ratios - Local Government Plans
For the Fiscal Year Ended June 30

Cocke County Plan (General Employees)

| | 2017 | 2018 |
|--|-------------------|-------------------|
| Total OPEB Liability | | |
| Service Cost | \$ 29,930 | \$ 28,828 |
| Interest | 10,632 | 13,452 |
| Changes in Benefit Terms | 0 | 0 |
| Differences Between Actual and Expected Experience | 0 | (18,581) |
| Changes in Assumptions or Other Inputs | (20,405) | 29,245 |
| Benefit Payments | (4,346) | (6,271) |
| Net Change in Total OPEB Liability | \$ 15,811 | \$ 46,673 |
| Total OPEB Liability, Beginning | 336,355 | 352,166 |
| Total OPEB Liability, Ending | <u>\$ 352,166</u> | <u>\$ 398,839</u> |
| Covered Employee Payroll | \$ 6,071,548 | \$ 6,071,548 |
| Net OPEB Liability as a Percentage of Covered Employee Payroll | 5.80% | 6.57% |

Highway Department Plan

| | 2017 | 2018 |
|--|------------------|-------------------|
| Total OPEB Liability | | |
| Service Cost | \$ 10,253 | \$ 9,770 |
| Interest | 2,811 | 3,713 |
| Changes in Benefit Terms | 0 | 0 |
| Differences Between Actual and Expected Experience | 0 | 4,923 |
| Changes in Assumptions or Other Inputs | (4,355) | 9,577 |
| Benefit Payments | 0 | (396) |
| Net Change in Total OPEB Liability | \$ 8,709 | \$ 27,587 |
| Total OPEB Liability, Beginning | 86,027 | 94,736 |
| Total OPEB Liability, Ending | <u>\$ 94,736</u> | <u>\$ 122,323</u> |
| Covered Employee Payroll | \$ 1,270,142 | \$ 1,270,142 |
| Net OPEB Liability as a Percentage of Covered Employee Payroll | 7.46% | 9.63% |

Note 1: Ten years of data will be presented when available.

Note 2. Changes in assumptions.

(a) The following are the discount rates used in each period:

| | |
|------|-------|
| 2017 | 2.92% |
| 2018 | 3.56% |
| 2019 | 3.62% |

(b) The assumed initial trend rate applicable to the 2019 plan year was revised from 5.4% to 6.75%.

Note 3: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Exhibit E-8

Cocke County, Tennessee
Schedule of Changes in the Total OPEB Liability and Related Ratios - Local Education Plan
Discretely Presented Cocke County School Department
For the Fiscal Year Ended June 30

| | 2017 | 2018 |
|---|---------------|---------------|
| Total OPEB Liability | | |
| Service Cost | \$ 526,453 | \$ 490,283 |
| Interest | 271,254 | 325,636 |
| Changes in Benefit Terms | 0 | (189,350) |
| Differences Between Actual and Expected Experience | 0 | 1,809,920 |
| Changes in Assumptions or Other Inputs | (381,208) | 205,182 |
| Benefit Payments | (488,161) | (557,381) |
| Net Change in Total OPEB Liability | \$ (71,662) | \$ 2,084,290 |
| Total OPEB Liability, Beginning | 9,007,148 | 8,935,486 |
| | | |
| Total OPEB Liability, Ending | \$ 8,935,486 | \$ 11,019,776 |
| | | |
| Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability | \$ 2,543,549 | \$ 2,269,942 |
| Employer Proportionate Share of the Total OPEB Liability | 6,391,937 | 8,749,834 |
| | | |
| Covered Employee Payroll | \$ 23,952,663 | \$ 25,643,933 |
| Net OPEB Liability as a Percentage of Covered Employee Payroll | 26.69% | 34.12% |

Note 1: Ten years of data will be presented when available.

Note 2: Changes in assumptions.

(a) The following are the discount rates used in each period:

| | |
|------|-------|
| 2017 | 2.92% |
| 2018 | 3.56% |
| 2019 | 3.62% |

(b) The assumed initial trend rate applicable to the 2019 plan year was revised from 5.4% to 6.75%.

Note 3: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

COCKE COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2019

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for fiscal year 2019 were calculated based on the June 30, 2017, actuarial valuation.

Methods and assumptions used to determine contribution rates:

| | |
|-------------------------------|--|
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | Level Dollar, Closed (Not to Exceed 20 Years) |
| Remaining Amortization Period | Varies by Year |
| Asset Valuation | 10-Year Smoothed Within a 20% Corridor to Market Value |
| Inflation | 2.5% |
| Salary Increases | Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4% |
| Investment Rate of Return | 7.25%, Net of Investment Expense, Including Inflation |
| Retirement Age | Pattern of Retirement Determined by Experience Study |
| Mortality | Customized Table Based on Actual Experience Including an Adjustment for Some Anticipated Improvement |
| Cost of Living Adjustments | 2.25% |

Changes of assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3 percent to 2.5 percent; decreased the investment rate of return from 7.5 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.5 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4 percent; and modified mortality assumptions.

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

Capital Projects Funds

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

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

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

Jail Capital Projects Fund – The Jail Capital Projects Fund is used to account for expenditures related to jail renovation and construction projects.

Exhibit F-1

Cocke County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2019

| | Special Revenue Funds | | | | | Capital Projects Funds |
|--|---|-----------------|--------------------------|--|--------------|--------------------------------|
| | Industrial / Economic Development | Drug Control | Sports and Recreation | Constitu - tional Officers - Fees | Total | General Capital Projects |
| <u>ASSETS</u> | | | | | | |
| Cash | \$ 0 | \$ 0 | \$ 0 | \$ 49,104 | \$ 49,104 | \$ 0 |
| Equity in Pooled Cash and Investments | 646,904 | 114,686 | 36,821 | 0 | 798,411 | 288,664 |
| Accounts Receivable | 0 | 0 | 0 | 30,785 | 30,785 | 0 |
| Property Taxes Receivable | 438,633 | 0 | 0 | 0 | 438,633 | 1,052,069 |
| Allowance for Uncollectible Property Taxes | (17,199) | 0 | 0 | 0 | (17,199) | (41,924) |
| Total Assets | \$ 1,068,338 | \$ 114,686 | \$ 36,821 | \$ 79,889 | \$ 1,299,734 | \$ 1,298,809 |
| <u>LIABILITIES</u> | | | | | | |
| Accounts Payable | \$ 0 | \$ 0 | \$ 795 | \$ 0 | \$ 795 | \$ 0 |
| Due to Other Funds | 0 | 0 | 0 | 32,547 | 32,547 | 0 |
| Total Liabilities | \$ 0 | \$ 0 | \$ 795 | \$ 32,547 | \$ 33,342 | \$ 0 |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | | | | |
| Deferred Current Property Taxes | \$ 412,272 | \$ 0 | \$ 0 | \$ 0 | \$ 412,272 | \$ 987,129 |
| Deferred Delinquent Property Taxes | 8,277 | 0 | 0 | 0 | 8,277 | 20,792 |
| Total Deferred Inflows of Resources | \$ 420,549 | \$ 0 | \$ 0 | \$ 0 | \$ 420,549 | \$ 1,007,921 |
| <u>FUND BALANCES</u> | | | | | | |
| Restricted: | | | | | | |
| Restricted for Finance | \$ 0 | \$ 0 | \$ 0 | \$ 47,342 | \$ 47,342 | \$ 0 |

(Continued)

Exhibit F-1

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

| | Special Revenue Funds | | | | | Capital Projects Funds |
|---|---|-------------------|--------------------------|--|---------------------|--------------------------------|
| | Industrial / Economic Development | Drug Control | Sports and Recreation | Constitu - tional Officers - Fees | Total | General Capital Projects |
| <u>FUND BALANCES (Cont.)</u> | | | | | | |
| Restricted (Cont.): | | | | | | |
| Restricted for Public Safety | \$ 0 | \$ 114,686 | \$ 0 | \$ 0 | \$ 114,686 | \$ 0 |
| Restricted for Social, Cultural, and Recreational Services | 0 | 0 | 13,078 | 0 | 13,078 | 0 |
| Restricted for Other Operations | 317,495 | 0 | 0 | 0 | 317,495 | 0 |
| Restricted for Capital Projects | 0 | 0 | 0 | 0 | 0 | 290,888 |
| Committed: | | | | | | |
| Committed for Social, Cultural, and Recreational Services | 0 | 0 | 22,948 | 0 | 22,948 | 0 |
| Committed for Other Operations | 330,294 | 0 | 0 | 0 | 330,294 | 0 |
| Total Fund Balances | <u>\$ 647,789</u> | <u>\$ 114,686</u> | <u>\$ 36,026</u> | <u>\$ 47,342</u> | <u>\$ 845,843</u> | <u>\$ 290,888</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 1,068,338</u> | <u>\$ 114,686</u> | <u>\$ 36,821</u> | <u>\$ 79,889</u> | <u>\$ 1,299,734</u> | <u>\$ 1,298,809</u> |

(Continued)

Exhibit F-1

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

| | <u>Capital Projects Funds (Cont.)</u> | | | Total |
|--|---------------------------------------|-----------------------------|---------------------|-----------------------------------|
| | Highway Capital Projects | Jail Capital Projects | Total | Nonmajor Governmental Funds |
| <u>ASSETS</u> | | | | |
| Cash | \$ 0 | \$ 0 | \$ 0 | \$ 49,104 |
| Equity in Pooled Cash and Investments | 72,310 | 118,951 | 479,925 | 1,278,336 |
| Investments | 51,732 | 0 | 51,732 | 51,732 |
| Accounts Receivable | 0 | 0 | 0 | 30,785 |
| Property Taxes Receivable | 0 | 7,545 | 1,059,614 | 1,498,247 |
| Allowance for Uncollectible Property Taxes | 0 | (3,076) | (45,000) | (62,199) |
| Total Assets | <u>\$ 124,042</u> | <u>\$ 123,420</u> | <u>\$ 1,546,271</u> | <u>\$ 2,846,005</u> |
| <u>LIABILITIES</u> | | | | |
| Accounts Payable | \$ 0 | \$ 0 | \$ 0 | \$ 795 |
| Due to Other Funds | 0 | 0 | 0 | 32,547 |
| Total Liabilities | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 33,342</u> |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | | |
| Deferred Current Property Taxes | \$ 0 | \$ 0 | \$ 987,129 | \$ 1,399,401 |
| Deferred Delinquent Property Taxes | 0 | 4,037 | 24,829 | 33,106 |
| Total Deferred Inflows of Resources | <u>\$ 0</u> | <u>\$ 4,037</u> | <u>\$ 1,011,958</u> | <u>\$ 1,432,507</u> |
| <u>FUND BALANCES</u> | | | | |
| Restricted: | | | | |
| Restricted for Finance | \$ 0 | \$ 0 | \$ 0 | \$ 47,342 |

(Continued)

Exhibit F-1

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

FUND BALANCES (Cont.)

Restricted (Cont.):

 Restricted for Public Safety
 Restricted for Social, Cultural, and Recreational Services
 Restricted for Other Operations
 Restricted for Capital Projects

Committed:

 Committed for Social, Cultural, and Recreational Services
 Committed for Other Operations

Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

| <u>Capital Projects Funds (Cont.)</u> | | | Total |
|---------------------------------------|-----------------------------|---------------------|-----------------------------------|
| Highway Capital Projects | Jail Capital Projects | Total | Nonmajor Governmental Funds |
| \$ 0 | \$ 0 | \$ 0 | \$ 114,686 |
| 0 | 0 | 0 | 13,078 |
| 0 | 0 | 0 | 317,495 |
| 124,042 | 119,383 | 534,313 | 534,313 |
| 0 | 0 | 0 | 22,948 |
| 0 | 0 | 0 | 330,294 |
| <u>\$ 124,042</u> | <u>\$ 119,383</u> | <u>\$ 534,313</u> | <u>\$ 1,380,156</u> |
| <u>\$ 124,042</u> | <u>\$ 123,420</u> | <u>\$ 1,546,271</u> | <u>\$ 2,846,005</u> |

Exhibit F-2

Cocke County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2019

| | Special Revenue Funds | | | | | Capital Projects Funds |
|--|---|------------------|--------------------------|--|-------------------|--------------------------------|
| | Industrial / Economic Development | Drug Control | Sports and Recreation | Constitu - tional Officers - Fees | Total | General Capital Projects |
| <u>Revenues</u> | | | | | | |
| Local Taxes | \$ 248,964 | \$ 0 | \$ 0 | \$ 0 | \$ 248,964 | \$ 631,373 |
| Fines, Forfeitures, and Penalties | 0 | 68,955 | 0 | 0 | 68,955 | 0 |
| Charges for Current Services | 0 | 0 | 16,860 | 311,321 | 328,181 | 0 |
| Other Local Revenues | 0 | 0 | 0 | 0 | 0 | 0 |
| State of Tennessee | 11,523 | 0 | 0 | 0 | 11,523 | 28,947 |
| Other Governments and Citizens Groups | 0 | 9,000 | 0 | 0 | 9,000 | 0 |
| Total Revenues | \$ 260,487 | \$ 77,955 | \$ 16,860 | \$ 311,321 | \$ 666,623 | \$ 660,320 |
| <u>Expenditures</u> | | | | | | |
| Current: | | | | | | |
| Finance | \$ 0 | \$ 0 | \$ 0 | \$ 288,004 | \$ 288,004 | \$ 0 |
| Administration of Justice | 0 | 0 | 0 | 14,886 | 14,886 | 0 |
| Public Safety | 0 | 32,729 | 0 | 0 | 32,729 | 0 |
| Social, Cultural, and Recreational Services | 0 | 0 | 16,103 | 0 | 16,103 | 0 |
| Other Operations | 0 | 0 | 0 | 0 | 0 | 12,842 |
| Debt Service: | | | | | | |
| Principal on Debt | 84,822 | 0 | 0 | 0 | 84,822 | 0 |
| Interest on Debt | 60,725 | 0 | 0 | 0 | 60,725 | 0 |
| Capital Projects | 5,065 | 0 | 0 | 0 | 5,065 | 617,347 |
| Total Expenditures | \$ 150,612 | \$ 32,729 | \$ 16,103 | \$ 302,890 | \$ 502,334 | \$ 630,189 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 109,875 | \$ 45,226 | \$ 757 | \$ 8,431 | \$ 164,289 | \$ 30,131 |

(Continued)

Exhibit F-2

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

| | Special Revenue Funds | | | | | Capital Projects Funds |
|---------------------------------------|---|-----------------|--------------------------|--|------------|--------------------------------|
| | Industrial / Economic Development | Drug Control | Sports and Recreation | Constitu - tional Officers - Fees | Total | General Capital Projects |
| <u>Other Financing Sources (Uses)</u> | | | | | | |
| Transfers In | \$ 0 | \$ 0 | \$ 3,900 | \$ 0 | \$ 3,900 | \$ 0 |
| Total Other Financing Sources (Uses) | \$ 0 | \$ 0 | \$ 3,900 | \$ 0 | \$ 3,900 | \$ 0 |
| Net Change in Fund Balances | \$ 109,875 | \$ 45,226 | \$ 4,657 | \$ 8,431 | \$ 168,189 | \$ 30,131 |
| Fund Balance, July 1, 2018 | 537,914 | 69,460 | 31,369 | 38,911 | 677,654 | 260,757 |
| Fund Balance, June 30, 2019 | \$ 647,789 | \$ 114,686 | \$ 36,026 | \$ 47,342 | \$ 845,843 | \$ 290,888 |

(Continued)

Exhibit F-2

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

| | Capital Projects Funds (Cont.) | | | Total Nonmajor Governmental Funds |
|--|--------------------------------|-----------------------------|------------|--|
| | Highway Capital Projects | Jail Capital Projects | Total | |
| <u>Revenues</u> | | | | |
| Local Taxes | \$ 0 | \$ 116,123 | \$ 747,496 | \$ 996,460 |
| Fines, Forfeitures, and Penalties | 0 | 0 | 0 | 68,955 |
| Charges for Current Services | 0 | 0 | 0 | 328,181 |
| Other Local Revenues | 1,133 | 0 | 1,133 | 1,133 |
| State of Tennessee | 0 | 5,621 | 34,568 | 46,091 |
| Other Governments and Citizens Groups | 0 | 0 | 0 | 9,000 |
| Total Revenues | \$ 1,133 | \$ 121,744 | \$ 783,197 | \$ 1,449,820 |
| <u>Expenditures</u> | | | | |
| Current: | | | | |
| Finance | \$ 0 | \$ 0 | \$ 0 | \$ 288,004 |
| Administration of Justice | 0 | 0 | 0 | 14,886 |
| Public Safety | 0 | 0 | 0 | 32,729 |
| Social, Cultural, and Recreational Services | 0 | 0 | 0 | 16,103 |
| Other Operations | 0 | 2,361 | 15,203 | 15,203 |
| Debt Service: | | | | |
| Principal on Debt | 0 | 0 | 0 | 84,822 |
| Interest on Debt | 0 | 0 | 0 | 60,725 |
| Capital Projects | 0 | 0 | 617,347 | 622,412 |
| Total Expenditures | \$ 0 | \$ 2,361 | \$ 632,550 | \$ 1,134,884 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 1,133 | \$ 119,383 | \$ 150,647 | \$ 314,936 |

(Continued)

Exhibit F-2

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

| | <u>Capital Projects Funds (Cont.)</u> | | | Total Nonmajor Governmental Funds |
|---------------------------------------|---------------------------------------|-----------------------------|------------|--|
| | Highway Capital Projects | Jail Capital Projects | Total | |
| <u>Other Financing Sources (Uses)</u> | | | | |
| Transfers In | \$ 0 | \$ 0 | \$ 0 | \$ 3,900 |
| Total Other Financing Sources (Uses) | \$ 0 | \$ 0 | \$ 0 | \$ 3,900 |
| Net Change in Fund Balances | \$ 1,133 | \$ 119,383 | \$ 150,647 | \$ 318,836 |
| Fund Balance, July 1, 2018 | 122,909 | 0 | 383,666 | 1,061,320 |
| Fund Balance, June 30, 2019 | \$ 124,042 | \$ 119,383 | \$ 534,313 | \$ 1,380,156 |

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, 2019

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|-------------------|-------------------|-------------------|--|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Local Taxes | \$ 248,964 | \$ 239,523 | \$ 239,523 | \$ 9,441 |
| State of Tennessee | 11,523 | 10,933 | 10,933 | 590 |
| Total Revenues | <u>\$ 260,487</u> | <u>\$ 250,456</u> | <u>\$ 250,456</u> | <u>\$ 10,031</u> |
| <u>Expenditures</u> | | | | |
| <u>Principal on Debt</u> | | | | |
| General Government | \$ 84,822 | \$ 80,000 | \$ 84,823 | \$ 1 |
| <u>Interest on Debt</u> | | | | |
| General Government | 60,725 | 67,000 | 62,177 | 1,452 |
| <u>Capital Projects</u> | | | | |
| Public Utility Projects | 5,065 | 5,000 | 5,000 | (65) |
| Total Expenditures | <u>\$ 150,612</u> | <u>\$ 152,000</u> | <u>\$ 152,000</u> | <u>\$ 1,388</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ 109,875</u> | <u>\$ 98,456</u> | <u>\$ 98,456</u> | <u>\$ 11,419</u> |
| Net Change in Fund Balance | \$ 109,875 | \$ 98,456 | \$ 98,456 | \$ 11,419 |
| Fund Balance, July 1, 2018 | <u>537,914</u> | <u>545,283</u> | <u>545,283</u> | <u>(7,369)</u> |
| Fund Balance, June 30, 2019 | <u>\$ 647,789</u> | <u>\$ 643,739</u> | <u>\$ 643,739</u> | <u>\$ 4,050</u> |

Exhibit F-4

Cocke County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Drug Control Fund
For the Year Ended June 30, 2019

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2018 | Add: Encumbrances 6/30/2019 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------------|-----------------------------------|-----------------------------------|---|------------------|-----------|--|
| | | | | | Original | Final | |
| <u>Revenues</u> | | | | | | | |
| Fines, Forfeitures, and Penalties | \$ 68,955 | \$ 0 | \$ 0 | \$ 68,955 | \$ 30,000 | \$ 95,403 | \$ (26,448) |
| Other Governments and Citizens Groups | 9,000 | 0 | 0 | 9,000 | 0 | 0 | 9,000 |
| Total Revenues | \$ 77,955 | \$ 0 | \$ 0 | \$ 77,955 | \$ 30,000 | \$ 95,403 | \$ (17,448) |
| <u>Expenditures</u> | | | | | | | |
| <u>Public Safety</u> | | | | | | | |
| Sheriff's Department | \$ 10,891 | \$ (712) | \$ 4,432 | \$ 14,611 | \$ 13,500 | \$ 64,123 | \$ 49,512 |
| Drug Enforcement | 21,838 | 0 | 7,000 | 28,838 | 15,200 | 29,980 | 1,142 |
| Total Expenditures | \$ 32,729 | \$ (712) | \$ 11,432 | \$ 43,449 | \$ 28,700 | \$ 94,103 | \$ 50,654 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 45,226 | \$ 712 | \$ (11,432) | \$ 34,506 | \$ 1,300 | \$ 1,300 | \$ 33,206 |
| Net Change in Fund Balance | \$ 45,226 | \$ 712 | \$ (11,432) | \$ 34,506 | \$ 1,300 | \$ 1,300 | \$ 33,206 |
| Fund Balance, July 1, 2018 | 69,460 | (712) | 0 | 68,748 | 75,182 | 75,182 | (6,434) |
| Fund Balance, June 30, 2019 | \$ 114,686 | \$ 0 | \$ (11,432) | \$ 103,254 | \$ 76,482 | \$ 76,482 | \$ 26,772 |

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, 2019

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|-------------------------|-------------------------|-------------------------|--|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Charges for Current Services | \$ 16,860 | \$ 15,100 | \$ 15,100 | \$ 1,760 |
| Other Local Revenues | 0 | 600 | 600 | (600) |
| Other Governments and Citizens Groups | 0 | 1,600 | 1,600 | (1,600) |
| Total Revenues | <u>\$ 16,860</u> | <u>\$ 17,300</u> | <u>\$ 17,300</u> | <u>\$ (440)</u> |
| <u>Expenditures</u> | | | | |
| <u>Social, Cultural, and Recreational Services</u> | | | | |
| Other Social, Cultural, and Recreational | \$ 16,103 | \$ 25,750 | \$ 25,750 | \$ 9,647 |
| Total Expenditures | <u>\$ 16,103</u> | <u>\$ 25,750</u> | <u>\$ 25,750</u> | <u>\$ 9,647</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ 757</u> | <u>\$ (8,450)</u> | <u>\$ (8,450)</u> | <u>\$ 9,207</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 | \$ 4,657 | \$ (4,550) | \$ (4,550) | \$ 9,207 |
| Fund Balance, July 1, 2018 | <u>31,369</u> | <u>31,140</u> | <u>31,140</u> | <u>229</u> |
| Fund Balance, June 30, 2019 | <u><u>\$ 36,026</u></u> | <u><u>\$ 26,590</u></u> | <u><u>\$ 26,590</u></u> | <u><u>\$ 9,436</u></u> |

Exhibit F-6

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, 2019

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2018 | Add: Encumbrances 6/30/2019 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------------|-----------------------------------|-----------------------------------|---|------------------|-------------|--|
| | | | | | Original | Final | |
| <u>Revenues</u> | | | | | | | |
| Local Taxes | \$ 631,373 | \$ 0 | \$ 0 | \$ 631,373 | \$ 623,249 | \$ 623,249 | \$ 8,124 |
| State of Tennessee | 28,947 | 0 | 0 | 28,947 | 27,466 | 27,466 | 1,481 |
| Total Revenues | \$ 660,320 | \$ 0 | \$ 0 | \$ 660,320 | \$ 650,715 | \$ 650,715 | \$ 9,605 |
| <u>Expenditures</u> | | | | | | | |
| <u>Other Operations</u> | | | | | | | |
| Other Charges | \$ 12,842 | \$ 0 | \$ 0 | \$ 12,842 | \$ 12,500 | \$ 12,500 | \$ (342) |
| <u>Capital Projects</u> | | | | | | | |
| Public Safety Projects | 108,324 | (108,616) | 85,000 | 84,708 | 80,000 | 80,000 | (4,708) |
| Public Health and Welfare Projects | 19,326 | 0 | 0 | 19,326 | 102,141 | 102,141 | 82,815 |
| Education Capital Projects | 489,697 | 0 | 0 | 489,697 | 550,000 | 550,000 | 60,303 |
| Total Expenditures | \$ 630,189 | \$ (108,616) | \$ 85,000 | \$ 606,573 | \$ 744,641 | \$ 744,641 | \$ 138,068 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 30,131 | \$ 108,616 | \$ (85,000) | \$ 53,747 | \$ (93,926) | \$ (93,926) | \$ 147,673 |
| Net Change in Fund Balance | \$ 30,131 | \$ 108,616 | \$ (85,000) | \$ 53,747 | \$ (93,926) | \$ (93,926) | \$ 147,673 |
| Fund Balance, July 1, 2018 | 260,757 | (108,616) | 0 | 152,141 | 120,734 | 120,734 | 31,407 |
| Fund Balance, June 30, 2019 | \$ 290,888 | \$ 0 | \$ (85,000) | \$ 205,888 | \$ 26,808 | \$ 26,808 | \$ 179,080 |

Exhibit F-7

Cocke County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Jail Capital Projects Fund
For the Year Ended June 30, 2019

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|-------------------|-------------------|-------------------|--|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Local Taxes | \$ 116,123 | \$ 117,249 | \$ 117,249 | \$ (1,126) |
| State of Tennessee | 5,621 | 5,333 | 5,333 | 288 |
| Total Revenues | <u>\$ 121,744</u> | <u>\$ 122,582</u> | <u>\$ 122,582</u> | <u>\$ (838)</u> |
| <u>Expenditures</u> | | | | |
| <u>Other Operations</u> | | | | |
| Other Charges | \$ 2,361 | \$ 3,000 | \$ 3,000 | \$ 639 |
| Total Expenditures | <u>\$ 2,361</u> | <u>\$ 3,000</u> | <u>\$ 3,000</u> | <u>\$ 639</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ 119,383</u> | <u>\$ 119,582</u> | <u>\$ 119,582</u> | <u>\$ (199)</u> |
| Net Change in Fund Balance | \$ 119,383 | \$ 119,582 | \$ 119,582 | \$ (199) |
| Fund Balance, July 1, 2018 | 0 | 0 | 0 | 0 |
| Fund Balance, June 30, 2019 | <u>\$ 119,383</u> | <u>\$ 119,582</u> | <u>\$ 119,582</u> | <u>\$ (199)</u> |

Major Governmental Fund

General Debt Service Fund

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

Exhibit G

Cocke County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2019

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|---|---------------------|---------------------|---------------------|--|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Local Taxes | \$ 2,676,335 | \$ 2,549,336 | \$ 2,549,336 | \$ 126,999 |
| Other Local Revenues | 185,802 | 15,000 | 15,000 | 170,802 |
| State of Tennessee | 49,744 | 47,198 | 47,198 | 2,546 |
| Federal Government | 33,249 | 36,000 | 36,000 | (2,751) |
| Other Governments and Citizens Groups | 142,801 | 185,000 | 185,000 | (42,199) |
| Total Revenues | <u>\$ 3,087,931</u> | <u>\$ 2,832,534</u> | <u>\$ 2,832,534</u> | <u>\$ 255,397</u> |
| <u>Expenditures</u> | | | | |
| <u>Principal on Debt</u> | | | | |
| General Government | \$ 387,946 | \$ 388,000 | \$ 388,000 | \$ 54 |
| Highways and Streets | 491,626 | 492,000 | 492,000 | 374 |
| Education | 1,203,299 | 1,203,436 | 1,203,436 | 137 |
| <u>Interest on Debt</u> | | | | |
| General Government | 70,589 | 70,600 | 70,600 | 11 |
| Highways and Streets | 208,005 | 208,000 | 208,000 | (5) |
| Education | 444,462 | 445,000 | 445,000 | 538 |
| <u>Other Debt Service</u> | | | | |
| General Government | 44,609 | 59,000 | 59,000 | 14,391 |
| Education | 4,460 | 4,500 | 4,500 | 40 |
| Total Expenditures | <u>\$ 2,854,996</u> | <u>\$ 2,870,536</u> | <u>\$ 2,870,536</u> | <u>\$ 15,540</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ 232,935</u> | <u>\$ (38,002)</u> | <u>\$ (38,002)</u> | <u>\$ 270,937</u> |
| <u>Other Financing Sources (Uses)</u> | | | | |
| Transfers In | \$ 253,811 | \$ 252,000 | \$ 252,000 | \$ 1,811 |
| Total Other Financing Sources | <u>\$ 253,811</u> | <u>\$ 252,000</u> | <u>\$ 252,000</u> | <u>\$ 1,811</u> |
| Net Change in Fund Balance | \$ 486,746 | \$ 213,998 | \$ 213,998 | \$ 272,748 |
| Fund Balance, July 1, 2018 | 5,873,630 | 5,472,302 | 5,472,302 | 401,328 |
| Fund Balance, June 30, 2019 | <u>\$ 6,360,376</u> | <u>\$ 5,686,300</u> | <u>\$ 5,686,300</u> | <u>\$ 674,076</u> |

Fiduciary Funds

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

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

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

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

Exhibit H-1

Cocke County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2019

| | <u>Agency Funds</u> | | | |
|--|--------------------------|------------------------------------|--|---------------------|
| | Cities - Sales Tax | City School ADA - Newport | Constitu - tional Officers - Agency | Total |
| <u>ASSETS</u> | | | | |
| Cash | \$ 0 | \$ 0 | \$ 2,087,103 | \$ 2,087,103 |
| Due from Other Governments | 713,112 | 123,706 | 0 | 836,818 |
| Property Taxes Receivable | 0 | 470,663 | 0 | 470,663 |
| Allowance for Uncollectible Property Taxes | 0 | (22,818) | 0 | (22,818) |
| Cash Shortage | 0 | 0 | 26,670 | 26,670 |
| Total Assets | <u>\$ 713,112</u> | <u>\$ 571,551</u> | <u>\$ 2,113,773</u> | <u>\$ 3,398,436</u> |
| <u>LIABILITIES</u> | | | | |
| Due to Other Taxing Units | \$ 713,112 | \$ 571,551 | \$ 0 | \$ 1,284,663 |
| Due to Litigants, Heirs, and Others | 0 | 0 | 2,113,773 | 2,113,773 |
| Total Liabilities | <u>\$ 713,112</u> | <u>\$ 571,551</u> | <u>\$ 2,113,773</u> | <u>\$ 3,398,436</u> |

Exhibit H-2

Cocke County, Tennessee
Combining Statement of Changes in Assets
and Liabilities - All Agency Funds
For the Year Ended June 30, 2019

| | Beginning Balance | Additions | Deductions | Ending Balance |
|--|----------------------|--------------|--------------|-------------------|
| <u>Cities - Sales Tax Fund</u> | | | | |
| <u>Assets</u> | | | | |
| Equity in Pooled Cash and Investments | \$ 0 | \$ 4,021,010 | \$ 4,021,010 | \$ 0 |
| Due from Other Governments | 684,741 | 713,112 | 684,741 | 713,112 |
| Total Assets | \$ 684,741 | \$ 4,734,122 | \$ 4,705,751 | \$ 713,112 |
| <u>Liabilities</u> | | | | |
| Due to Other Taxing Units | \$ 684,741 | \$ 4,734,122 | \$ 4,705,751 | \$ 713,112 |
| Total Liabilities | \$ 684,741 | \$ 4,734,122 | \$ 4,705,751 | \$ 713,112 |
| <u>City School ADA - Newport Fund</u> | | | | |
| <u>Assets</u> | | | | |
| Equity in Pooled Cash and Investments | \$ 0 | \$ 1,136,403 | \$ 1,136,403 | \$ 0 |
| Due from Other Governments | 113,432 | 123,706 | 113,432 | 123,706 |
| Property Taxes Receivable | 461,527 | 470,663 | 461,527 | 470,663 |
| Allowance for Uncollectible Property Taxes | (16,581) | (22,818) | (16,581) | (22,818) |
| Total Assets | \$ 558,378 | \$ 1,707,954 | \$ 1,694,781 | \$ 571,551 |
| <u>Liabilities</u> | | | | |
| Due to Other Taxing Units | \$ 558,378 | \$ 1,707,954 | \$ 1,694,781 | \$ 571,551 |
| Total Liabilities | \$ 558,378 | \$ 1,707,954 | \$ 1,694,781 | \$ 571,551 |
| <u>Constitutional Officers - Agency Fund</u> | | | | |
| <u>Assets</u> | | | | |
| Cash | \$ 2,517,308 | \$ 6,884,519 | \$ 7,314,724 | \$ 2,087,103 |
| Cash Shortage | 29,020 | 0 | 2,350 | 26,670 |
| Total Assets | \$ 2,546,328 | \$ 6,884,519 | \$ 7,317,074 | \$ 2,113,773 |
| <u>Liabilities</u> | | | | |
| Due to Litigants, Heirs, and Others | \$ 2,546,328 | \$ 6,884,519 | \$ 7,317,074 | \$ 2,113,773 |
| Total Liabilities | \$ 2,546,328 | \$ 6,884,519 | \$ 7,317,074 | \$ 2,113,773 |

(Continued)

Exhibit H-2

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

| | Beginning Balance | Additions | Deductions | Ending Balance |
|--|----------------------|----------------------|----------------------|---------------------|
| <u>Totals - All Agency Funds</u> | | | | |
| <u>Assets</u> | | | | |
| Cash | \$ 2,517,308 | \$ 6,884,519 | \$ 7,314,724 | \$ 2,087,103 |
| Equity in Pooled Cash and Investments | 0 | 5,157,413 | 5,157,413 | 0 |
| Due from Other Governments | 798,173 | 836,818 | 798,173 | 836,818 |
| Property Taxes Receivable | 461,527 | 470,663 | 461,527 | 470,663 |
| Allowance for Uncollectible Property Taxes | (16,581) | (22,818) | (16,581) | (22,818) |
| Cash Shortage | 29,020 | 0 | 2,350 | 26,670 |
| Total Assets | <u>\$ 3,789,447</u> | <u>\$ 13,326,595</u> | <u>\$ 13,717,606</u> | <u>\$ 3,398,436</u> |
| <u>Liabilities</u> | | | | |
| Due to Other Taxing Units | \$ 1,243,119 | \$ 6,442,076 | \$ 6,400,532 | \$ 1,284,663 |
| Due to Litigants, Heirs, and Others | 2,546,328 | 6,884,519 | 7,317,074 | 2,113,773 |
| Total Liabilities | <u>\$ 3,789,447</u> | <u>\$ 13,326,595</u> | <u>\$ 13,717,606</u> | <u>\$ 3,398,436</u> |

Cocke County School Department

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

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

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

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

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

Employee Insurance - Dental Fund – The Employee Insurance - Dental Fund is an internal service fund used to account for the school department's self-insured employee group dental plan.

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

Exhibit I-1

Cocke County, Tennessee
Statement of Activities
Discretely Presented Cocke County School Department
For the Year Ended June 30, 2019

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) |
|--|----------------------|----------------------------|---|---|--|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Revenue and Changes in Net Position Total Governmental Activities |
| Governmental Activities: | | | | | |
| Instruction | \$ 23,647,476 | \$ 0 | \$ 3,090,858 | \$ 128,530 | \$ (20,428,088) |
| Support Services | 14,031,988 | 102,463 | 1,315,938 | 489,697 | (12,123,890) |
| Operation of Non-instructional Services | 4,869,283 | 160,872 | 3,149,613 | 0 | (1,558,798) |
| Total Governmental Activities | \$ 42,548,747 | \$ 263,335 | \$ 7,556,409 | \$ 618,227 | \$ (34,110,776) |
| General Revenues: | | | | | |
| Taxes: | | | | | |
| Property Taxes Levied for General Purposes | | | | | \$ 2,982,971 |
| Property Taxes Levied for School Transportation | | | | | 1,343,622 |
| Local Option Sales Taxes | | | | | 3,795,287 |
| Other Local Taxes | | | | | 37,000 |
| Grants and Contributions Not Restricted to Specific Programs | | | | | 27,831,496 |
| Unrestricted Investment Income | | | | | 7 |
| Gain on Investments | | | | | 3,505 |
| Miscellaneous | | | | | 75,852 |
| Gain on Disposal of Assets | | | | | 4,685 |
| Total General Revenues | | | | | \$ 36,074,425 |
| Change in Net Position | | | | | \$ 1,963,649 |
| Net Position, July 1, 2018 | | | | | 22,553,995 |
| Net Position, June 30, 2019 | | | | | \$ 24,517,644 |

Exhibit I-2

Coke County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Coke County School Department
June 30, 2019

| | <u>Major Funds</u> | | <u>Nonmajor</u> | <u>Total</u> |
|--|----------------------|---------------------|---------------------|----------------------|
| | <u>General</u> | <u>School</u> | <u>Funds</u> | |
| | <u>Purpose</u> | <u>Transpor -</u> | <u>Other</u> | <u>Governmental</u> |
| | <u>School</u> | <u>tation</u> | <u>Governmental</u> | <u>Funds</u> |
| | | | <u>Funds</u> | <u>Funds</u> |
| <u>ASSETS</u> | | | | |
| Cash | \$ 1,333,592 | \$ 0 | \$ 0 | \$ 1,333,592 |
| Equity in Pooled Cash and Investments | 6,373,758 | 1,360,289 | 1,723,241 | 9,457,288 |
| Accounts Receivable | 337,925 | 25,015 | 134 | 363,074 |
| Due from Other Governments | 825,438 | 0 | 70,459 | 895,897 |
| Property Taxes Receivable | 3,185,977 | 1,438,574 | 0 | 4,624,551 |
| Allowance for Uncollectible Property Taxes | (154,452) | (69,740) | 0 | (224,192) |
| Restricted Assets | 69,436 | 0 | 0 | 69,436 |
| Total Assets | \$ 11,971,674 | \$ 2,754,138 | \$ 1,793,834 | \$ 16,519,646 |
| <u>LIABILITIES</u> | | | | |
| Accounts Payable | \$ 36,414 | \$ 278 | \$ 2,126 | \$ 38,818 |
| Accrued Payroll | 2,321 | 2,120 | 0 | 4,441 |
| Other Current Liabilities | 3,435,273 | 57,934 | 341,472 | 3,834,679 |
| Total Liabilities | \$ 3,474,008 | \$ 60,332 | \$ 343,598 | \$ 3,877,938 |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | | |
| Deferred Current Property Taxes | \$ 2,919,184 | \$ 1,318,108 | \$ 0 | \$ 4,237,292 |
| Deferred Delinquent Property Taxes | 101,485 | 45,824 | 0 | 147,309 |
| Other Deferred/Unavailable Revenue | 356,134 | 0 | 0 | 356,134 |
| Total Deferred Inflows of Resources | \$ 3,376,803 | \$ 1,363,932 | \$ 0 | \$ 4,740,735 |

(Continued)

Exhibit I-2

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

| | <u>Major Funds</u> | | <u>Nonmajor</u> | <u>Total</u> |
|---|----------------------|---------------------|---------------------|----------------------|
| | <u>General</u> | <u>School</u> | <u>Funds</u> | |
| | <u>Purpose</u> | <u>Transpor -</u> | <u>Other</u> | <u>Governmental</u> |
| | <u>School</u> | <u>tation</u> | <u>Governmental</u> | <u>Funds</u> |
| | | | <u>Funds</u> | <u>Funds</u> |
| <u>FUND BALANCES</u> | | | | |
| Restricted: | | | | |
| Restricted for Education | \$ 16,230 | \$ 0 | \$ 1,150,236 | \$ 1,166,466 |
| Restricted for Hybrid Retirement Stabilization Funds | 69,436 | 0 | 0 | 69,436 |
| Committed: | | | | |
| Committed for Education | 0 | 1,329,874 | 300,000 | 1,629,874 |
| Assigned: | | | | |
| Assigned for Education | 2,618,244 | 0 | 0 | 2,618,244 |
| Unassigned | 2,416,953 | 0 | 0 | 2,416,953 |
| Total Fund Balances | <u>\$ 5,120,863</u> | <u>\$ 1,329,874</u> | <u>\$ 1,450,236</u> | <u>\$ 7,900,973</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 11,971,674</u> | <u>\$ 2,754,138</u> | <u>\$ 1,793,834</u> | <u>\$ 16,519,646</u> |

Exhibit I-3

Coke County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Position
Discretely Presented Coke County School Department
June 30, 2019

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) | | \$ | 7,900,973 |
| (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 | | 13,875,449 | |
| Add: other capital assets net of accumulated depreciation | | 4,122,586 | |
| Add: infrastructure net of accumulated depreciation | | <u>81,464</u> | 18,680,791 |
| (2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds. | | | |
| Less: termination benefits payable | \$ | (279,890) | |
| Less: OPEB liability | | <u>(8,749,834)</u> | (9,029,724) |
| (3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be amortized and recognized as components of pension expense in future years. | | | |
| Add: deferred outflows of resources related to pensions | \$ | 4,035,045 | |
| Less: deferred inflows of resources related to pensions | | (3,005,751) | |
| Add: deferred outflows of resources related to OPEB | | 2,448,932 | |
| Less: deferred inflows of resources related to OPEB | | <u>(239,625)</u> | 3,238,601 |
| (4) Net pension assets are not current financial resources and therefore are not reported in the governmental funds. | | | |
| Add: net pension asset - agent plan | \$ | 1,452,406 | |
| Add: net pension asset - teacher retirement plan | | 147,693 | |
| Add: net pension asset - teacher legacy retirement plan | | <u>1,623,461</u> | 3,223,560 |
| (5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds. | | | <u>503,443</u> |
| Net position of governmental activities (Exhibit A) | | \$ | <u>24,517,644</u> |

Exhibit I-4

Cooke County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Cooke County School Department
For the Year Ended June 30, 2019

| | Major Funds | | Nonmajor Funds | Total Governmental Funds |
|--|------------------------------|--------------------------------|-------------------------------------|--------------------------------|
| | General Purpose School | School Transpor - tation | Other Govern- mental Funds | |
| <u>Revenues</u> | | | | |
| Local Taxes | \$ 6,850,766 | \$ 1,424,733 | \$ 0 | \$ 8,275,499 |
| Licenses and Permits | 1,245 | 0 | 0 | 1,245 |
| Charges for Current Services | 30,454 | 72,009 | 155,511 | 257,974 |
| Other Local Revenues | 1,250,742 | 30,829 | 2,716 | 1,284,287 |
| State of Tennessee | 26,791,566 | 364,181 | 35,000 | 27,190,747 |
| Federal Government | 531,228 | 0 | 6,523,219 | 7,054,447 |
| Other Governments and Citizens Groups | 0 | 489,697 | 0 | 489,697 |
| Total Revenues | <u>\$ 35,456,001</u> | <u>\$ 2,381,449</u> | <u>\$ 6,716,446</u> | <u>\$ 44,553,896</u> |
| <u>Expenditures</u> | | | | |
| Current: | | | | |
| Instruction | \$ 21,028,327 | \$ 0 | \$ 2,850,706 | \$ 23,879,033 |
| Support Services | 11,410,614 | 2,505,808 | 714,109 | 14,630,531 |
| Operation of Non-Instructional Services | 1,851,600 | 0 | 3,248,736 | 5,100,336 |
| Capital Outlay | 410,118 | 0 | 0 | 410,118 |
| Debt Service: | | | | |
| Other Debt Service | 142,801 | 0 | 0 | 142,801 |
| Total Expenditures | <u>\$ 34,843,460</u> | <u>\$ 2,505,808</u> | <u>\$ 6,813,551</u> | <u>\$ 44,162,819</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ 612,541</u> | <u>\$ (124,359)</u> | <u>\$ (97,105)</u> | <u>\$ 391,077</u> |
| <u>Other Financing Sources (Uses)</u> | | | | |
| Insurance Recovery | \$ 9,320 | \$ 41,727 | \$ 0 | \$ 51,047 |
| Transfers In | 35,000 | 0 | 0 | 35,000 |

(Continued)

Exhibit I-4

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

| | Major Funds | | Nonmajor Funds | Total Governmental Funds |
|---|------------------------------|--------------------------------|-------------------------------------|--------------------------------|
| | General Purpose School | School Transpor - tation | Other Govern- mental Funds | |
| <u>Other Financing Sources (Uses) (Cont.)</u> | | | | |
| Transfers Out | \$ (14,080) | \$ 0 | \$ (35,000) | \$ (49,080) |
| Total Other Financing Sources (Uses) | \$ 30,240 | \$ 41,727 | \$ (35,000) | \$ 36,967 |
| Net Change in Fund Balances | \$ 642,781 | \$ (82,632) | \$ (132,105) | \$ 428,044 |
| Fund Balance, July 1, 2018 | 4,478,082 | 1,412,506 | 1,582,341 | 7,472,929 |
| Fund Balance, June 30, 2019 | \$ 5,120,863 | \$ 1,329,874 | \$ 1,450,236 | \$ 7,900,973 |

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, 2019

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) | | \$ | 428,044 |
| (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 | \$ | 1,127,122 | |
| Less: current-year depreciation expense | | <u>(1,796,482)</u> | (669,360) |
| (2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position. | | | |
| Less: book value of capital assets disposed | | | (15,862) |
| (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, 2019 | \$ | 503,443 | |
| Less: deferred delinquent property taxes and other deferred June 30, 2018 | | <u>(495,005)</u> | 8,438 |
| (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 termination benefits | \$ | 34,448 | |
| Change in OPEB liability | | (2,357,897) | |
| Change in net pension assets/liability | | 1,954,656 | |
| Change in deferred outflows related to pensions | | (41,255) | |
| Change in deferred inflows related to pensions | | 619,543 | |
| Change in deferred outflows related to OPEB | | 2,024,250 | |
| Change in deferred inflows related to OPEB | | <u>4,664</u> | 2,238,409 |
| (5) An internal service fund is used by management to charge the costs of employee dental insurance to individual funds. The net revenue (expense) of certain activities of the internal service fund is reported with governmental activities in the statement of activities. | | | |
| | | | <u>(26,020)</u> |
| Change in net position of governmental activities (Exhibit B) | | \$ | <u>1,963,649</u> |

Exhibit I-6

Cocke County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Cocke County School Department
June 30, 2019

| | <u>Special Revenue Funds</u> | | |
|---------------------------------------|-------------------------------|----------------------|--|
| | School Federal Projects | Central Cafeteria | Total Nonmajor Governmental Funds |
| <u>ASSETS</u> | | | |
| Equity in Pooled Cash and Investments | \$ 499,895 | \$ 1,223,346 | \$ 1,723,241 |
| Accounts Receivable | 0 | 134 | 134 |
| Due from Other Governments | 36,002 | 34,457 | 70,459 |
| Total Assets | <u>\$ 535,897</u> | <u>\$ 1,257,937</u> | <u>\$ 1,793,834</u> |
| <u>LIABILITIES</u> | | | |
| Accounts Payable | \$ 0 | \$ 2,126 | \$ 2,126 |
| Other Current Liabilities | 235,897 | 105,575 | 341,472 |
| Total Liabilities | <u>\$ 235,897</u> | <u>\$ 107,701</u> | <u>\$ 343,598</u> |
| <u>FUND BALANCES</u> | | | |
| Restricted: | | | |
| Restricted for Education | \$ 0 | \$ 1,150,236 | \$ 1,150,236 |
| Committed: | | | |
| Committed for Education | 300,000 | 0 | 300,000 |
| Total Fund Balances | <u>\$ 300,000</u> | <u>\$ 1,150,236</u> | <u>\$ 1,450,236</u> |
| Total Liabilities and Fund Balances | <u>\$ 535,897</u> | <u>\$ 1,257,937</u> | <u>\$ 1,793,834</u> |

Exhibit I-7

Cocke County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Cocke County School Department
For the Year Ended June 30, 2019

| | <u>Special Revenue Funds</u> | | Total |
|--|-------------------------------|----------------------|-----------------------------------|
| | School Federal Projects | Central Cafeteria | Nonmajor Governmental Funds |
| <u>Revenues</u> | | | |
| Charges for Current Services | \$ 0 | \$ 155,511 | \$ 155,511 |
| Other Local Revenues | 0 | 2,716 | 2,716 |
| State of Tennessee | 0 | 35,000 | 35,000 |
| Federal Government | 3,599,815 | 2,923,404 | 6,523,219 |
| Total Revenues | <u>\$ 3,599,815</u> | <u>\$ 3,116,631</u> | <u>\$ 6,716,446</u> |
| <u>Expenditures</u> | | | |
| Current: | | | |
| Instruction | \$ 2,850,706 | \$ 0 | \$ 2,850,706 |
| Support Services | 714,109 | 0 | 714,109 |
| Operation of Non-Instructional Services | 0 | 3,248,736 | 3,248,736 |
| Total Expenditures | <u>\$ 3,564,815</u> | <u>\$ 3,248,736</u> | <u>\$ 6,813,551</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ 35,000</u> | <u>\$ (132,105)</u> | <u>\$ (97,105)</u> |
| <u>Other Financing Sources (Uses)</u> | | | |
| Transfers Out | \$ (35,000) | \$ 0 | \$ (35,000) |
| Total Other Financing Sources (Uses) | <u>\$ (35,000)</u> | <u>\$ 0</u> | <u>\$ (35,000)</u> |
| Net Change in Fund Balances | \$ 0 | \$ (132,105) | \$ (132,105) |
| Fund Balance, July 1, 2018 | 300,000 | 1,282,341 | 1,582,341 |
| Fund Balance, June 30, 2019 | <u>\$ 300,000</u> | <u>\$ 1,150,236</u> | <u>\$ 1,450,236</u> |

Exhibit I-8

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, 2019

| | Actual (GAAP Basis) | Add: Encumbrances 6/30/2019 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------------|-----------------------------------|---|----------------------|----------------------|--|
| | | | | Original | Final | |
| <u>Revenues</u> | | | | | | |
| Local Taxes | \$ 6,850,766 | \$ 0 | \$ 6,850,766 | \$ 6,539,300 | \$ 6,539,300 | \$ 311,466 |
| Licenses and Permits | 1,245 | 0 | 1,245 | 1,000 | 1,000 | 245 |
| Charges for Current Services | 30,454 | 0 | 30,454 | 35,000 | 35,000 | (4,546) |
| Other Local Revenues | 1,250,742 | 0 | 1,250,742 | 1,066,341 | 1,165,341 | 85,401 |
| State of Tennessee | 26,791,566 | 0 | 26,791,566 | 26,424,292 | 26,835,131 | (43,565) |
| Federal Government | 531,228 | 0 | 531,228 | 556,066 | 563,677 | (32,449) |
| Total Revenues | \$ 35,456,001 | \$ 0 | \$ 35,456,001 | \$ 34,621,999 | \$ 35,139,449 | \$ 316,552 |
| <u>Expenditures</u> | | | | | | |
| <u>Instruction</u> | | | | | | |
| Regular Instruction Program | \$ 16,676,661 | \$ 0 | \$ 16,676,661 | \$ 18,179,437 | \$ 18,155,437 | \$ 1,478,776 |
| Alternative Instruction Program | 316,331 | 0 | 316,331 | 319,558 | 319,558 | 3,227 |
| Special Education Program | 2,405,706 | 0 | 2,405,706 | 2,511,915 | 2,511,915 | 106,209 |
| Career and Technical Education Program | 1,629,321 | 86 | 1,629,407 | 1,669,042 | 1,744,042 | 114,635 |
| Student Body Education Program | 308 | 0 | 308 | 900 | 900 | 592 |
| <u>Support Services</u> | | | | | | |
| Attendance | 156,198 | 0 | 156,198 | 165,406 | 165,406 | 9,208 |
| Health Services | 415,718 | 0 | 415,718 | 487,559 | 487,559 | 71,841 |
| Other Student Support | 1,230,326 | 0 | 1,230,326 | 1,314,597 | 1,314,597 | 84,271 |
| Regular Instruction Program | 1,219,985 | 0 | 1,219,985 | 1,218,610 | 1,240,020 | 20,035 |
| Special Education Program | 585,807 | 0 | 585,807 | 620,900 | 625,600 | 39,793 |
| Career and Technical Education Program | 74,663 | 0 | 74,663 | 79,825 | 79,825 | 5,162 |
| Technology | 438,814 | 0 | 438,814 | 530,426 | 530,426 | 91,612 |
| Other Programs | 132,699 | 0 | 132,699 | 0 | 132,699 | 0 |
| Board of Education | 415,247 | 0 | 415,247 | 441,208 | 441,208 | 25,961 |

(Continued)

Exhibit I-8

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

| | Actual (GAAP Basis) | Add: Encumbrances 6/30/2019 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------------|-----------------------------------|---|------------------|----------------|--|
| | | | | Original | Final | |
| <u>Expenditures (Cont.)</u> | | | | | | |
| <u>Support Services (Cont.)</u> | | | | | | |
| Director of Schools | \$ 379,778 | \$ 0 | \$ 379,778 | \$ 392,345 | \$ 392,345 | \$ 12,567 |
| Office of the Principal | 2,584,071 | 0 | 2,584,071 | 2,675,675 | 2,675,675 | 91,604 |
| Fiscal Services | 290,274 | 0 | 290,274 | 317,282 | 317,282 | 27,008 |
| Operation of Plant | 2,671,112 | 43 | 2,671,155 | 2,822,279 | 2,822,279 | 151,124 |
| Maintenance of Plant | 811,539 | 0 | 811,539 | 805,310 | 951,860 | 140,321 |
| Transportation | 4,383 | 0 | 4,383 | 9,287 | 9,287 | 4,904 |
| <u>Operation of Non-Instructional Services</u> | | | | | | |
| Food Service | 82,055 | 0 | 82,055 | 82,809 | 82,809 | 754 |
| Community Services | 1,468,551 | 0 | 1,468,551 | 1,502,648 | 1,537,148 | 68,597 |
| Early Childhood Education | 300,994 | 0 | 300,994 | 298,076 | 312,666 | 11,672 |
| <u>Capital Outlay</u> | | | | | | |
| Regular Capital Outlay | 410,118 | 17,000 | 427,118 | 520,000 | 612,000 | 184,882 |
| <u>Other Debt Service</u> | | | | | | |
| Education | 142,801 | 0 | 142,801 | 188,000 | 188,000 | 45,199 |
| Total Expenditures | \$ 34,843,460 | \$ 17,129 | \$ 34,860,589 | \$ 37,153,094 | \$ 37,650,543 | \$ 2,789,954 |
| Excess (Deficiency) of Revenues | | | | | | |
| Over Expenditures | \$ 612,541 | \$ (17,129) | \$ 595,412 | \$ (2,531,095) | \$ (2,511,094) | \$ 3,106,506 |
| <u>Other Financing Sources (Uses)</u> | | | | | | |
| Insurance Recovery | \$ 9,320 | \$ 0 | \$ 9,320 | \$ 20,000 | \$ 20,000 | \$ (10,680) |
| Transfers In | 35,000 | 0 | 35,000 | 30,000 | 30,000 | 5,000 |
| Transfers Out | (14,080) | 0 | (14,080) | 0 | (20,000) | 5,920 |
| Total Other Financing Sources | \$ 30,240 | \$ 0 | \$ 30,240 | \$ 50,000 | \$ 30,000 | \$ 240 |

(Continued)

Exhibit I-8

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

| | Actual (GAAP Basis) | Add: Encumbrances 6/30/2019 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|-----------------------------|---------------------------|-----------------------------------|---|------------------|----------------|--|
| | | | | Original | Final | |
| Net Change in Fund Balance | \$ 642,781 | \$ (17,129) | \$ 625,652 | \$ (2,481,095) | \$ (2,481,094) | \$ 3,106,746 |
| Fund Balance, July 1, 2018 | 4,478,082 | 0 | 4,478,082 | 4,317,901 | 4,317,901 | 160,181 |
| Fund Balance, June 30, 2019 | \$ 5,120,863 | \$ (17,129) | \$ 5,103,734 | \$ 1,836,806 | \$ 1,836,807 | \$ 3,266,927 |

Exhibit I-9

Cocke County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Cocke County School Department
School Federal Projects Fund
For the Year Ended June 30, 2019

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|--------------|------------------|--------------|--|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Federal Government | \$ 3,599,815 | \$ 3,460,539 | \$ 4,500,353 | \$ (900,538) |
| Total Revenues | \$ 3,599,815 | \$ 3,460,539 | \$ 4,500,353 | \$ (900,538) |
| <u>Expenditures</u> | | | | |
| <u>Instruction</u> | | | | |
| Regular Instruction Program | \$ 1,796,403 | \$ 1,592,528 | \$ 2,154,662 | \$ 358,259 |
| Special Education Program | 968,103 | 885,147 | 1,128,094 | 159,991 |
| Career and Technical Education Program | 86,200 | 78,955 | 86,200 | 0 |
| <u>Support Services</u> | | | | |
| Other Student Support | 58,218 | 94,880 | 96,999 | 38,781 |
| Regular Instruction Program | 390,995 | 520,229 | 674,164 | 283,169 |
| Special Education Program | 55,231 | 53,000 | 77,514 | 22,283 |
| Career and Technical Education Program | 4,420 | 5,500 | 4,420 | 0 |
| Transportation | 205,245 | 200,300 | 243,300 | 38,055 |
| Total Expenditures | \$ 3,564,815 | \$ 3,430,539 | \$ 4,465,353 | \$ 900,538 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 35,000 | \$ 30,000 | \$ 35,000 | \$ 0 |
| <u>Other Financing Sources (Uses)</u> | | | | |
| Transfers Out | \$ (35,000) | \$ (30,000) | \$ (35,000) | \$ 0 |
| Total Other Financing Sources | \$ (35,000) | \$ (30,000) | \$ (35,000) | \$ 0 |
| Net Change in Fund Balance | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Fund Balance, July 1, 2018 | 300,000 | 300,000 | 300,000 | 0 |
| Fund Balance, June 30, 2019 | \$ 300,000 | \$ 300,000 | \$ 300,000 | \$ 0 |

Exhibit I-10

Cocke County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Cocke County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2019

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2018 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------------|-----------------------------------|---|---------------------|---------------------|--|
| | | | | Original | Final | |
| <u>Revenues</u> | | | | | | |
| Charges for Current Services | \$ 155,511 | \$ 0 | \$ 155,511 | \$ 192,450 | \$ 192,450 | \$ (36,939) |
| Other Local Revenues | 2,716 | 0 | 2,716 | 20,100 | 20,100 | (17,384) |
| State of Tennessee | 35,000 | 0 | 35,000 | 0 | 35,000 | 0 |
| Federal Government | 2,923,404 | 0 | 2,923,404 | 3,215,964 | 3,215,964 | (292,560) |
| Total Revenues | \$ 3,116,631 | \$ 0 | \$ 3,116,631 | \$ 3,428,514 | \$ 3,463,514 | \$ (346,883) |
| <u>Expenditures</u> | | | | | | |
| <u>Operation of Non-Instructional Services</u> | | | | | | |
| Food Service | \$ 3,248,736 | \$ (165,149) | \$ 3,083,587 | \$ 3,428,514 | \$ 3,463,514 | \$ 379,927 |
| Total Expenditures | \$ 3,248,736 | \$ (165,149) | \$ 3,083,587 | \$ 3,428,514 | \$ 3,463,514 | \$ 379,927 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ (132,105) | \$ 165,149 | \$ 33,044 | \$ 0 | \$ 0 | \$ 33,044 |
| Net Change in Fund Balance | \$ (132,105) | \$ 165,149 | \$ 33,044 | \$ 0 | \$ 0 | \$ 33,044 |
| Fund Balance, July 1, 2018 | 1,282,341 | (165,149) | 1,117,192 | 1,116,183 | 1,116,183 | 1,009 |
| Fund Balance, June 30, 2019 | \$ 1,150,236 | \$ 0 | \$ 1,150,236 | \$ 1,116,183 | \$ 1,116,183 | \$ 34,053 |

Exhibit I-11

Cocke County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Cocke County School Department
School Transportation Fund
For the Year Ended June 30, 2019

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2018 | Add: Encumbrances 6/30/2019 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------------|-----------------------------------|-----------------------------------|---|---------------------|---------------------|--|
| | | | | | Original | Final | |
| <u>Revenues</u> | | | | | | | |
| Local Taxes | \$ 1,424,733 | \$ 0 | \$ 0 | \$ 1,424,733 | \$ 1,496,856 | \$ 1,496,856 | \$ (72,123) |
| Charges for Current Services | 72,009 | 0 | 0 | 72,009 | 75,000 | 75,000 | (2,991) |
| Other Local Revenues | 30,829 | 0 | 0 | 30,829 | 4,100 | 4,100 | 26,729 |
| State of Tennessee | 364,181 | 0 | 0 | 364,181 | 360,385 | 360,385 | 3,796 |
| Other Governments and Citizens Groups | 489,697 | 0 | 0 | 489,697 | 550,000 | 550,000 | (60,303) |
| Total Revenues | \$ 2,381,449 | \$ 0 | \$ 0 | \$ 2,381,449 | \$ 2,486,341 | \$ 2,486,341 | \$ (104,892) |
| <u>Expenditures</u> | | | | | | | |
| <u>Support Services</u> | | | | | | | |
| Board of Education | \$ 28,716 | \$ 0 | \$ 0 | \$ 28,716 | \$ 34,000 | \$ 34,000 | \$ 5,284 |
| Transportation | 2,477,092 | (6,544) | 7,084 | 2,477,632 | 2,768,025 | 2,802,025 | 324,393 |
| Total Expenditures | \$ 2,505,808 | \$ (6,544) | \$ 7,084 | \$ 2,506,348 | \$ 2,802,025 | \$ 2,836,025 | \$ 329,677 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ (124,359) | \$ 6,544 | \$ (7,084) | \$ (124,899) | \$ (315,684) | \$ (349,684) | \$ 224,785 |
| <u>Other Financing Sources (Uses)</u> | | | | | | | |
| Insurance Recovery | \$ 41,727 | \$ 0 | \$ 0 | \$ 41,727 | \$ 10,000 | \$ 44,000 | \$ (2,273) |
| Total Other Financing Sources | \$ 41,727 | \$ 0 | \$ 0 | \$ 41,727 | \$ 10,000 | \$ 44,000 | \$ (2,273) |
| Net Change in Fund Balance | \$ (82,632) | \$ 6,544 | \$ (7,084) | \$ (83,172) | \$ (305,684) | \$ (305,684) | \$ 222,512 |
| Fund Balance, July 1, 2018 | 1,412,506 | (6,544) | 0 | 1,405,962 | 1,412,506 | 1,412,506 | (6,544) |
| Fund Balance, June 30, 2019 | \$ 1,329,874 | \$ 0 | \$ (7,084) | \$ 1,322,790 | \$ 1,106,822 | \$ 1,106,822 | \$ 215,968 |

Exhibit I-12

Cocke County, Tennessee
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Fund
Discretely Presented Cocke County School Department
For the Year Ended June 30, 2019

| | Governmental Activities - Internal Service Fund |
|---|--|
| | <u>Employee Insurance - Dental Fund</u> |
| <u>Operating Revenues</u> | |
| Charges for Services | \$ 35,017 |
| Total Operating Revenue | <u>\$ 35,017</u> |
| <u>Operating Expenses</u> | |
| Handling Charges and Administrative Costs | \$ 6,350 |
| Other Self-Insured Claims | 68,861 |
| Total Operating Expenses | <u>\$ 75,211</u> |
| Operating Income (Loss) | <u>\$ (40,194)</u> |
| <u>Nonoperating Revenues (Expenses)</u> | |
| Miscellaneous refunds | \$ 94 |
| Total Nonoperating Revenues (Expenses) | <u>\$ 94</u> |
| Transfers In (Out) | \$ 14,080 |
| Change in Net Position | \$ (26,020) |
| Net Position, July 1, 2018 | <u>26,020</u> |
| Net Position, June 30, 2019 | <u><u>\$ 0</u></u> |

Exhibit I-13

Cocke County, Tennessee
Statement of Cash Flows - Proprietary Fund
Discretely Presented Cocke County School Department
For the Year Ended June 30, 2019

| | Governmental Activities - Internal Service Fund |
|---|--|
| | Employee Insurance - Dental Fund |
| <u>Cash Flows from Operating Activities</u> | |
| Receipts for Self-insurance Premiums | \$ 35,017 |
| Payments to Fiscal Agents | (6,350) |
| Payments for Claims | (73,120) |
| Net Cash Provided By (Used In) Operating Activities | <u>\$ (44,453)</u> |
| <u>Cash Flows from Noncapital Financing Activities</u> | |
| Miscellaneous refunds | \$ 94 |
| Transfers in from Other Funds | 14,080 |
| Net Cash Provided By (Used In) Noncapital Financing Activities | <u>\$ 14,174</u> |
| Increase (Decrease) in Cash | \$ (30,279) |
| Cash, July 1, 2018 | <u>30,279</u> |
| Cash, June 30, 2019 | <u><u>\$ 0</u></u> |
| <u>Reconciliation of Operating Income (Loss) to Net Cash Provided</u> | |
| <u>By (Used In) Operating Activities</u> | |
| Operating Income (Loss) | \$ (40,194) |
| Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities: | |
| Changes in Assets and Liabilities: | |
| Increase (Decrease) in Accounts Payable | <u>(4,259)</u> |
| Net Cash Provided By (Used In) Operating Activities | <u><u>\$ (44,453)</u></u> |

Exhibit I-14

Cocke County, Tennessee
Statement of Fiduciary Net Position
Discretely Presented Cocke County School Department
Fiduciary Fund
June 30, 2019

| | <u>Private - Purpose Trust Fund</u> <u>Endowment Fund</u> |
|---------------------------------------|--|
| <u>ASSETS</u> | |
| Equity in Pooled Cash and Investments | \$ 391,819 |
| Total Assets | <u>\$ 391,819</u> |
| <u>NET POSITION</u> | |
| Funds Held in Trust for Scholarships | <u>\$ 391,819</u> |
| Total Net Position | <u><u>\$ 391,819</u></u> |

Exhibit I-15

Coke County, Tennessee
Statement of Changes in Fiduciary Net Position
Discretely Presented Coke County School Department
Fiduciary Fund
For the Year Ended June 30, 2019

| | Private - Purpose Trust Fund <hr/> Endowment Fund <hr/> |
|-----------------------------|---|
| <u>ADDITIONS</u> | |
| Investment Income | \$ 1,776 |
| Total Additions | <u>\$ 1,776</u> |
| Change in Net Position | \$ 1,776 |
| Net Position, July 1, 2018 | <u>390,043</u> |
| Net Position, June 30, 2019 | <u><u>\$ 391,819</u></u> |

MISCELLANEOUS SCHEDULES

Exhibit J-1

Cocke County, Tennessee
Schedule of Changes in Long-term Other Loans, Capital Lease, and Bonds
For the Year Ended June 30, 2019

| Description of Indebtedness | Original Amount of Issue | Interest Rate | Date of Issue | Last Maturity Date | Outstanding 7-1-18 | Paid and/or | | Outstanding 6-30-19 |
|---|--------------------------------|------------------|---------------------|--------------------------|-----------------------|----------------------------|-----------------------------|------------------------|
| | | | | | | Issued During Period | Matured During Period | |
| OTHER LOANS PAYABLE | | | | | | | | |
| <u>Payable through Industrial/Economic Development Fund</u> | | | | | | | | |
| City of Newport - River Crest Project (A) | \$ 1,024,000 | 4.13 % | 2-14-06 | 5-1-45 | \$ 855,756 | \$ 0 | 18,116 | \$ 837,640 |
| City of Newport - River Crest Project (B) | 300,000 | 4.38 | 2-14-06 | 5-1-45 | 250,356 | 0 | 5,281 | 245,075 |
| City of Newport - Hwy 25E Projects | 497,197 | 4.5 | 7-13-06 | (1) | 188,344 | 0 | 37,989 | 150,355 |
| City of Newport - Hartford Project | 478,417 | 2.15 | 2-14-08 | 12-31-27 | 290,130 | 0 | 23,436 | 266,694 |
| Total Payable through Industrial/ Economic Development Fund | | | | | <u>\$ 1,584,586</u> | <u>\$ 0</u> | <u>84,822</u> | <u>\$ 1,499,764</u> |
| <u>Payable through General Debt Service Fund</u> | | | | | | | | |
| Qualified School Construction Bonds | 5,575,000 | 0 (2) | 10-7-10 | 9-15-27 | \$ 3,197,881 | \$ 0 | 347,871 | \$ 2,850,010 |
| Total Payable through General Debt Service Fund | | | | | <u>\$ 3,197,881</u> | <u>\$ 0</u> | <u>347,871</u> | <u>\$ 2,850,010</u> |
| Total Other Loans Payable | | | | | <u>\$ 4,782,467</u> | <u>\$ 0</u> | <u>432,693</u> | <u>\$ 4,349,774</u> |
| BONDS PAYABLE | | | | | | | | |
| <u>Payable through General Debt Service Fund</u> | | | | | | | | |
| General Obligation Refunding Bonds, Series 2016 | 9,705,000 | 2 | 8-19-16 | 5-1-28 | \$ 9,475,000 | \$ 0 | \$ 185,000 | \$ 9,290,000 |
| Build America Bonds, Series 2009B | 2,500,000 | 3.44 | 10-20-09 | 6-1-30 | 1,900,000 | 0 | 100,000 | 1,800,000 |
| General Obligation Bonds, Series 2011A | 900,000 | .9 to 2.7 | 11-30-11 | 6-1-19 | 200,000 | 0 | 200,000 | 0 |
| General Obligation and Refunding Bonds, Series 2011B | 6,685,000 | 1.5 to 3.2 | 11-30-11 | 6-1-30 | 6,385,000 | 0 | 1,250,000 | 5,135,000 |
| Total Payable through General Debt Service Fund | | | | | <u>\$ 17,960,000</u> | <u>\$ 0</u> | <u>1,735,000</u> | <u>\$ 16,225,000</u> |
| Total Bonds Payable | | | | | <u>\$ 17,960,000</u> | <u>\$ 0</u> | <u>1,735,000</u> | <u>\$ 16,225,000</u> |

(Continued)

Exhibit J-1

Cocke County, Tennessee

Schedule of Changes in Long-term Other Loans, Capital Lease, and Bonds (Cont.)

| Description of Indebtedness | Original Amount of Issue | Interest Rate | | Date of Issue | Last Maturity Date | Outstanding 7-1-18 | Issued During Period | Paid and/or Matured During Period | Outstanding 6-30-19 |
|-------------------------------------|--------------------------------|------------------|---|---------------------|--------------------------|-----------------------|----------------------------|--|------------------------|
| <u>CAPITAL LEASE PAYABLE</u> | | | | | | | | | |
| <u>Payable through General Fund</u> | | | | | | | | | |
| Fire Department Air Compressor | \$ 35,713 | 2.98 | % | 2-27-19 | 8-1-22 | \$ 0 | \$ 35,713 | \$ 0 | \$ 35,713 |
| Total Payable through General Fund | | | | | | <u>\$ 0</u> | <u>\$ 35,713</u> | <u>0</u> | <u>\$ 35,713</u> |
| Total Capital Lease Payable | | | | | | <u>\$ 0</u> | <u>\$ 35,713</u> | <u>\$ 0</u> | <u>\$ 35,713</u> |

- (1) The county has pledged its incremental tax revenues (excess of current taxes over base year amounts) from properties within the development toward the retirement of this obligation. The agreement requires only the payment of the tax increment each year with interest accruing on the unpaid balance until the debt is retired. Therefore, no maturity date can be established.
- (2) The interest rate of approximately 4.85 percent is offset by a federal interest rate subsidy.

Exhibit J-2

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

| Year Ending June 30 | Other Loans - City of Newport | | |
|---------------------------|-------------------------------|--------------|--------------|
| | Principal (1) | Interest (1) | Total |
| 2020 | \$ 48,414 | \$ 51,009 | \$ 99,423 |
| 2021 | 49,951 | 49,472 | 99,423 |
| 2022 | 51,542 | 47,881 | 99,423 |
| 2023 | 53,201 | 46,234 | 99,435 |
| 2024 | 54,907 | 44,529 | 99,436 |
| 2025 | 56,685 | 42,764 | 99,449 |
| 2026 | 58,514 | 40,936 | 99,450 |
| 2027 | 60,418 | 39,044 | 99,462 |
| 2028 | 62,378 | 37,084 | 99,462 |
| 2029 | 66,370 | 35,054 | 101,424 |
| 2030 | 36,787 | 32,909 | 69,696 |
| 2031 | 38,325 | 31,371 | 69,696 |
| 2032 | 39,928 | 29,768 | 69,696 |
| 2033 | 41,598 | 28,098 | 69,696 |
| 2034 | 43,338 | 26,358 | 69,696 |
| 2035 - 2045 | 587,052 | 151,910 | 738,962 |
| Total | \$ 1,349,409 | \$ 734,421 | \$ 2,083,830 |

(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 \$150,355 as of June 30, 2019, 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

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

| Year Ending June 30 | Other Loans - QSCB | | |
|---------------------------|---------------------|-------------|---------------------|
| | Principal | Interest | Total |
| 2020 | \$ 347,871 | \$ 0 | \$ 347,871 |
| 2021 | 347,871 | 0 | 347,871 |
| 2022 | 347,871 | 0 | 347,871 |
| 2023 | 347,871 | 0 | 347,871 |
| 2024 | 347,871 | 0 | 347,871 |
| 2025 | 347,871 | 0 | 347,871 |
| 2026 | 347,871 | 0 | 347,871 |
| 2027 | 382,120 | 0 | 382,120 |
| 2028 | 32,793 | 0 | 32,793 |
| Total | \$ 2,850,010 | \$ 0 | \$ 2,850,010 |

| Year Ending June 30 | Bonds | | |
|---------------------------|----------------------|---------------------|----------------------|
| | Principal | Interest | Total |
| 2020 | \$ 1,640,000 | \$ 413,930 | \$ 2,053,930 |
| 2021 | 1,675,000 | 375,555 | 2,050,555 |
| 2022 | 1,665,000 | 334,900 | 1,999,900 |
| 2023 | 1,675,000 | 296,475 | 1,971,475 |
| 2024 | 1,690,000 | 256,375 | 1,946,375 |
| 2025 | 1,715,000 | 215,450 | 1,930,450 |
| 2026 | 1,760,000 | 172,675 | 1,932,675 |
| 2027 | 1,785,000 | 129,375 | 1,914,375 |
| 2028 | 1,820,000 | 84,250 | 1,904,250 |
| 2029 | 400,000 | 38,100 | 438,100 |
| 2030 | 400,000 | 19,050 | 419,050 |
| Total | \$ 16,225,000 | \$ 2,336,135 | \$ 18,561,135 |

| Year Ending June 30 | Capital Lease | | |
|---------------------------|------------------|-----------------|------------------|
| | Principal | Interest | Total |
| 2020 | \$ 9,054 | \$ 938 | \$ 9,992 |
| 2021 | 8,366 | 1,625 | 9,991 |
| 2022 | 8,876 | 1,115 | 9,991 |
| 2023 | 9,417 | 574 | 9,991 |
| Total | \$ 35,713 | \$ 4,252 | \$ 39,965 |

Exhibit J-3

Cocke County, Tennessee
Schedule of Investments
June 30, 2019

| <u>Fund and Type</u> | <u>Amount</u> |
|--------------------------------------|-------------------------|
| <u>Highway Capital Projects Fund</u> | |
| State Treasurer's Investment Pool | <u>\$ 51,732</u> |
| Total Investments | <u><u>\$ 51,732</u></u> |

Exhibit J-4

Coke County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Coke County School Department
For the Year Ended June 30, 2019

| <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>253,811</u> |
| Total Transfers Primary Government | | | <u>\$ 257,711</u> |
| <u>DISCRETELY PRESENTED COCKE COUNTY SCHOOL DEPARTMENT</u> | | | |
| General Purpose School | Employee Insurance - Dental Fund | Operations | \$ 14,080 |
| School Federal Projects | General Purpose School | Indirect Costs | <u>35,000</u> |
| Total Transfers Discretely Presented Coke County School Department | | | <u>\$ 49,080</u> |

Exhibit J-5

Cocke County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Cocke County School Department
For the Year Ended June 30, 2019

| Official | Authorization for Salary | Salary Paid During Period | Bond/ Insurance | Surety |
|---|---|---------------------------|-----------------|---------------------------------|
| County Mayor | Section 8-24-102, <i>TCA</i> | \$ 90,992 | \$ 400,000 | Tennessee Risk Management Trust |
| Road Superintendent: | | | | |
| Kenneth Ford (7-1-18 through 8-31-18) | Section 8-24-102, <i>TCA</i> | 14,444 | 100,000 | Auto Owners Insurance Company |
| Dwayne McCallister (9-1-18 through 6-30-19) | Section 8-24-102, <i>TCA</i> | 72,217 | 400,000 | Tennessee Risk Management Trust |
| Director of Schools | State Board of Education and County Board of Education | 127,690 (1) | 400,000 | " |
| Trustee | Section 8-24-102, <i>TCA</i> | 78,782 | 400,000 | Auto Owners Insurance Company |
| Assessor of Property | Section 8-24-102, <i>TCA</i> | 78,782 | 400,000 | Tennessee Risk Management Trust |
| Director of Accounts and Budgets | County Commission | 78,782 | 400,000 | " |
| County Clerk | Section 8-24-102, <i>TCA</i> | 78,782 | 400,000 | " |
| Circuit Court Clerk: | | | | |
| Peggy Lane (7-1-18 through 8-31-18) | Section 8-24-102, <i>TCA</i> | 13,130 | 100,000 | Auto Owners Insurance Company |
| Kristy Nease (9-1-18 through 6-30-19) | Section 8-24-102, <i>TCA</i> | 65,652 | 400,000 | Tennessee Risk Management Trust |
| General Sessions Court Clerk | Section 8-24-102, <i>TCA</i> | 78,782 | 400,000 | " |
| Clerk and Master | Section 8-24-102, <i>TCA</i> , and Chancery Court Judge | 78,782 (2) | 400,000 | " |
| Register of Deeds | Section 8-24-102, <i>TCA</i> | 78,782 | 400,000 | " |
| Sheriff | Section 8-24-102, <i>TCA</i> | 86,661 (3) | 400,000 | " |
| Employee Blanket Bonds | | | | |
| Public Employee Dishonesty - County Departments | | | 400,000 | Tennessee Risk Management Trust |
| Public Employee Dishonesty - School Department | | | 400,000 | " |

(1) Does not include a chief executive officer training supplement of \$1,000, payment for personal days of \$102, and perfect attendance of \$300.

(2) Does not include special commissioner fees of \$14,886.

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

Exhibit J-6

Cocke County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2019

| | Special Revenue Funds | | | | | |
|--|-----------------------|--------------------------|-----------------------------------|--------------|-----------------------|--------------------------------|
| | General | Solid Waste / Sanitation | Industrial / Economic Development | Drug Control | Sports and Recreation | Constitutional Officers - Fees |
| <u>Local Taxes</u> | | | | | | |
| <u>County Property Taxes</u> | | | | | | |
| Current Property Tax | \$ 6,574,172 | \$ 1,192,166 | \$ 229,484 | \$ 0 | \$ 0 | \$ 0 |
| Trustee's Collections - Prior Year | 254,100 | 42,284 | 8,139 | 0 | 0 | 0 |
| Circuit Clerk/Clerk and Master Collections - Prior Years | 118,527 | 31,396 | 2,482 | 0 | 0 | 0 |
| Interest and Penalty | 43,925 | 7,761 | 1,436 | 0 | 0 | 0 |
| Payments in-Lieu-of Taxes - T.V.A. | 2,834 | 514 | 99 | 0 | 0 | 0 |
| Payments in-Lieu-of Taxes - Local Utilities | 152,420 | 27,630 | 5,319 | 0 | 0 | 0 |
| Payments in-Lieu-of Taxes - Other | 22,493 | 4,077 | 785 | 0 | 0 | 0 |
| <u>County Local Option Taxes</u> | | | | | | |
| Local Option Sales Tax | 535,818 | 0 | 0 | 0 | 0 | 0 |
| Hotel/Motel Tax | 331,655 | 0 | 0 | 0 | 0 | 0 |
| Litigation Tax - General | 34,976 | 0 | 0 | 0 | 0 | 0 |
| Litigation Tax - Special Purpose | 3,094 | 0 | 0 | 0 | 0 | 0 |
| Litigation Tax - Jail, Workhouse, or Courthouse | 148,517 | 0 | 0 | 0 | 0 | 0 |
| Litigation Tax - Courthouse Security | 11,524 | 0 | 0 | 0 | 0 | 0 |
| Business Tax | 295,216 | 0 | 0 | 0 | 0 | 0 |
| Mixed Drink Tax | 1,384 | 0 | 0 | 0 | 0 | 0 |
| Mineral Severance Tax | 0 | 0 | 0 | 0 | 0 | 0 |
| Other County Local Option Taxes | 64,976 | 0 | 0 | 0 | 0 | 0 |
| <u>Statutory Local Taxes</u> | | | | | | |
| Bank Excise Tax | 34,948 | 6,335 | 1,220 | 0 | 0 | 0 |
| Wholesale Beer Tax | 199,856 | 0 | 0 | 0 | 0 | 0 |
| Total Local Taxes | \$ 8,830,435 | \$ 1,312,163 | \$ 248,964 | \$ 0 | \$ 0 | \$ 0 |

(Continued)

Exhibit J-6

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

| | Special Revenue Funds | | | | | | Constitu - tional Officers - Fees |
|--|-----------------------|--------------------------------|---|-----------------|--------------------------|-------------|--|
| | General | Solid Waste / Sanitation | Industrial / Economic Development | Drug Control | Sports and Recreation | | |
| <u>Licenses and Permits</u> | | | | | | | |
| <u>Licenses</u> | | | | | | | |
| Marriage Licenses | \$ 1,249 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| Cable TV Franchise | 134,111 | 0 | 0 | 0 | 0 | 0 | 0 |
| <u>Permits</u> | | | | | | | |
| Beer Permits | 8,059 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Licenses and Permits | <u>\$ 143,419</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>0</u> |
| <u>Fines, Forfeitures, and Penalties</u> | | | | | | | |
| <u>Circuit Court</u> | | | | | | | |
| Fines | \$ 2,162 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| Officers Costs | 6,140 | 0 | 0 | 0 | 0 | 0 | 0 |
| Drug Control Fines | 218 | 0 | 0 | 0 | 0 | 0 | 0 |
| Drug Court Fees | 5,845 | 0 | 0 | 0 | 0 | 0 | 0 |
| Jail Fees | 2,776 | 0 | 0 | 0 | 0 | 0 | 0 |
| DUI Treatment Fines | 998 | 0 | 0 | 0 | 0 | 0 | 0 |
| Data Entry Fee - Circuit Court | 2,928 | 0 | 0 | 0 | 0 | 0 | 0 |
| Courtroom Security Fee | 57 | 0 | 0 | 0 | 0 | 0 | 0 |
| <u>General Sessions Court</u> | | | | | | | |
| Fines | 45,942 | 0 | 0 | 0 | 0 | 0 | 0 |
| Officers Costs | 29,302 | 0 | 0 | 0 | 0 | 0 | 0 |
| Game and Fish Fines | 373 | 0 | 0 | 0 | 0 | 0 | 0 |
| Drug Control Fines | 0 | 0 | 0 | 3,601 | 0 | 0 | 0 |
| Drug Court Fees | 6,115 | 0 | 0 | 0 | 0 | 0 | 0 |
| Jail Fees | 24,033 | 0 | 0 | 0 | 0 | 0 | 0 |
| DUI Treatment Fines | 3,685 | 0 | 0 | 0 | 0 | 0 | 0 |
| Data Entry Fee - General Sessions Court | 11,191 | 0 | 0 | 0 | 0 | 0 | 0 |

(Continued)

Exhibit J-6

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

| | Special Revenue Funds | | | | | |
|--|-----------------------|--------------------------|-----------------------------------|------------------|-----------------------|--------------------------------|
| | General | Solid Waste / Sanitation | Industrial / Economic Development | Drug Control | Sports and Recreation | Constitutional Officers - Fees |
| <u>Fines, Forfeitures, and Penalties (Cont.)</u> | | | | | | |
| <u>Juvenile Court</u> | | | | | | |
| Officers Costs | \$ 329 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Data Entry Fee - Juvenile Court | 65 | 0 | 0 | 0 | 0 | 0 |
| <u>Chancery Court</u> | | | | | | |
| Officers Costs | 152 | 0 | 0 | 0 | 0 | 0 |
| Data Entry Fee - Chancery Court | 790 | 0 | 0 | 0 | 0 | 0 |
| <u>Other Courts - In-county</u> | | | | | | |
| Fines for Littering | 48 | 0 | 0 | 0 | 0 | 0 |
| Officers Costs | 13 | 0 | 0 | 0 | 0 | 0 |
| <u>Judicial District Drug Program</u> | | | | | | |
| Victims Assistance Assessments | 14,778 | 0 | 0 | 0 | 0 | 0 |
| <u>Other Fines, Forfeitures, and Penalties</u> | | | | | | |
| Proceeds from Confiscated Property | 8,780 | 0 | 0 | 65,354 | 0 | 0 |
| Total Fines, Forfeitures, and Penalties | \$ 166,720 | \$ 0 | \$ 0 | \$ 68,955 | \$ 0 | \$ 0 |
| <u>Charges for Current Services</u> | | | | | | |
| <u>General Service Charges</u> | | | | | | |
| Tipping Fees | \$ 0 | \$ 17,668 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Solid Waste Disposal Fee | 0 | 1,935 | 0 | 0 | 0 | 0 |
| Work Release Charges for Board | 1,490 | 0 | 0 | 0 | 0 | 0 |
| Other General Service Charges | 2,131 | 0 | 0 | 0 | 0 | 0 |
| <u>Fees</u> | | | | | | |
| Recreation Fees | 364,468 | 0 | 0 | 0 | 16,860 | 0 |
| Copy Fees | 2,422 | 0 | 0 | 0 | 0 | 0 |
| Greenbelt Late Application Fee | 350 | 0 | 0 | 0 | 0 | 0 |
| Telephone Commissions | 60,737 | 0 | 0 | 0 | 0 | 0 |

(Continued)

Exhibit J-6

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

| | Special Revenue Funds | | | | | | Constitu - tional Officers - Fees |
|---|-----------------------|--------------------------------|---|-----------------|--------------------------|-------------|--|
| | General | Solid Waste / Sanitation | Industrial / Economic Development | Drug Control | Sports and Recreation | | |
| <u>Charges for Current Services (Cont.)</u> | | | | | | | |
| <u>Fees (Cont.)</u> | | | | | | | |
| Vending Machine Collections | \$ 48 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| Constitutional Officers' Fees and Commissions | 0 | 0 | 0 | 0 | 0 | 0 | 296,435 |
| Special Commissioner Fees/Special Master Fees | 0 | 0 | 0 | 0 | 0 | 0 | 14,886 |
| Data Processing Fee - Register | 10,534 | 0 | 0 | 0 | 0 | 0 | 0 |
| Data Processing Fee - Sheriff | 1,617 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sexual Offender Registration Fee - Sheriff | 4,750 | 0 | 0 | 0 | 0 | 0 | 0 |
| Data Processing Fee - County Clerk | 4,515 | 0 | 0 | 0 | 0 | 0 | 0 |
| Vehicle Insurance Coverage and Reinstatement Fees | 870 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Charges for Current Services | \$ 453,932 | \$ 19,603 | \$ 0 | \$ 0 | \$ 16,860 | \$ 0 | 311,321 |
| <u>Other Local Revenues</u> | | | | | | | |
| <u>Recurring Items</u> | | | | | | | |
| Investment Income | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| Lease/Rentals | 10,825 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sale of Materials and Supplies | 1,131 | 42,611 | 0 | 0 | 0 | 0 | 0 |
| Commissary Sales | 12,619 | 0 | 0 | 0 | 0 | 0 | 0 |
| Miscellaneous Refunds | 109,539 | 510 | 0 | 0 | 0 | 0 | 0 |
| <u>Nonrecurring Items</u> | | | | | | | |
| Sale of Equipment | 12,135 | 0 | 0 | 0 | 0 | 0 | 0 |
| Damages Recovered from Individuals | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Other Local Revenues | \$ 146,249 | \$ 43,121 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| <u>Fees Received From County Officials</u> | | | | | | | |
| <u>Excess Fees</u> | | | | | | | |
| Trustee | \$ 262,224 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |

(Continued)

Exhibit J-6

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

| | Special Revenue Funds | | | | | | Constitu - tional Officers - Fees |
|--|-----------------------|--------------------------------|---|-----------------|--------------------------|-------------|--|
| | General | Solid Waste / Sanitation | Industrial / Economic Development | Drug Control | Sports and Recreation | | |
| <u>Fees Received From County Officials (Cont.)</u> | | | | | | | |
| <u>Fees In-Lieu-of Salary</u> | | | | | | | |
| County Clerk | \$ 368,959 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| Circuit Court Clerk | 206,231 | 0 | 0 | 0 | 0 | 0 | 0 |
| General Sessions Court Clerk | 207,584 | 0 | 0 | 0 | 0 | 0 | 0 |
| Clerk and Master | 37,426 | 0 | 0 | 0 | 0 | 0 | 0 |
| Juvenile Court Clerk | 3,069 | 0 | 0 | 0 | 0 | 0 | 0 |
| Register | 116,411 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sheriff | 18,959 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Fees Received From County Officials | \$ 1,220,863 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| <u>State of Tennessee</u> | | | | | | | |
| <u>General Government Grants</u> | | | | | | | |
| Juvenile Services Program | \$ 12,542 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| Solid Waste Grants | 0 | 30,154 | 0 | 0 | 0 | 0 | 0 |
| <u>Public Safety Grants</u> | | | | | | | |
| Law Enforcement Training Programs | 27,600 | 0 | 0 | 0 | 0 | 0 | 0 |
| <u>Health and Welfare Grants</u> | | | | | | | |
| Health Department Programs | 234,435 | 0 | 0 | 0 | 0 | 0 | 0 |
| <u>Public Works Grants</u> | | | | | | | |
| State Aid Program | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Litter Program | 49,500 | 0 | 0 | 0 | 0 | 0 | 0 |
| <u>Other State Revenues</u> | | | | | | | |
| Income Tax | 47,517 | 0 | 0 | 0 | 0 | 0 | 0 |
| Beer Tax | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Vehicle Certificate of Title Fees | 9,051 | 0 | 0 | 0 | 0 | 0 | 0 |
| Alcoholic Beverage Tax | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

(Continued)

Exhibit J-6

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

| | Special Revenue Funds | | | | | |
|--|-----------------------|--------------------------|-----------------------------------|------------------|-----------------------|--------------------------------|
| | General | Solid Waste / Sanitation | Industrial / Economic Development | Drug Control | Sports and Recreation | Constitutional Officers - Fees |
| <u>State of Tennessee (Cont.)</u> | | | | | | |
| <u>Other State Revenues (Cont.)</u> | | | | | | |
| State Revenue Sharing - T.V.A. | \$ 330,222 | \$ 59,862 | \$ 11,523 | \$ 0 | \$ 0 | \$ 0 |
| State Revenue Sharing - Telecommunications | 56,942 | 0 | 0 | 0 | 0 | 0 |
| Contracted Prisoner Boarding | 480,865 | 0 | 0 | 0 | 0 | 0 |
| Gasoline and Motor Fuel Tax | 0 | 0 | 0 | 0 | 0 | 0 |
| Petroleum Special Tax | 0 | 0 | 0 | 0 | 0 | 0 |
| Registrar's Salary Supplement | 11,373 | 0 | 0 | 0 | 0 | 0 |
| Other State Revenues | 7,000 | 0 | 0 | 0 | 0 | 0 |
| Total State of Tennessee | \$ 1,267,047 | \$ 90,016 | \$ 11,523 | \$ 0 | \$ 0 | \$ 0 |
| <u>Federal Government</u> | | | | | | |
| <u>Federal Through State</u> | | | | | | |
| Civil Defense Reimbursement | \$ 30,000 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Other Federal through State | 160,372 | 0 | 0 | 0 | 0 | 0 |
| <u>Direct Federal Revenue</u> | | | | | | |
| Forest Service | 129,285 | 0 | 0 | 0 | 0 | 0 |
| Tax Credit Bond Rebate | 253,811 | 0 | 0 | 0 | 0 | 0 |
| Other Direct Federal Revenue | 56,287 | 0 | 0 | 0 | 0 | 0 |
| Total Federal Government | \$ 629,755 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| <u>Other Governments and Citizens Groups</u> | | | | | | |
| <u>Other Governments</u> | | | | | | |
| Contributions | \$ 105,518 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| <u>Citizens Groups</u> | | | | | | |
| Donations | 0 | 0 | 0 | 9,000 | 0 | 0 |
| Total Other Governments and Citizens Groups | \$ 105,518 | \$ 0 | \$ 0 | \$ 9,000 | \$ 0 | \$ 0 |
| Total | \$ 12,963,938 | \$ 1,464,903 | \$ 260,487 | \$ 77,955 | \$ 16,860 | \$ 311,321 |

(Continued)

Exhibit J-6

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

| | Special Revenue Fund | Debt Service Fund | Capital Projects Funds | | | Total |
|--|------------------------------|----------------------------|--------------------------------|--------------------------------|-------------------------------|----------------------|
| | Highway / Public Works | General Debt Service | General Capital Projects | Highway Capital Projects | Jail Capital Projects - | |
| <u>Local Taxes</u> | | | | | | |
| <u>County Property Taxes</u> | | | | | | |
| Current Property Tax | \$ 1,662,556 | \$ 990,647 | \$ 576,607 | \$ 0 | \$ 112,379 | \$ 11,338,011 |
| Trustee's Collections - Prior Year | 56,776 | 35,336 | 19,455 | 0 | 0 | 416,090 |
| Circuit Clerk/Clerk and Master Collections - Prior Years | 33,401 | 22,883 | 13,042 | 0 | 0 | 221,731 |
| Interest and Penalty | 10,082 | 6,237 | 3,624 | 0 | 124 | 73,189 |
| Payments in-Lieu-of Taxes - T.V.A. | 716 | 427 | 248 | 0 | 48 | 4,886 |
| Payments in-Lieu-of Taxes - Local Utilities | 38,527 | 22,960 | 13,361 | 0 | 2,594 | 262,811 |
| Payments in-Lieu-of Taxes - Other | 5,685 | 3,388 | 1,972 | 0 | 383 | 38,783 |
| <u>County Local Option Taxes</u> | | | | | | |
| Local Option Sales Tax | 0 | 1,589,192 | 0 | 0 | 0 | 2,125,010 |
| Hotel/Motel Tax | 0 | 0 | 0 | 0 | 0 | 331,655 |
| Litigation Tax - General | 0 | 0 | 0 | 0 | 0 | 34,976 |
| Litigation Tax - Special Purpose | 0 | 0 | 0 | 0 | 0 | 3,094 |
| Litigation Tax - Jail, Workhouse, or Courthouse | 0 | 0 | 0 | 0 | 0 | 148,517 |
| Litigation Tax - Courthouse Security | 0 | 0 | 0 | 0 | 0 | 11,524 |
| Business Tax | 0 | 0 | 0 | 0 | 0 | 295,216 |
| Mixed Drink Tax | 0 | 0 | 0 | 0 | 0 | 1,384 |
| Mineral Severance Tax | 91,000 | 0 | 0 | 0 | 0 | 91,000 |
| Other County Local Option Taxes | 0 | 0 | 0 | 0 | 0 | 64,976 |
| <u>Statutory Local Taxes</u> | | | | | | |
| Bank Excise Tax | 8,834 | 5,265 | 3,064 | 0 | 595 | 60,261 |
| Wholesale Beer Tax | 0 | 0 | 0 | 0 | 0 | 199,856 |
| Total Local Taxes | \$ 1,907,577 | \$ 2,676,335 | \$ 631,373 | \$ 0 | \$ 116,123 | \$ 15,722,970 |

(Continued)

Exhibit J-6

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

| | Special | Debt Service | Capital Projects Funds | | | Total |
|--|-----------------|--------------|------------------------------|----------------------------|--------------------------------|-------------------|
| | Revenue Fund | Fund | Highway / Public Works | General Debt Service | General Capital Projects | |
| <u>Licenses and Permits</u> | | | | | | |
| <u>Licenses</u> | | | | | | |
| Marriage Licenses | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 1,249 |
| Cable TV Franchise | 0 | 0 | 0 | 0 | 0 | 134,111 |
| <u>Permits</u> | | | | | | |
| Beer Permits | 0 | 0 | 0 | 0 | 0 | 8,059 |
| Total Licenses and Permits | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 143,419</u> |
| <u>Fines, Forfeitures, and Penalties</u> | | | | | | |
| <u>Circuit Court</u> | | | | | | |
| Fines | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 2,162 |
| Officers Costs | 0 | 0 | 0 | 0 | 0 | 6,140 |
| Drug Control Fines | 0 | 0 | 0 | 0 | 0 | 218 |
| Drug Court Fees | 0 | 0 | 0 | 0 | 0 | 5,845 |
| Jail Fees | 0 | 0 | 0 | 0 | 0 | 2,776 |
| DUI Treatment Fines | 0 | 0 | 0 | 0 | 0 | 998 |
| Data Entry Fee - Circuit Court | 0 | 0 | 0 | 0 | 0 | 2,928 |
| Courtroom Security Fee | 0 | 0 | 0 | 0 | 0 | 57 |
| <u>General Sessions Court</u> | | | | | | |
| Fines | 0 | 0 | 0 | 0 | 0 | 45,942 |
| Officers Costs | 0 | 0 | 0 | 0 | 0 | 29,302 |
| Game and Fish Fines | 0 | 0 | 0 | 0 | 0 | 373 |
| Drug Control Fines | 0 | 0 | 0 | 0 | 0 | 3,601 |
| Drug Court Fees | 0 | 0 | 0 | 0 | 0 | 6,115 |
| Jail Fees | 0 | 0 | 0 | 0 | 0 | 24,033 |
| DUI Treatment Fines | 0 | 0 | 0 | 0 | 0 | 3,685 |
| Data Entry Fee - General Sessions Court | 0 | 0 | 0 | 0 | 0 | 11,191 |

(Continued)

Exhibit J-6

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

| | Special | Debt Service | Capital Projects Funds | | | Total |
|--|------------------------------|----------------------------|--------------------------------|--------------------------------|-------------------------------|----------------|
| | Revenue Fund | Fund | General Capital Projects | Highway Capital Projects | Jail Capital Projects - | |
| | Highway / Public Works | General Debt Service | General Capital Projects | Highway Capital Projects | Jail Capital Projects - | |
| <u>Fines, Forfeitures, and Penalties (Cont.)</u> | | | | | | |
| <u>Juvenile Court</u> | | | | | | |
| Officers Costs | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 329 |
| Data Entry Fee - Juvenile Court | 0 | 0 | 0 | 0 | 0 | 65 |
| <u>Chancery Court</u> | | | | | | |
| Officers Costs | 0 | 0 | 0 | 0 | 0 | 152 |
| Data Entry Fee - Chancery Court | 0 | 0 | 0 | 0 | 0 | 790 |
| <u>Other Courts - In-county</u> | | | | | | |
| Fines for Littering | 0 | 0 | 0 | 0 | 0 | 48 |
| Officers Costs | 0 | 0 | 0 | 0 | 0 | 13 |
| <u>Judicial District Drug Program</u> | | | | | | |
| Victims Assistance Assessments | 0 | 0 | 0 | 0 | 0 | 14,778 |
| <u>Other Fines, Forfeitures, and Penalties</u> | | | | | | |
| Proceeds from Confiscated Property | 0 | 0 | 0 | 0 | 0 | 74,134 |
| Total Fines, Forfeitures, and Penalties | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 235,675 |
| <u>Charges for Current Services</u> | | | | | | |
| <u>General Service Charges</u> | | | | | | |
| Tipping Fees | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 17,668 |
| Solid Waste Disposal Fee | 0 | 0 | 0 | 0 | 0 | 1,935 |
| Work Release Charges for Board | 0 | 0 | 0 | 0 | 0 | 1,490 |
| Other General Service Charges | 0 | 0 | 0 | 0 | 0 | 2,131 |
| <u>Fees</u> | | | | | | |
| Recreation Fees | 0 | 0 | 0 | 0 | 0 | 381,328 |
| Copy Fees | 0 | 0 | 0 | 0 | 0 | 2,422 |
| Greenbelt Late Application Fee | 0 | 0 | 0 | 0 | 0 | 350 |
| Telephone Commissions | 0 | 0 | 0 | 0 | 0 | 60,737 |

(Continued)

Exhibit J-6

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

| | Special | Debt Service | Capital Projects Funds | | | Total |
|---|------------------------------|----------------------------|--------------------------------|--------------------------------|-------------------------------|----------------|
| | Revenue Fund | Fund | General Capital Projects | Highway Capital Projects | Jail Capital Projects - | |
| | Highway / Public Works | General Debt Service | General Capital Projects | Highway Capital Projects | Jail Capital Projects - | |
| <u>Charges for Current Services (Cont.)</u> | | | | | | |
| <u>Fees (Cont.)</u> | | | | | | |
| Vending Machine Collections | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 48 |
| Constitutional Officers' Fees and Commissions | 0 | 0 | 0 | 0 | 0 | 296,435 |
| Special Commissioner Fees/Special Master Fees | 0 | 0 | 0 | 0 | 0 | 14,886 |
| Data Processing Fee - Register | 0 | 0 | 0 | 0 | 0 | 10,534 |
| Data Processing Fee - Sheriff | 0 | 0 | 0 | 0 | 0 | 1,617 |
| Sexual Offender Registration Fee - Sheriff | 0 | 0 | 0 | 0 | 0 | 4,750 |
| Data Processing Fee - County Clerk | 0 | 0 | 0 | 0 | 0 | 4,515 |
| Vehicle Insurance Coverage and Reinstatement Fees | 0 | 0 | 0 | 0 | 0 | 870 |
| Total Charges for Current Services | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 801,716 |
| <u>Other Local Revenues</u> | | | | | | |
| <u>Recurring Items</u> | | | | | | |
| Investment Income | \$ 0 | \$ 185,802 | \$ 0 | \$ 1,133 | \$ 0 | 186,935 |
| Lease/Rentals | 0 | 0 | 0 | 0 | 0 | 10,825 |
| Sale of Materials and Supplies | 188,006 | 0 | 0 | 0 | 0 | 231,748 |
| Commissary Sales | 0 | 0 | 0 | 0 | 0 | 12,619 |
| Miscellaneous Refunds | 25,591 | 0 | 0 | 0 | 0 | 135,640 |
| <u>Nonrecurring Items</u> | | | | | | |
| Sale of Equipment | 0 | 0 | 0 | 0 | 0 | 12,135 |
| Damages Recovered from Individuals | 2,500 | 0 | 0 | 0 | 0 | 2,500 |
| Total Other Local Revenues | \$ 216,097 | \$ 185,802 | \$ 0 | \$ 1,133 | \$ 0 | 592,402 |
| <u>Fees Received From County Officials</u> | | | | | | |
| <u>Excess Fees</u> | | | | | | |
| Trustee | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 262,224 |

(Continued)

Exhibit J-6

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

| | Special | Debt Service | Capital Projects Funds | | | Total | |
|--|-----------------|--------------|------------------------------|----------------------------|--------------------------------|-------------|--------------------------------|
| | Revenue Fund | Fund | Highway / Public Works | General Debt Service | General Capital Projects | | Highway Capital Projects |
| <u>Fees Received From County Officials (Cont.)</u> | | | | | | | |
| <u>Fees In-Lieu-of Salary</u> | | | | | | | |
| County Clerk | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 368,959 |
| Circuit Court Clerk | 0 | 0 | 0 | 0 | 0 | 0 | 206,231 |
| General Sessions Court Clerk | 0 | 0 | 0 | 0 | 0 | 0 | 207,584 |
| Clerk and Master | 0 | 0 | 0 | 0 | 0 | 0 | 37,426 |
| Juvenile Court Clerk | 0 | 0 | 0 | 0 | 0 | 0 | 3,069 |
| Register | 0 | 0 | 0 | 0 | 0 | 0 | 116,411 |
| Sheriff | 0 | 0 | 0 | 0 | 0 | 0 | 18,959 |
| Total Fees Received From County Officials | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 1,220,863 |
| <u>State of Tennessee</u> | | | | | | | |
| <u>General Government Grants</u> | | | | | | | |
| Juvenile Services Program | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 12,542 |
| Solid Waste Grants | 0 | 0 | 0 | 0 | 0 | 0 | 30,154 |
| <u>Public Safety Grants</u> | | | | | | | |
| Law Enforcement Training Programs | 0 | 0 | 0 | 0 | 0 | 0 | 27,600 |
| <u>Health and Welfare Grants</u> | | | | | | | |
| Health Department Programs | 0 | 0 | 0 | 0 | 0 | 0 | 234,435 |
| <u>Public Works Grants</u> | | | | | | | |
| State Aid Program | 175,320 | 0 | 0 | 0 | 0 | 0 | 175,320 |
| Litter Program | 0 | 0 | 0 | 0 | 0 | 0 | 49,500 |
| <u>Other State Revenues</u> | | | | | | | |
| Income Tax | 0 | 0 | 0 | 0 | 0 | 0 | 47,517 |
| Beer Tax | 17,959 | 0 | 0 | 0 | 0 | 0 | 17,959 |
| Vehicle Certificate of Title Fees | 0 | 0 | 0 | 0 | 0 | 0 | 9,051 |
| Alcoholic Beverage Tax | 80,892 | 0 | 0 | 0 | 0 | 0 | 80,892 |

(Continued)

Exhibit J-6

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

| | Special Revenue Fund | Debt Service Fund | Capital Projects Funds | | | Total |
|--|------------------------------|----------------------------|--------------------------------|--------------------------------|-------------------------------|----------------------|
| | Highway / Public Works | General Debt Service | General Capital Projects | Highway Capital Projects | Jail Capital Projects - | |
| <u>State of Tennessee (Cont.)</u> | | | | | | |
| <u>Other State Revenues (Cont.)</u> | | | | | | |
| State Revenue Sharing - T.V.A. | \$ 83,469 | \$ 49,744 | \$ 28,947 | \$ 0 | \$ 5,621 | \$ 569,388 |
| State Revenue Sharing - Telecommunications | 0 | 0 | 0 | 0 | 0 | 56,942 |
| Contracted Prisoner Boarding | 0 | 0 | 0 | 0 | 0 | 480,865 |
| Gasoline and Motor Fuel Tax | 2,399,576 | 0 | 0 | 0 | 0 | 2,399,576 |
| Petroleum Special Tax | 25,731 | 0 | 0 | 0 | 0 | 25,731 |
| Registrar's Salary Supplement | 0 | 0 | 0 | 0 | 0 | 11,373 |
| Other State Revenues | 0 | 0 | 0 | 0 | 0 | 7,000 |
| Total State of Tennessee | \$ 2,782,947 | \$ 49,744 | \$ 28,947 | \$ 0 | \$ 5,621 | \$ 4,235,845 |
| <u>Federal Government</u> | | | | | | |
| <u>Federal Through State</u> | | | | | | |
| Civil Defense Reimbursement | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 30,000 |
| Other Federal through State | 0 | 0 | 0 | 0 | 0 | 160,372 |
| <u>Direct Federal Revenue</u> | | | | | | |
| Forest Service | 17,336 | 0 | 0 | 0 | 0 | 146,621 |
| Tax Credit Bond Rebate | 0 | 33,249 | 0 | 0 | 0 | 287,060 |
| Other Direct Federal Revenue | 0 | 0 | 0 | 0 | 0 | 56,287 |
| Total Federal Government | \$ 17,336 | \$ 33,249 | \$ 0 | \$ 0 | \$ 0 | \$ 680,340 |
| <u>Other Governments and Citizens Groups</u> | | | | | | |
| <u>Other Governments</u> | | | | | | |
| Contributions | \$ 0 | \$ 142,801 | \$ 0 | \$ 0 | \$ 0 | \$ 248,319 |
| <u>Citizens Groups</u> | | | | | | |
| Donations | 0 | 0 | 0 | 0 | 0 | 9,000 |
| Total Other Governments and Citizens Groups | \$ 0 | \$ 142,801 | \$ 0 | \$ 0 | \$ 0 | \$ 257,319 |
| Total | \$ 4,923,957 | \$ 3,087,931 | \$ 660,320 | \$ 1,133 | \$ 121,744 | \$ 23,890,549 |

Exhibit J-7

Cocke County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 Discretely Presented Cocke County School Department
 For the Year Ended June 30, 2019

| | Special Revenue Funds | | | | | Total |
|--|------------------------|-------------------------|-------------------|-----------------------|----|-----------|
| | General Purpose School | School Federal Projects | Central Cafeteria | School Transportation | | |
| <u>Local Taxes</u> | | | | | | |
| <u>County Property Taxes</u> | | | | | | |
| Current Property Tax | \$ 2,813,939 | \$ 0 | \$ 0 | \$ 1,270,522 | \$ | 4,084,461 |
| Trustee's Collections - Prior Year | 99,807 | 0 | 0 | 45,063 | | 144,870 |
| Circuit Clerk/Clerk and Master Collections - Prior Years | 58,638 | 0 | 0 | 23,128 | | 81,766 |
| Interest and Penalty | 17,563 | 0 | 0 | 7,929 | | 25,492 |
| Payments in-Lieu-of Taxes - T.V.A. | 1,392 | 0 | 0 | 548 | | 1,940 |
| Payments in-Lieu-of Taxes - Local Utilities | 56,605 | 0 | 0 | 29,446 | | 86,051 |
| Payments in-Lieu-of Taxes - Other | 11,015 | 0 | 0 | 4,345 | | 15,360 |
| <u>County Local Option Taxes</u> | | | | | | |
| Local Option Sales Tax | 3,776,853 | 0 | 0 | 0 | | 3,776,853 |
| Other County Local Option Taxes | 0 | 0 | 0 | 37,000 | | 37,000 |
| <u>Statutory Local Taxes</u> | | | | | | |
| Bank Excise Tax | 14,954 | 0 | 0 | 6,752 | | 21,706 |
| Total Local Taxes | \$ 6,850,766 | \$ 0 | \$ 0 | \$ 1,424,733 | \$ | 8,275,499 |
| <u>Licenses and Permits</u> | | | | | | |
| <u>Licenses</u> | | | | | | |
| Marriage Licenses | \$ 1,245 | \$ 0 | \$ 0 | \$ 0 | \$ | 1,245 |
| Total Licenses and Permits | \$ 1,245 | \$ 0 | \$ 0 | \$ 0 | \$ | 1,245 |
| <u>Charges for Current Services</u> | | | | | | |
| <u>Education Charges</u> | | | | | | |
| Lunch Payments - Adults | \$ 0 | \$ 0 | \$ 44,713 | \$ 0 | \$ | 44,713 |
| Income from Breakfast | 0 | 0 | 5,260 | 0 | | 5,260 |
| A la Carte Sales | 0 | 0 | 105,538 | 0 | | 105,538 |

(Continued)

Exhibit J-7

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

| | Special Revenue Funds | | | | | Total |
|---|------------------------|-------------------------|-------------------|-----------------------|-----------|------------------|
| | General Purpose School | School Federal Projects | Central Cafeteria | School Transportation | | |
| <u>Charges for Current Services (Cont.)</u> | | | | | | |
| <u>Education Charges (Cont.)</u> | | | | | | |
| Receipts from Individual Schools | \$ 28,265 | \$ 0 | \$ 0 | \$ 72,009 | \$ | 100,274 |
| Other Charges for Services | 2,189 | 0 | 0 | 0 | | 2,189 |
| Total Charges for Current Services | <u>\$ 30,454</u> | <u>\$ 0</u> | <u>\$ 155,511</u> | <u>\$ 72,009</u> | <u>\$</u> | <u>257,974</u> |
| <u>Other Local Revenues</u> | | | | | | |
| <u>Recurring Items</u> | | | | | | |
| Investment Income | \$ 3,505 | \$ 0 | \$ 7 | \$ 0 | \$ | 3,512 |
| Lease/Rentals | 675 | 0 | 0 | 0 | | 675 |
| Sale of Materials and Supplies | 3,065 | 0 | 0 | 0 | | 3,065 |
| E-Rate Funding | 1,621 | 0 | 0 | 0 | | 1,621 |
| Miscellaneous Refunds | 53,203 | 0 | 2,709 | 19,033 | | 74,945 |
| <u>Nonrecurring Items</u> | | | | | | |
| Sale of Equipment | 413 | 0 | 0 | 11,796 | | 12,209 |
| Damages Recovered from Individuals | 907 | 0 | 0 | 0 | | 907 |
| Contributions and Gifts | 1,187,353 | 0 | 0 | 0 | | 1,187,353 |
| Total Other Local Revenues | <u>\$ 1,250,742</u> | <u>\$ 0</u> | <u>\$ 2,716</u> | <u>\$ 30,829</u> | <u>\$</u> | <u>1,284,287</u> |
| <u>State of Tennessee</u> | | | | | | |
| <u>General Government Grants</u> | | | | | | |
| On-behalf Contributions for OPEB | \$ 132,699 | \$ 0 | \$ 0 | \$ 0 | \$ | 132,699 |
| <u>State Education Funds</u> | | | | | | |
| Basic Education Program | 25,228,410 | 0 | 0 | 300,385 | | 25,528,795 |
| Early Childhood Education | 301,768 | 0 | 0 | 0 | | 301,768 |
| School Food Service | 28,898 | 0 | 0 | 0 | | 28,898 |

(Continued)

Exhibit J-7

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

| | <u>Special Revenue Funds</u> | | | | Total |
|--|------------------------------|-------------------------|-------------------|-----------------------|----------------------|
| | General Purpose School | School Federal Projects | Central Cafeteria | School Transportation | |
| <u>State of Tennessee (Cont.)</u> | | | | | |
| <u>State Education Funds (Cont.)</u> | | | | | |
| Driver Education | \$ 30,600 | \$ 0 | \$ 0 | \$ 0 | \$ 30,600 |
| Other State Education Funds | 661,961 | 0 | 0 | 0 | 661,961 |
| Career Ladder Program | 107,788 | 0 | 0 | 0 | 107,788 |
| <u>Other State Revenues</u> | | | | | |
| State Revenue Sharing - T.V.A. | 162,160 | 0 | 0 | 63,796 | 225,956 |
| Other State Grants | 75,000 | 0 | 35,000 | 0 | 110,000 |
| Other State Revenues | 62,282 | 0 | 0 | 0 | 62,282 |
| Total State of Tennessee | <u>\$ 26,791,566</u> | <u>\$ 0</u> | <u>\$ 35,000</u> | <u>\$ 364,181</u> | <u>\$ 27,190,747</u> |
| <u>Federal Government</u> | | | | | |
| <u>Federal Through State</u> | | | | | |
| USDA School Lunch Program | \$ 0 | \$ 0 | 1,936,924 | \$ 0 | \$ 1,936,924 |
| USDA - Commodities | 0 | 0 | 229,679 | 0 | 229,679 |
| Breakfast | 0 | 0 | 710,693 | 0 | 710,693 |
| USDA - Other | 0 | 0 | 46,108 | 0 | 46,108 |
| Vocational Education - Basic Grants to States | 0 | 119,455 | 0 | 0 | 119,455 |
| Title I Grants to Local Education Agencies | 0 | 1,945,543 | 0 | 0 | 1,945,543 |
| Special Education - Grants to States | 4,700 | 1,184,143 | 0 | 0 | 1,188,843 |
| Special Education Preschool Grants | 0 | 44,438 | 0 | 0 | 44,438 |
| Safe and Drug-free Schools - State Grants | 227,776 | 0 | 0 | 0 | 227,776 |
| Rural Education | 0 | 57,907 | 0 | 0 | 57,907 |
| Eisenhower Professional Development State Grants | 0 | 166,333 | 0 | 0 | 166,333 |
| Other Federal through State | 125,451 | 81,996 | 0 | 0 | 207,447 |

(Continued)

Exhibit J-7

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

| | Special Revenue Funds | | | | Total |
|--|------------------------|-------------------------|---------------------|-----------------------|----------------------|
| | General Purpose School | School Federal Projects | Central Cafeteria | School Transportation | |
| <u>Federal Government (Cont.)</u> | | | | | |
| <u>Direct Federal Revenue</u> | | | | | |
| ROTC Reimbursement | \$ 121,293 | \$ 0 | \$ 0 | \$ 0 | \$ 121,293 |
| Forest Service | 52,008 | 0 | 0 | 0 | 52,008 |
| Total Federal Government | <u>\$ 531,228</u> | <u>\$ 3,599,815</u> | <u>\$ 2,923,404</u> | <u>\$ 0</u> | <u>\$ 7,054,447</u> |
| <u>Other Governments and Citizens Groups</u> | | | | | |
| <u>Other Governments</u> | | | | | |
| Contributions | \$ 0 | \$ 0 | \$ 0 | \$ 489,697 | \$ 489,697 |
| Total Other Governments and Citizens Groups | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 489,697</u> | <u>\$ 489,697</u> |
| Total | <u>\$ 35,456,001</u> | <u>\$ 3,599,815</u> | <u>\$ 3,116,631</u> | <u>\$ 2,381,449</u> | <u>\$ 44,553,896</u> |

Exhibit J-8

Cocke County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2019

General Fund

General Government

County Commission

| | | | |
|---|----|--------|-----------|
| Secretary to Board | \$ | 2,625 | |
| Board and Committee Members Fees | | 33,900 | |
| Social Security | | 2,593 | |
| Unemployment Compensation | | 39 | |
| Audit Services | | 13,552 | |
| Dues and Memberships | | 21,394 | |
| Legal Services | | 10,263 | |
| Legal Notices, Recording, and Court Costs | | 4,101 | |
| Travel | | 3,350 | |
| Other Contracted Services | | 6,458 | |
| Total County Commission | | | \$ 98,275 |

Board of Equalization

| | | | |
|----------------------------------|----|-------|-------|
| Board and Committee Members Fees | \$ | 4,080 | |
| Total Board of Equalization | | | 4,080 |

Beer Board

| | | | |
|---|----|-------|-------|
| Board and Committee Members Fees | \$ | 5,600 | |
| Legal Notices, Recording, and Court Costs | | 3,247 | |
| Total Beer Board | | | 8,847 |

Other Boards and Committees

| | | | |
|-----------------------------------|----|-------|-------|
| Board and Committee Members Fees | \$ | 1,805 | |
| Evaluation and Testing | | 3,690 | |
| Total Other Boards and Committees | | | 5,495 |

County Mayor/Executive

| | | | |
|--|----|--------|---------|
| County Official/Administrative Officer | \$ | 90,992 | |
| Assistant(s) | | 35,770 | |
| Secretary(ies) | | 24,296 | |
| Social Security | | 11,283 | |
| Pensions | | 9,786 | |
| Employee and Dependent Insurance | | 18,656 | |
| Unemployment Compensation | | 76 | |
| Communication | | 3,580 | |
| Maintenance and Repair Services - Office Equipment | | 170 | |
| Travel | | 3,589 | |
| Office Supplies | | 4,896 | |
| Office Equipment | | 3,354 | |
| Total County Mayor/Executive | | | 206,448 |

County Attorney

| | | | |
|--|----|--------|--------|
| County Official/Administrative Officer | \$ | 39,495 | |
| Total County Attorney | | | 39,495 |

Election Commission

| | | | |
|--|----|--------|--|
| County Official/Administrative Officer | \$ | 70,904 | |
|--|----|--------|--|

(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.)

| | | | |
|---|----|--------|------------|
| Deputy(ies) | \$ | 27,300 | |
| Part-time Personnel | | 13,760 | |
| Overtime Pay | | 2,877 | |
| Board and Committee Members Fees | | 2,765 | |
| Election Commission | | 2,600 | |
| Election Workers | | 29,232 | |
| Social Security | | 9,122 | |
| Pensions | | 6,672 | |
| Employee and Dependent Insurance | | 13,973 | |
| Unemployment Compensation | | 170 | |
| Communication | | 1,873 | |
| Dues and Memberships | | 400 | |
| Legal Notices, Recording, and Court Costs | | 11,021 | |
| Maintenance Agreements | | 23,970 | |
| Maintenance and Repair Services - Equipment | | 2,517 | |
| Printing, Stationery, and Forms | | 3,501 | |
| Travel | | 7,358 | |
| Other Contracted Services | | 11,443 | |
| Office Equipment | | 2,133 | |
| Total Election Commission | | | \$ 243,591 |

Register of Deeds

| | | | |
|--|----|--------|---------|
| County Official/Administrative Officer | \$ | 78,782 | |
| Deputy(ies) | | 30,708 | |
| Clerical Personnel | | 54,335 | |
| Social Security | | 12,178 | |
| Pensions | | 11,042 | |
| Employee and Dependent Insurance | | 20,988 | |
| Unemployment Compensation | | 144 | |
| Communication | | 415 | |
| Data Processing Services | | 10,185 | |
| Printing, Stationery, and Forms | | 10,405 | |
| Furniture and Fixtures | | 99 | |
| Total Register of Deeds | | | 229,281 |

Development

| | | | |
|------------------------------------|----|--------|--------|
| Board and Committee Members Fees | \$ | 2,995 | |
| Contracts with Government Agencies | | 11,250 | |
| Total Development | | | 14,245 |

County Buildings

| | | | |
|---|----|---------|--|
| Maintenance Agreements | \$ | 20,371 | |
| Maintenance and Repair Services - Buildings | | 129,507 | |
| Custodial Supplies | | 12,659 | |
| Utilities | | 134,350 | |
| Building Improvements | | 6,297 | |
| Furniture and Fixtures | | 501 | |

(Continued)

Exhibit J-8

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

| | | | |
|-------------------------------|----|--------|------------|
| Site Development | \$ | 1,440 | |
| Disabilities Act Improvements | | 24,643 | |
| Total County Buildings | | | \$ 329,768 |

Other General Administration

| | | | |
|------------------------------------|----|--------|--------|
| Postal Charges | \$ | 30,868 | |
| Printing, Stationery, and Forms | | 2,801 | |
| Duplicating Supplies | | 39,925 | |
| Total Other General Administration | | | 73,594 |

Preservation of Records

| | | | |
|----------------------------------|----|--------|--------|
| Assistant(s) | \$ | 21,320 | |
| Supervisor/Director | | 27,550 | |
| Social Security | | 3,645 | |
| Pensions | | 3,294 | |
| Employee and Dependent Insurance | | 13,992 | |
| Unemployment Compensation | | 96 | |
| Communication | | 601 | |
| Office Supplies | | 1,765 | |
| Other Supplies and Materials | | 1,383 | |
| Office Equipment | | 500 | |
| Total Preservation of Records | | | 74,146 |

Finance

Accounting and Budgeting

| | | | |
|---|----|--------|---------|
| Supervisor/Director | \$ | 78,782 | |
| Accountants/Bookkeepers | | 69,624 | |
| Social Security | | 11,267 | |
| Pensions | | 9,734 | |
| Employee and Dependent Insurance | | 18,073 | |
| Unemployment Compensation | | 161 | |
| Dues and Memberships | | 982 | |
| Legal Notices, Recording, and Court Costs | | 1,000 | |
| Maintenance Agreements | | 20,585 | |
| Printing, Stationery, and Forms | | 1,192 | |
| Travel | | 3,339 | |
| Office Supplies | | 1,298 | |
| Office Equipment | | 2,085 | |
| Total Accounting and Budgeting | | | 218,122 |

Property Assessor's Office

| | | | |
|--|----|---------|--|
| County Official/Administrative Officer | \$ | 78,782 | |
| Assistant(s) | | 36,101 | |
| Deputy(ies) | | 30,033 | |
| Laborers | | 100,965 | |
| Overtime Pay | | 2,988 | |
| Social Security | | 18,537 | |

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

| | | | |
|--|----|--------|---------|
| Pensions | \$ | 15,825 | |
| Employee and Dependent Insurance | | 41,976 | |
| Unemployment Compensation | | 282 | |
| Communication | | 2,232 | |
| Contracts with Private Agencies | | 25,000 | |
| Data Processing Services | | 8,394 | |
| Legal Notices, Recording, and Court Costs | | 220 | |
| Maintenance and Repair Services - Vehicles | | 831 | |
| Printing, Stationery, and Forms | | 132 | |
| Travel | | 1,807 | |
| Gasoline | | 2,415 | |
| Office Supplies | | 3,883 | |
| Other Equipment | | 2,581 | |
| Total Property Assessor's Office | \$ | | 372,984 |

Reappraisal Program

| | | | |
|---------------------------|----|--------|--------|
| Part-time Personnel | \$ | 11,354 | |
| Social Security | | 869 | |
| Unemployment Compensation | | 68 | |
| Travel | | 108 | |
| Total Reappraisal Program | | | 12,399 |

County Trustee's Office

| | | | |
|--|----|--------|--------|
| In-service Training | \$ | 1,886 | |
| Employee and Dependent Insurance | | 27,965 | |
| Communication | | 1,890 | |
| Data Processing Services | | 11,352 | |
| Dues and Memberships | | 700 | |
| Maintenance Agreements | | 17,625 | |
| Maintenance and Repair Services - Office Equipment | | 38 | |
| Postal Charges | | 6,100 | |
| Printing, Stationery, and Forms | | 206 | |
| Office Supplies | | 4,594 | |
| Office Equipment | | 3,937 | |
| Total County Trustee's Office | | | 76,293 |

County Clerk's Office

| | | | |
|--|----|---------|--|
| County Official/Administrative Officer | \$ | 78,782 | |
| Assistant(s) | | 31,696 | |
| Deputy(ies) | | 122,251 | |
| Secretary to Board | | 150 | |
| Clerical Personnel | | 92,576 | |
| Part-time Personnel | | 19,560 | |
| Overtime Pay | | 8,880 | |
| Social Security | | 25,998 | |
| Pensions | | 22,524 | |
| Employee and Dependent Insurance | | 69,960 | |

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

| | | | |
|--|----|--------|------------|
| Unemployment Compensation | \$ | 480 | |
| Communication | | 3,898 | |
| Maintenance and Repair Services - Office Equipment | | 23,535 | |
| Printing, Stationery, and Forms | | 1,380 | |
| Travel | | 1,709 | |
| Office Supplies | | 7,208 | |
| Other Supplies and Materials | | 8,295 | |
| Office Equipment | | 1,642 | |
| Total County Clerk's Office | | | \$ 520,524 |

Administration of Justice

Circuit Court

| | | | |
|--|----|---------|---------|
| County Official/Administrative Officer | \$ | 78,782 | |
| Deputy(ies) | | 35,465 | |
| Clerical Personnel | | 139,138 | |
| Part-time Personnel | | 1,581 | |
| Overtime Pay | | 884 | |
| Jury and Witness Expense | | 27,187 | |
| Social Security | | 18,690 | |
| Pensions | | 14,925 | |
| Employee and Dependent Insurance | | 47,223 | |
| Unemployment Compensation | | 329 | |
| Communication | | 3,909 | |
| Legal Notices, Recording, and Court Costs | | 852 | |
| Maintenance and Repair Services - Office Equipment | | 27,563 | |
| Printing, Stationery, and Forms | | 1,898 | |
| Travel | | 690 | |
| Office Supplies | | 3,113 | |
| Office Equipment | | 6,029 | |
| Total Circuit Court | | | 408,258 |

General Sessions Court

| | | | |
|--|----|---------|---------|
| County Official/Administrative Officer | \$ | 78,782 | |
| Judge(s) | | 142,214 | |
| Deputy(ies) | | 66,282 | |
| Clerical Personnel | | 27,633 | |
| Part-time Personnel | | 12,968 | |
| Social Security | | 23,978 | |
| Pensions | | 21,225 | |
| Employee and Dependent Insurance | | 34,980 | |
| Unemployment Compensation | | 192 | |
| Communication | | 83 | |
| Data Processing Services | | 14,327 | |
| Printing, Stationery, and Forms | | 2,472 | |
| Office Supplies | | 2,129 | |
| Total General Sessions Court | | | 427,265 |

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court

| | | | |
|--|----|--------|------------|
| County Official/Administrative Officer | \$ | 78,782 | |
| Deputy(ies) | | 65,753 | |
| Clerical Personnel | | 28,378 | |
| Part-time Personnel | | 13,868 | |
| Social Security | | 14,001 | |
| Pensions | | 11,654 | |
| Employee and Dependent Insurance | | 27,965 | |
| Unemployment Compensation | | 222 | |
| Communication | | 1,590 | |
| Data Processing Services | | 9,702 | |
| Legal Services | | 760 | |
| Maintenance and Repair Services - Office Equipment | | 474 | |
| Printing, Stationery, and Forms | | 5,931 | |
| Travel | | 1,970 | |
| Office Equipment | | 3,180 | |
| Total Chancery Court | | | \$ 264,230 |

Juvenile Court

| | | | |
|----------------------------------|----|--------|--------|
| Deputy(ies) | \$ | 23,640 | |
| Overtime Pay | | 426 | |
| Social Security | | 1,667 | |
| Pensions | | 1,622 | |
| Employee and Dependent Insurance | | 6,996 | |
| Unemployment Compensation | | 48 | |
| Communication | | 568 | |
| Printing, Stationery, and Forms | | 463 | |
| Office Supplies | | 1,476 | |
| Total Juvenile Court | | | 36,906 |

District Attorney General

| | | | |
|---------------------------------|----|--------|--------|
| Clerical Personnel | \$ | 34,092 | |
| Social Security | | 2,608 | |
| Pensions | | 884 | |
| Unemployment Compensation | | 43 | |
| Travel | | 2,432 | |
| Office Supplies | | 601 | |
| Office Equipment | | 1,663 | |
| Total District Attorney General | | | 42,323 |

Judicial Commissioners

| | | | |
|---------------------------------|----|--------|--------|
| Other Salaries and Wages | \$ | 27,300 | |
| In-service Training | | 450 | |
| Social Security | | 2,088 | |
| Pensions | | 1,840 | |
| Unemployment Compensation | | 26 | |
| Printing, Stationery, and Forms | | 86 | |
| Office Supplies | | 660 | |
| Total Judicial Commissioners | | | 32,450 |

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Victim Assistance Programs

| | | |
|----------------------------------|-----------|-----------|
| Contracts with Private Agencies | \$ 19,142 | |
| Total Victim Assistance Programs | | \$ 19,142 |

Public Safety

Sheriff's Department

| | | |
|--|-----------|-----------|
| County Official/Administrative Officer | \$ 86,661 | |
| Assistant(s) | 56,696 | |
| Supervisor/Director | 34,714 | |
| Deputy(ies) | 349,190 | |
| Detective(s) | 242,099 | |
| Captain(s) | 46,808 | |
| Lieutenant(s) | 203,796 | |
| Sergeant(s) | 109,501 | |
| Salary Supplements | 18,000 | |
| Dispatchers/Radio Operators | 86,208 | |
| Guards | 8,000 | |
| Clerical Personnel | 67,338 | |
| Attendants | 92,477 | |
| Custodial Personnel | 22,000 | |
| Part-time Personnel | 3,675 | |
| Overtime Pay | 276,613 | |
| Other Salaries and Wages | 54,970 | |
| In-service Training | 32,385 | |
| Social Security | 131,070 | |
| Pensions | 149,808 | |
| Employee and Dependent Insurance | 264,086 | |
| Unemployment Compensation | 2,399 | |
| Communication | 23,553 | |
| Maintenance and Repair Services - Equipment | 386 | |
| Maintenance and Repair Services - Office Equipment | 612 | |
| Maintenance and Repair Services - Vehicles | 44,719 | |
| Printing, Stationery, and Forms | 2,607 | |
| Travel | 9,579 | |
| Other Contracted Services | 26,468 | |
| Gasoline | 123,446 | |
| Law Enforcement Supplies | 116,836 | |
| Office Supplies | 6,447 | |
| Tires and Tubes | 11,522 | |
| Uniforms | 14,131 | |
| Other Supplies and Materials | 2,022 | |
| Motor Vehicles | 54,041 | |
| Total Sheriff's Department | | 2,774,863 |

Special Patrols

| | |
|-----------------|------------|
| Guards | \$ 114,871 |
| Overtime Pay | 96 |
| Social Security | 8,462 |

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety (Cont.)

Special Patrols (Cont.)

| | | | |
|----------------------------------|----|--------|------------|
| Pensions | \$ | 10,800 | |
| Employee and Dependent Insurance | | 20,988 | |
| Unemployment Compensation | | 132 | |
| Total Special Patrols | | | \$ 155,349 |

Administration of the Sexual Offender Registry

| | | | |
|--|----|-------|-------|
| Criminal Investigation of Applicants - TBI | \$ | 150 | |
| Other Charges | | 5,420 | |
| Total Administration of the Sexual Offender Registry | | | 5,570 |

Jail

| | | | |
|---|----|---------|-----------|
| Assistant(s) | \$ | 29,586 | |
| Supervisor/Director | | 27,460 | |
| Guards | | 482,533 | |
| Secretary(ies) | | 30,154 | |
| Clerical Personnel | | 24,231 | |
| Cafeteria Personnel | | 25,423 | |
| Part-time Personnel | | 23,507 | |
| Overtime Pay | | 159,831 | |
| In-service Training | | 7,559 | |
| Social Security | | 59,204 | |
| Pensions | | 29,976 | |
| Employee and Dependent Insurance | | 148,679 | |
| Unemployment Compensation | | 2,136 | |
| Communication | | 19,568 | |
| Maintenance and Repair Services - Buildings | | 46,483 | |
| Maintenance and Repair Services - Equipment | | 6,332 | |
| Medical and Dental Services | | 579,390 | |
| Travel | | 2,790 | |
| Other Contracted Services | | 905 | |
| Custodial Supplies | | 27,716 | |
| Food Preparation Supplies | | 10,402 | |
| Food Supplies | | 160,434 | |
| Law Enforcement Supplies | | 4,201 | |
| Office Supplies | | 3,215 | |
| Prisoners Clothing | | 23,608 | |
| Uniforms | | 2,649 | |
| Data Processing Equipment | | 14,427 | |
| Furniture and Fixtures | | 1,838 | |
| Total Jail | | | 1,954,237 |

Juvenile Services

| | | | |
|--------------------------|----|--------|--|
| Youth Service Officer(s) | \$ | 70,927 | |
| Secretary(ies) | | 31,200 | |
| Part-time Personnel | | 1,475 | |
| Overtime Pay | | 14,320 | |
| Social Security | | 8,584 | |

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety (Cont.)

Juvenile Services (Cont.)

| | | | |
|--|----|--------|------------|
| Pensions | \$ | 7,848 | |
| Employee and Dependent Insurance | | 13,992 | |
| Unemployment Compensation | | 145 | |
| Communication | | 5,897 | |
| Contracts with Government Agencies | | 7,658 | |
| Dues and Memberships | | 780 | |
| Legal Services | | 300 | |
| Maintenance and Repair Services - Office Equipment | | 6,237 | |
| Medical and Dental Services | | 5,166 | |
| Printing, Stationery, and Forms | | 835 | |
| Travel | | 5,436 | |
| Office Supplies | | 2,997 | |
| Other Supplies and Materials | | 2,255 | |
| Office Equipment | | 10,156 | |
| Total Juvenile Services | | | \$ 196,208 |

Fire Prevention and Control

| | | | |
|---|----|---------|-----------|
| County Official/Administrative Officer | \$ | 41,902 | |
| Assistant(s) | | 28,337 | |
| Captain(s) | | 96,200 | |
| Lieutenant(s) | | 65,454 | |
| Salary Supplements | | 9,000 | |
| Overtime Pay | | 252,106 | |
| Other Salaries and Wages | | 175,284 | |
| In-service Training | | 6,903 | |
| Social Security | | 49,663 | |
| Pensions | | 60,618 | |
| Employee and Dependent Insurance | | 110,074 | |
| Unemployment Compensation | | 743 | |
| Communication | | 4,700 | |
| Contributions | | 1,000 | |
| Maintenance and Repair Services - Buildings | | 8,446 | |
| Maintenance and Repair Services - Equipment | | 24,137 | |
| Maintenance and Repair Services - Vehicles | | 17,403 | |
| Travel | | 4,803 | |
| Custodial Supplies | | 1,642 | |
| Gasoline | | 10,414 | |
| Uniforms | | 5,070 | |
| Utilities | | 10,254 | |
| Other Supplies and Materials | | 3,054 | |
| Other Charges | | 2,006 | |
| Other Equipment | | 35,713 | |
| Total Fire Prevention and Control | | | 1,024,926 |

Civil Defense

| | | | |
|---------------------|----|--------|--|
| Supervisor/Director | \$ | 36,821 | |
| Clerical Personnel | | 500 | |

(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.)

| | | | |
|---|----|--------|------------|
| Part-time Personnel | \$ | 14,877 | |
| In-service Training | | 987 | |
| Social Security | | 3,932 | |
| Pensions | | 2,938 | |
| Unemployment Compensation | | 126 | |
| Communication | | 3,667 | |
| Maintenance and Repair Services - Buildings | | 1,534 | |
| Maintenance and Repair Services - Equipment | | 3,723 | |
| Maintenance and Repair Services - Vehicles | | 3,740 | |
| Travel | | 2,141 | |
| Custodial Supplies | | 92 | |
| Gasoline | | 6,107 | |
| Office Supplies | | 1,278 | |
| Uniforms | | 1,298 | |
| Utilities | | 5,344 | |
| Other Supplies and Materials | | 12,342 | |
| Other Charges | | 158 | |
| Office Equipment | | 2,307 | |
| Total Civil Defense | | | \$ 103,912 |

Inspection and Regulation

| | | | |
|---------------------------------|----|-------|-------|
| Supervisor/Director | \$ | 3,328 | |
| Social Security | | 249 | |
| Pensions | | 224 | |
| Unemployment Compensation | | 1 | |
| Other Supplies and Materials | | 270 | |
| Total Inspection and Regulation | | | 4,072 |

County Coroner/Medical Examiner

| | | | |
|---------------------------------------|----|--------|--------|
| Legal Services | \$ | 6,700 | |
| Other Contracted Services | | 70,386 | |
| Total County Coroner/Medical Examiner | | | 77,086 |

Other Public Safety

| | | | |
|---|----|--------|--------|
| Part-time Personnel | \$ | 44,091 | |
| Social Security | | 3,373 | |
| Unemployment Compensation | | 258 | |
| Communication | | 2 | |
| Maintenance and Repair Services - Equipment | | 15,769 | |
| Rentals | | 15,635 | |
| Gasoline | | 104 | |
| Uniforms | | 59 | |
| Other Supplies and Materials | | 1,087 | |
| Total Other Public Safety | | | 80,378 |

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Health and Welfare

Local Health Center

| | | | |
|---|----|--------|------------|
| Medical Personnel | \$ | 60,757 | |
| Clerical Personnel | | 69,254 | |
| Social Security | | 9,529 | |
| Pensions | | 8,501 | |
| Employee and Dependent Insurance | | 34,980 | |
| Unemployment Compensation | | 257 | |
| Communication | | 2,386 | |
| Contracts with Government Agencies | | 64,686 | |
| Janitorial Services | | 6,900 | |
| Maintenance and Repair Services - Buildings | | 8,005 | |
| Pest Control | | 600 | |
| Travel | | 1,967 | |
| Natural Gas | | 1,301 | |
| Office Supplies | | 1,375 | |
| Utilities | | 11,022 | |
| USDA - Commodities | | 141 | |
| Other Supplies and Materials | | 495 | |
| Total Local Health Center | | | \$ 282,156 |

Rabies and Animal Control

| | | | |
|--|----|---------|---------|
| Supervisor/Director | \$ | 18,942 | |
| Overtime Pay | | 1,484 | |
| Social Security | | 1,527 | |
| Pensions | | 857 | |
| Employee and Dependent Insurance | | 5,830 | |
| Unemployment Compensation | | 46 | |
| Communication | | 756 | |
| Contracts with Other Public Agencies | | 108,333 | |
| Maintenance and Repair Services - Vehicles | | 934 | |
| Gasoline | | 2,993 | |
| Uniforms | | 333 | |
| Other Supplies and Materials | | 505 | |
| Total Rabies and Animal Control | | | 142,540 |

General Welfare Assistance

| | | | |
|----------------------------------|----|-------|-------|
| Pauper Burials | \$ | 3,986 | |
| Total General Welfare Assistance | | | 3,986 |

Social, Cultural, and Recreational Services

Senior Citizens Assistance

| | | | |
|----------------------------------|----|-------|-------|
| Contributions | \$ | 3,600 | |
| Total Senior Citizens Assistance | | | 3,600 |

Libraries

| | | | |
|-----------------|----|--------|--------|
| Contributions | \$ | 70,795 | |
| Total Libraries | | | 70,795 |

(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

| | | | |
|--|----|--------|------------|
| Supervisor/Director | \$ | 33,156 | |
| Laborers | | 92,586 | |
| Part-time Personnel | | 12,413 | |
| Overtime Pay | | 1,917 | |
| Social Security | | 10,330 | |
| Pensions | | 8,604 | |
| Employee and Dependent Insurance | | 33,078 | |
| Unemployment Compensation | | 304 | |
| Communication | | 4,511 | |
| Maintenance and Repair Services - Buildings | | 3,212 | |
| Maintenance and Repair Services - Equipment | | 1,050 | |
| Custodial Supplies | | 1,476 | |
| Gasoline | | 3,409 | |
| Office Supplies | | 153 | |
| Utilities | | 12,899 | |
| Other Charges | | 41,848 | |
| Total Other Social, Cultural, and Recreational | | | \$ 260,946 |

Agriculture and Natural Resources

Agricultural Extension Service

| | | | |
|--------------------------------------|----|--------|--------|
| Salary Supplements | \$ | 49,676 | |
| Other Fringe Benefits | | 11,249 | |
| Communication | | 3,487 | |
| Travel | | 2,748 | |
| Other Supplies and Materials | | 11,586 | |
| Total Agricultural Extension Service | | | 78,746 |

Soil Conservation

| | | | |
|-------------------------|----|--------|--------|
| Part-time Personnel | \$ | 28,000 | |
| Total Soil Conservation | | | 28,000 |

Other Operations

Industrial Development

| | | | |
|---------------------------------|----|---------|---------|
| Contracts with Private Agencies | \$ | 263,690 | |
| Total Industrial Development | | | 263,690 |

Veterans' Services

| | | | |
|--|----|--------|--|
| Supervisor/Director | \$ | 35,068 | |
| Secretary(ies) | | 21,202 | |
| Social Security | | 4,168 | |
| Pensions | | 3,597 | |
| Employee and Dependent Insurance | | 13,992 | |
| Unemployment Compensation | | 106 | |
| Communication | | 1,512 | |
| Data Processing Services | | 715 | |
| Maintenance and Repair Services - Vehicles | | 162 | |
| Travel | | 225 | |

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services (Cont.)

| | | | |
|--------------------------|----|-------|-----------|
| Office Supplies | \$ | 808 | |
| Motor Vehicles | | 300 | |
| Office Equipment | | 7,517 | |
| Total Veterans' Services | | | \$ 89,372 |

Other Charges

| | | | |
|------------------------------------|----|---------|---------|
| Other Contracted Services | \$ | 75,380 | |
| Liability Insurance | | 222,205 | |
| Premiums on Corporate Surety Bonds | | 7,956 | |
| Refunds | | 197 | |
| Trustee's Commission | | 171,801 | |
| Workers' Compensation Insurance | | 143,458 | |
| Total Other Charges | | | 620,997 |

Contributions to Other Agencies

| | | | |
|---------------------------------------|----|---------|---------|
| Contributions | \$ | 210,000 | |
| Total Contributions to Other Agencies | | | 210,000 |

Employee Benefits

| | | | |
|----------------------------------|----|--------|--------|
| Employee and Dependent Insurance | \$ | 16,647 | |
| Unemployment Compensation | | 7,383 | |
| Total Employee Benefits | | | 24,030 |

Miscellaneous

| | | | |
|---------------------|----|-------|-------|
| Other Charges | \$ | 4,974 | |
| Total Miscellaneous | | | 4,974 |

Highways

Litter and Trash Collection

| | | | |
|--|----|--------|--------|
| Supervisor/Director | \$ | 53,565 | |
| Social Security | | 3,877 | |
| Pensions | | 4,403 | |
| Employee and Dependent Insurance | | 13,992 | |
| Unemployment Compensation | | 99 | |
| Maintenance and Repair Services - Vehicles | | 614 | |
| Gasoline | | 5,160 | |
| Instructional Supplies and Materials | | 1 | |
| Total Litter and Trash Collection | | | 81,711 |

Total General Fund \$ 12,300,305

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

| | | | |
|---------------------|----|---------|--|
| Supervisor/Director | \$ | 46,609 | |
| Foremen | | 24,554 | |
| Laborers | | 111,638 | |

(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.)

| | | | |
|------------------------------------|----|--------|------------|
| Overtime Pay | \$ | 6,007 | |
| Social Security | | 14,187 | |
| Pensions | | 9,255 | |
| Employee and Dependent Insurance | | 49,517 | |
| Unemployment Compensation | | 462 | |
| Communication | | 1,636 | |
| Contracts with Government Agencies | | 4,150 | |
| Contracts with Private Agencies | | 30,711 | |
| Engineering Services | | 47,440 | |
| Other Contracted Services | | 2,802 | |
| Custodial Supplies | | 608 | |
| Equipment and Machinery Parts | | 39,474 | |
| Fertilizer, Lime, and Seed | | 183 | |
| Gasoline | | 27,238 | |
| Lubricants | | 2,074 | |
| Office Supplies | | 551 | |
| Tires and Tubes | | 1,474 | |
| Utilities | | 24,861 | |
| Other Supplies and Materials | | 7,202 | |
| Trustee's Commission | | 26,765 | |
| Vehicle and Equipment Insurance | | 17,093 | |
| Workers' Compensation Insurance | | 23,354 | |
| Other Construction | | 51,336 | |
| Total Sanitation Management | | | \$ 571,181 |

Convenience Centers

| | | | |
|------------------------------|----|---------|---------|
| Laborers | \$ | 274,673 | |
| Social Security | | 21,012 | |
| Unemployment Compensation | | 1,132 | |
| Rentals | | 4,200 | |
| Disposal Fees | | 666,049 | |
| Other Contracted Services | | 156 | |
| Other Supplies and Materials | | 1,802 | |
| Solid Waste Equipment | | 26,400 | |
| Total Convenience Centers | | | 995,424 |

Total Solid Waste/Sanitation Fund \$ 1,566,605

Industrial/Economic Development Fund

Principal on Debt

General Government

| | | | |
|--------------------------|----|--------|-----------|
| Principal on Other Loans | \$ | 84,822 | |
| Total General Government | | | \$ 84,822 |

Interest on Debt

General Government

| | | | |
|--------------------------|----|--------|--------|
| Interest on Other Loans | \$ | 60,725 | |
| Total General Government | | | 60,725 |

(Continued)

Exhibit J-8

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

Industrial/Economic Development Fund (Cont.)

Capital Projects

Public Utility Projects

| | | |
|-------------------------------|----------|----------|
| Trustee's Commission | \$ 5,065 | |
| Total Public Utility Projects | | \$ 5,065 |

Total Industrial/Economic Development Fund \$ 150,612

Drug Control Fund

Public Safety

Sheriff's Department

| | | |
|--|----------|-----------|
| In-service Training | \$ 2,948 | |
| Maintenance and Repair Services - Vehicles | 382 | |
| Other Supplies and Materials | 2,070 | |
| Law Enforcement Equipment | 5,491 | |
| Total Sheriff's Department | | \$ 10,891 |

Drug Enforcement

| | | |
|--|-----------|--------|
| Confidential Drug Enforcement Payments | \$ 10,000 | |
| Other Supplies and Materials | 1,156 | |
| Trustee's Commission | 690 | |
| Law Enforcement Equipment | 9,992 | |
| Total Drug Enforcement | | 21,838 |

Total Drug Control Fund 32,729

Sports and Recreation Fund

Social, Cultural, and Recreational Services

Other Social, Cultural, and Recreational

| | | |
|--|-----------|-----------|
| Other Per Diem and Fees | \$ 15,105 | |
| Other Contracted Services | 830 | |
| Trustee's Commission | 168 | |
| Total Other Social, Cultural, and Recreational | | \$ 16,103 |

Total Sports and Recreation Fund 16,103

Constitutional Officers - Fees Fund

Finance

County Trustee's Office

| | | |
|---|------------|------------|
| Constitutional Officers' Operating Expenses | \$ 288,004 | |
| Total County Trustee's Office | | \$ 288,004 |

Administration of Justice

Chancery Court

| | | |
|---|-----------|--------|
| Special Commissioner Fees/Special Master Fees | \$ 14,886 | |
| Total Chancery Court | | 14,886 |

Total Constitutional Officers - Fees Fund 302,890

(Continued)

Exhibit J-8

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

Highway/Public Works Fund

Highways

Administration

| | | | |
|--|----|--------|---------|
| County Official/Administrative Officer | \$ | 86,661 | |
| Assistant(s) | | 39,938 | |
| Secretary to Board | | 120 | |
| Secretary(ies) | | 40,064 | |
| Clerical Personnel | | 26,894 | |
| Board and Committee Members Fees | | 17,100 | |
| Social Security | | 15,846 | |
| Pensions | | 12,802 | |
| Employee and Dependent Insurance | | 28,258 | |
| Unemployment Compensation | | 1,006 | |
| Data Processing Services | | 3,028 | |
| Dues and Memberships | | 3,423 | |
| Other Contracted Services | | 3,241 | |
| Office Supplies | | 4,337 | |
| Total Administration | \$ | | 282,718 |

Highway and Bridge Maintenance

| | | | |
|--------------------------------------|----|---------|-----------|
| Foremen | \$ | 73,018 | |
| Equipment Operators | | 694,066 | |
| Overtime Pay | | 45,746 | |
| Social Security | | 60,492 | |
| Pensions | | 48,862 | |
| Employee and Dependent Insurance | | 220,187 | |
| Unemployment Compensation | | 7,350 | |
| Matching Share | | 3,036 | |
| Other Contracted Services | | 37,194 | |
| Asphalt | | 933,888 | |
| Asphalt - Cold Mix | | 26,307 | |
| Asphalt - Liquid | | 476,629 | |
| General Construction Materials | | 5,791 | |
| Other Road Materials | | 55,339 | |
| Pipe | | 85,517 | |
| Road Signs | | 9,693 | |
| Other Supplies and Materials | | 4,950 | |
| Bridge Construction | | 30,830 | |
| Highway Equipment | | 518,268 | |
| State Aid Projects | | 177,242 | |
| Total Highway and Bridge Maintenance | | | 3,514,405 |

Operation and Maintenance of Equipment

| | | | |
|----------------------------------|----|---------|--|
| Foremen | \$ | 37,048 | |
| Mechanic(s) | | 109,652 | |
| Overtime Pay | | 756 | |
| Social Security | | 10,914 | |
| Pensions | | 9,101 | |
| Employee and Dependent Insurance | | 38,262 | |
| Unemployment Compensation | | 1,297 | |

(Continued)

Exhibit J-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

| | | | |
|--|----|---------|------------|
| Towing Services | \$ | 1,600 | |
| Diesel Fuel | | 127,778 | |
| Equipment and Machinery Parts | | 184,127 | |
| Garage Supplies | | 3,970 | |
| Gasoline | | 28,432 | |
| Lubricants | | 16,301 | |
| Propane Gas | | 6,876 | |
| Tires and Tubes | | 21,073 | |
| Total Operation and Maintenance of Equipment | | | \$ 597,187 |

Quarry Operations

| | | | |
|---|----|---------|---------|
| Foremen | \$ | 28,356 | |
| Equipment Operators - Light | | 159,850 | |
| Social Security | | 13,881 | |
| Pensions | | 12,002 | |
| Employee and Dependent Insurance | | 50,275 | |
| Unemployment Compensation | | 1,796 | |
| Explosive and Drilling Services | | 33,414 | |
| Maintenance and Repair Services - Equipment | | 16,759 | |
| Fines, Assessments, and Penalties | | 1,305 | |
| Total Quarry Operations | | | 317,638 |

Other Charges

| | | | |
|---------------------------------|----|---------|---------|
| Communication | \$ | 5,090 | |
| Electricity | | 27,049 | |
| Trustee's Commission | | 63,019 | |
| Vehicle and Equipment Insurance | | 102,817 | |
| Workers' Compensation Insurance | | 146,820 | |
| Total Other Charges | | | 344,795 |

Total Highway/Public Works Fund \$ 5,056,743

General Debt Service Fund

Principal on Debt

General Government

| | | | |
|--------------------------|----|---------|------------|
| Principal on Bonds | \$ | 387,946 | |
| Total General Government | | | \$ 387,946 |

Highways and Streets

| | | | |
|----------------------------|----|---------|---------|
| Principal on Bonds | \$ | 491,626 | |
| Total Highways and Streets | | | 491,626 |

Education

| | | | |
|--------------------------|----|---------|-----------|
| Principal on Bonds | \$ | 855,428 | |
| Principal on Other Loans | | 347,871 | |
| Total Education | | | 1,203,299 |

(Continued)

Exhibit J-8

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

General Debt Service Fund (Cont.)

Interest on Debt

General Government

| | | |
|--------------------------|-----------|-----------|
| Interest on Bonds | \$ 70,589 | |
| Total General Government | | \$ 70,589 |

Highways and Streets

| | | |
|----------------------------|------------|---------|
| Interest on Bonds | \$ 208,005 | |
| Total Highways and Streets | | 208,005 |

Education

| | | |
|-------------------------|------------|---------|
| Interest on Bonds | \$ 174,186 | |
| Interest on Other Loans | 270,276 | |
| Total Education | | 444,462 |

Other Debt Service

General Government

| | | |
|--------------------------|-----------|--------|
| Trustee's Commission | \$ 38,863 | |
| Other Debt Service | 5,746 | |
| Total General Government | | 44,609 |

Education

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

| | | |
|---------------------------------|--|--------------|
| Total General Debt Service Fund | | \$ 2,854,996 |
|---------------------------------|--|--------------|

General Capital Projects Fund

Other Operations

Other Charges

| | | |
|----------------------|-----------|-----------|
| Trustee's Commission | \$ 12,842 | |
| Total Other Charges | | \$ 12,842 |

Capital Projects

Public Safety Projects

| | | |
|------------------------------|------------|---------|
| Motor Vehicles | \$ 108,324 | |
| Total Public Safety Projects | | 108,324 |

Public Health and Welfare Projects

| | | |
|--|-----------|--------|
| Solid Waste Equipment | \$ 19,326 | |
| Total Public Health and Welfare Projects | | 19,326 |

Education Capital Projects

| | | |
|----------------------------------|------------|---------|
| Contributions | \$ 489,697 | |
| Total Education Capital Projects | | 489,697 |

| | | |
|-------------------------------------|--|---------|
| Total General Capital Projects Fund | | 630,189 |
|-------------------------------------|--|---------|

(Continued)

Exhibit J-8

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

| | | | |
|---|----|--------------|-----------------------------|
| <u>Jail Capital Projects Fund</u> | | | |
| <u>Other Operations</u> | | | |
| <u>Other Charges</u> | | | |
| Trustee's Commission | \$ | <u>2,361</u> | |
| Total Other Charges | | | <u>\$ 2,361</u> |
| Total Jail Capital Projects Fund | | | <u>\$ 2,361</u> |
| Total Governmental Funds - Primary Government | | | <u><u>\$ 22,913,533</u></u> |

Exhibit J-9

Cocke County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Cocke County School Department
For the Year Ended June 30, 2019

General Purpose School Fund

Instruction

Regular Instruction Program

| | | |
|--------------------------------------|---------------|---------------|
| Teachers | \$ 11,487,286 | |
| Career Ladder Program | 55,085 | |
| Homebound Teachers | 11,511 | |
| Educational Assistants | 307,102 | |
| Other Salaries and Wages | 38,416 | |
| Certified Substitute Teachers | 16,881 | |
| Non-certified Substitute Teachers | 179,959 | |
| Social Security | 708,732 | |
| Pensions | 1,126,944 | |
| Medical Insurance | 1,825,194 | |
| Employer Medicare | 167,255 | |
| Other Fringe Benefits | 111,174 | |
| Other Contracted Services | 13,433 | |
| Instructional Supplies and Materials | 167,687 | |
| Textbooks - Bound | 380,151 | |
| Other Supplies and Materials | 27,861 | |
| Other Charges | 26,990 | |
| Regular Instruction Equipment | 25,000 | |
| Total Regular Instruction Program | | \$ 16,676,661 |

Alternative Instruction Program

| | | |
|---------------------------------------|------------|---------|
| Teachers | \$ 205,361 | |
| Career Ladder Program | 2,000 | |
| Clerical Personnel | 29,120 | |
| Non-certified Substitute Teachers | 969 | |
| Social Security | 13,825 | |
| Pensions | 23,653 | |
| Medical Insurance | 36,871 | |
| Employer Medicare | 3,233 | |
| Instructional Supplies and Materials | 1,299 | |
| Total Alternative Instruction Program | | 316,331 |

Special Education Program

| | |
|-----------------------------------|--------------|
| Teachers | \$ 1,449,211 |
| Career Ladder Program | 10,480 |
| Homebound Teachers | 16,107 |
| Educational Assistants | 99,898 |
| Speech Pathologist | 106,395 |
| Certified Substitute Teachers | 2,066 |
| Non-certified Substitute Teachers | 23,065 |
| Social Security | 99,793 |
| Pensions | 155,423 |
| Medical Insurance | 273,429 |
| Employer Medicare | 23,810 |
| Contracts with Private Agencies | 66,808 |
| Evaluation and Testing | 2,241 |

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

| | | | |
|---|----|--------|--------------|
| Maintenance and Repair Services - Equipment | \$ | 170 | |
| Instructional Supplies and Materials | | 49,692 | |
| Other Supplies and Materials | | 13,882 | |
| Special Education Equipment | | 13,236 | |
| Total Special Education Program | | | \$ 2,405,706 |

Career and Technical Education Program

| | | | |
|--|----|-----------|-----------|
| Teachers | \$ | 1,101,139 | |
| Career Ladder Program | | 3,000 | |
| Certified Substitute Teachers | | 459 | |
| Non-certified Substitute Teachers | | 13,311 | |
| Social Security | | 66,947 | |
| Pensions | | 110,469 | |
| Medical Insurance | | 160,591 | |
| Employer Medicare | | 15,664 | |
| Maintenance and Repair Services - Equipment | | 951 | |
| Instructional Supplies and Materials | | 61,275 | |
| Other Charges | | 515 | |
| Vocational Instruction Equipment | | 95,000 | |
| Total Career and Technical Education Program | | | 1,629,321 |

Student Body Education Program

| | | | |
|--------------------------------------|----|-----|-----|
| Other Charges | \$ | 308 | |
| Total Student Body Education Program | | | 308 |

Support Services

Attendance

| | | | |
|------------------------------|----|--------|---------|
| Supervisor/Director | \$ | 69,905 | |
| Career Ladder Program | | 1,000 | |
| Clerical Personnel | | 33,240 | |
| Social Security | | 5,917 | |
| Pensions | | 9,657 | |
| Medical Insurance | | 14,956 | |
| Employer Medicare | | 1,384 | |
| Travel | | 5,362 | |
| Other Supplies and Materials | | 14,777 | |
| Total Attendance | | | 156,198 |

Health Services

| | | | |
|--------------------------|----|---------|--|
| Supervisor/Director | \$ | 64,125 | |
| Medical Personnel | | 163,163 | |
| Other Salaries and Wages | | 37,924 | |
| Social Security | | 15,168 | |
| Pensions | | 22,273 | |
| Medical Insurance | | 42,364 | |
| Employer Medicare | | 3,826 | |

(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.)

| | | | |
|------------------------------|----|--------|---------|
| Travel | \$ | 11,365 | |
| Drugs and Medical Supplies | | 1,500 | |
| Other Supplies and Materials | | 54,010 | |
| Total Health Services | \$ | | 415,718 |

Other Student Support

| | | | |
|------------------------------------|----|---------|-----------|
| Guidance Personnel | \$ | 696,118 | |
| Other Salaries and Wages | | 98,168 | |
| Social Security | | 44,595 | |
| Pensions | | 70,986 | |
| Medical Insurance | | 104,231 | |
| Employer Medicare | | 11,062 | |
| Contracts with Government Agencies | | 104,568 | |
| Other Contracted Services | | 95,490 | |
| Other Supplies and Materials | | 3,733 | |
| In Service/Staff Development | | 1,375 | |
| Total Other Student Support | | | 1,230,326 |

Regular Instruction Program

| | | | |
|-----------------------------------|----|---------|-----------|
| Supervisor/Director | \$ | 181,891 | |
| Career Ladder Program | | 6,800 | |
| Librarians | | 503,630 | |
| Secretary(ies) | | 39,520 | |
| Clerical Personnel | | 16,120 | |
| Educational Assistants | | 31,913 | |
| Other Salaries and Wages | | 114,666 | |
| Social Security | | 50,480 | |
| Pensions | | 86,065 | |
| Medical Insurance | | 120,770 | |
| Employer Medicare | | 12,379 | |
| Travel | | 17,071 | |
| Library Books/Media | | 9,852 | |
| Periodicals | | 4,521 | |
| Other Supplies and Materials | | 11,972 | |
| In Service/Staff Development | | 12,335 | |
| Total Regular Instruction Program | | | 1,219,985 |

Special Education Program

| | | | |
|--------------------------|----|---------|--|
| Supervisor/Director | \$ | 70,525 | |
| Psychological Personnel | | 98,920 | |
| Secretary(ies) | | 29,224 | |
| Other Salaries and Wages | | 227,849 | |
| Social Security | | 25,977 | |
| Pensions | | 31,829 | |
| Medical Insurance | | 50,777 | |
| Employer Medicare | | 6,075 | |

(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.)

Special Education Program (Cont.)

| | | | |
|---------------------------------|----|--------|------------|
| Communication | \$ | 4,949 | |
| Postal Charges | | 23 | |
| Travel | | 17,725 | |
| Other Contracted Services | | 4,920 | |
| In Service/Staff Development | | 17,014 | |
| Total Special Education Program | | | \$ 585,807 |

Career and Technical Education Program

| | | | |
|--|----|--------|--------|
| Supervisor/Director | \$ | 34,353 | |
| Career Ladder Program | | 1,800 | |
| Other Salaries and Wages | | 17,590 | |
| Social Security | | 1,091 | |
| Pensions | | 1,186 | |
| Employer Medicare | | 752 | |
| Travel | | 13,342 | |
| Other Supplies and Materials | | 1,879 | |
| Other Charges | | 2,670 | |
| Total Career and Technical Education Program | | | 74,663 |

Technology

| | | | |
|---|----|---------|---------|
| Instructional Computer Personnel | \$ | 51,815 | |
| Other Salaries and Wages | | 82,193 | |
| Social Security | | 8,229 | |
| Pensions | | 10,960 | |
| Medical Insurance | | 20,556 | |
| Employer Medicare | | 1,924 | |
| Maintenance and Repair Services - Equipment | | 29,963 | |
| Internet Connectivity | | 44,588 | |
| Cabling | | 29,727 | |
| Software | | 8,992 | |
| Other Equipment | | 149,867 | |
| Total Technology | | | 438,814 |

Other Programs

| | | | |
|----------------------------|----|---------|---------|
| On-behalf Payments to OPEB | \$ | 132,699 | |
| Total Other Programs | | | 132,699 |

Board of Education

| | | | |
|----------------------------------|----|--------|--|
| Board and Committee Members Fees | \$ | 17,100 | |
| Social Security | | 1,060 | |
| Life Insurance | | 23,329 | |
| Unemployment Compensation | | 3,328 | |
| Employer Medicare | | 248 | |
| Audit Services | | 15,900 | |
| Dues and Memberships | | 17,813 | |
| Legal Services | | 3,238 | |

(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.)

Board of Education (Cont.)

| | | | |
|---------------------------------|----|---------|---------|
| Travel | \$ | 13,421 | |
| Liability Insurance | | 32,321 | |
| Trustee's Commission | | 151,092 | |
| Workers' Compensation Insurance | | 118,114 | |
| Other Charges | | 18,283 | |
| Total Board of Education | \$ | | 415,247 |

Director of Schools

| | | | |
|--|----|---------|---------|
| County Official/Administrative Officer | \$ | 127,690 | |
| Assistant(s) | | 87,000 | |
| Career Ladder Program | | 1,000 | |
| Secretary(ies) | | 35,509 | |
| Clerical Personnel | | 16,120 | |
| Social Security | | 16,235 | |
| Pensions | | 26,041 | |
| Medical Insurance | | 27,929 | |
| Employer Medicare | | 3,797 | |
| Communication | | 22,410 | |
| Postal Charges | | 2,600 | |
| Travel | | 9,046 | |
| Office Supplies | | 425 | |
| Other Charges | | 3,976 | |
| Total Director of Schools | | | 379,778 |

Office of the Principal

| | | | |
|-------------------------------|----|---------|-----------|
| Principals | \$ | 845,010 | |
| Career Ladder Program | | 11,000 | |
| Assistant Principals | | 456,947 | |
| Secretary(ies) | | 565,497 | |
| Social Security | | 111,902 | |
| Pensions | | 174,939 | |
| Medical Insurance | | 301,500 | |
| Employer Medicare | | 26,171 | |
| Communication | | 12,000 | |
| Travel | | 5,508 | |
| Other Contracted Services | | 8,207 | |
| Other Supplies and Materials | | 61,145 | |
| Other Charges | | 4,245 | |
| Total Office of the Principal | | | 2,584,071 |

Fiscal Services

| | | | |
|--------------------------|----|--------|--|
| Accountants/Bookkeepers | \$ | 57,919 | |
| Clerical Personnel | | 56,160 | |
| Other Salaries and Wages | | 99,684 | |
| Social Security | | 13,235 | |
| Pensions | | 10,504 | |

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Fiscal Services (Cont.)

| | | | |
|---------------------------|----|--------|------------|
| Medical Insurance | \$ | 30,834 | |
| Employer Medicare | | 3,095 | |
| Data Processing Services | | 13,249 | |
| Travel | | 146 | |
| Other Contracted Services | | 1,179 | |
| Data Processing Supplies | | 4,269 | |
| Total Fiscal Services | | | \$ 290,274 |

Operation of Plant

| | | | |
|---|----|---------|-----------|
| Custodial Personnel | \$ | 804,984 | |
| Other Salaries and Wages | | 5,760 | |
| Social Security | | 49,154 | |
| Pensions | | 51,105 | |
| Medical Insurance | | 240,036 | |
| Employer Medicare | | 11,496 | |
| Maintenance and Repair Services - Equipment | | 9,809 | |
| Rentals | | 8,768 | |
| Disposal Fees | | 1,430 | |
| Other Contracted Services | | 130,024 | |
| Custodial Supplies | | 79,008 | |
| Electricity | | 846,664 | |
| Natural Gas | | 144,197 | |
| Water and Sewer | | 65,797 | |
| Boiler Insurance | | 7,388 | |
| Building and Contents Insurance | | 149,977 | |
| Other Charges | | 65,515 | |
| Total Operation of Plant | | | 2,671,112 |

Maintenance of Plant

| | | | |
|--------------------------------|----|---------|---------|
| Supervisor/Director | \$ | 49,646 | |
| Secretary(ies) | | 29,952 | |
| Maintenance Personnel | | 193,381 | |
| Other Salaries and Wages | | 3,102 | |
| Social Security | | 17,223 | |
| Pensions | | 17,686 | |
| Medical Insurance | | 54,245 | |
| Employer Medicare | | 4,028 | |
| Other Contracted Services | | 112,777 | |
| General Construction Materials | | 16,486 | |
| Other Supplies and Materials | | 151,135 | |
| Other Charges | | 1,630 | |
| Administration Equipment | | 158,700 | |
| Maintenance Equipment | | 1,548 | |
| Total Maintenance of Plant | | | 811,539 |

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation

| | | | |
|------------------------|----|-------|----------|
| Bus Drivers | \$ | 282 | |
| Social Security | | 18 | |
| Pensions | | 19 | |
| Employer Medicare | | 4 | |
| Contracts with Parents | | 4,060 | |
| Total Transportation | | | \$ 4,383 |

Operation of Non-Instructional Services

Food Service

| | | | |
|---------------------|----|--------|--------|
| Supervisor/Director | \$ | 60,565 | |
| Social Security | | 3,530 | |
| Pensions | | 6,335 | |
| Medical Insurance | | 10,799 | |
| Employer Medicare | | 826 | |
| Total Food Service | | | 82,055 |

Community Services

| | | | |
|--------------------------------------|----|---------|-----------|
| Teachers | \$ | 10,890 | |
| Educational Assistants | | 49,041 | |
| Other Salaries and Wages | | 941,815 | |
| Social Security | | 57,819 | |
| Pensions | | 50,072 | |
| Medical Insurance | | 108,967 | |
| Employer Medicare | | 14,385 | |
| Travel | | 6,910 | |
| Food Supplies | | 1,391 | |
| Instructional Supplies and Materials | | 37,430 | |
| Other Supplies and Materials | | 110,540 | |
| In Service/Staff Development | | 14,177 | |
| Other Charges | | 65,114 | |
| Total Community Services | | | 1,468,551 |

Early Childhood Education

| | | | |
|--------------------------------------|----|---------|---------|
| Teachers | \$ | 131,355 | |
| Educational Assistants | | 47,912 | |
| Other Salaries and Wages | | 15,648 | |
| Non-certified Substitute Teachers | | 3,290 | |
| Social Security | | 11,633 | |
| Pensions | | 17,280 | |
| Medical Insurance | | 47,301 | |
| Employer Medicare | | 2,721 | |
| Instructional Supplies and Materials | | 12,000 | |
| Other Supplies and Materials | | 2,464 | |
| In Service/Staff Development | | 3,870 | |
| Other Equipment | | 5,520 | |
| Total Early Childhood Education | | | 300,994 |

(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.)

Capital Outlay

Regular Capital Outlay

| | | | |
|------------------------------|----|---------|------------|
| Architects | \$ | 10,999 | |
| Building Improvements | | 399,119 | |
| Total Regular Capital Outlay | | | \$ 410,118 |

Other Debt Service

Education

| | | | |
|---|----|---------|---------|
| Debt Service Contribution to Primary Government | \$ | 142,801 | |
| Total Education | | | 142,801 |

Total General Purpose School Fund \$ 34,843,460

School Federal Projects Fund

Instruction

Regular Instruction Program

| | | | |
|---|----|---------|--------------|
| Teachers | \$ | 729,454 | |
| Educational Assistants | | 340,392 | |
| Other Salaries and Wages | | 125,850 | |
| Certified Substitute Teachers | | 638 | |
| Non-certified Substitute Teachers | | 8,998 | |
| Social Security | | 67,288 | |
| Pensions | | 100,063 | |
| Medical Insurance | | 225,698 | |
| Employer Medicare | | 16,729 | |
| Maintenance and Repair Services - Equipment | | 200 | |
| Instructional Supplies and Materials | | 74,859 | |
| Software | | 33,371 | |
| Other Charges | | 976 | |
| Regular Instruction Equipment | | 71,887 | |
| Total Regular Instruction Program | | | \$ 1,796,403 |

Special Education Program

| | | | |
|--------------------------------------|----|---------|---------|
| Teachers | \$ | 218,012 | |
| Educational Assistants | | 418,480 | |
| Certified Substitute Teachers | | 382 | |
| Non-certified Substitute Teachers | | 14,127 | |
| Social Security | | 35,506 | |
| Pensions | | 45,207 | |
| Medical Insurance | | 202,861 | |
| Employer Medicare | | 8,739 | |
| Instructional Supplies and Materials | | 19,998 | |
| Other Supplies and Materials | | 384 | |
| Special Education Equipment | | 4,407 | |
| Total Special Education Program | | | 968,103 |

Career and Technical Education Program

| | | | |
|--------------------|----|--------|--|
| Clerical Personnel | \$ | 20,856 | |
|--------------------|----|--------|--|

(Continued)

Exhibit J-9

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Career and Technical Education Program (Cont.)

| | | | |
|--|----|--------|-----------|
| Social Security | \$ | 1,216 | |
| Pensions | | 1,406 | |
| Medical Insurance | | 6,852 | |
| Employer Medicare | | 284 | |
| Instructional Supplies and Materials | | 1,000 | |
| Vocational Instruction Equipment | | 54,586 | |
| Total Career and Technical Education Program | | | \$ 86,200 |

Support Services

Other Student Support

| | | | |
|------------------------------|----|--------|--------|
| Travel | \$ | 14,720 | |
| Other Supplies and Materials | | 2,832 | |
| In Service/Staff Development | | 16,900 | |
| Other Charges | | 23,766 | |
| Total Other Student Support | | | 58,218 |

Regular Instruction Program

| | | | |
|-----------------------------------|----|---------|---------|
| Instructional Computer Personnel | \$ | 17,050 | |
| Secretary(ies) | | 17,732 | |
| Other Salaries and Wages | | 175,769 | |
| Certified Substitute Teachers | | 586 | |
| In-service Training | | 8,960 | |
| Non-certified Substitute Teachers | | 11,806 | |
| Social Security | | 10,074 | |
| Pensions | | 15,159 | |
| Medical Insurance | | 18,846 | |
| Employer Medicare | | 3,346 | |
| Consultants | | 8,000 | |
| Postal Charges | | 17 | |
| Travel | | 1,617 | |
| Other Supplies and Materials | | 14,986 | |
| In Service/Staff Development | | 40,243 | |
| Other Charges | | 46,804 | |
| Total Regular Instruction Program | | | 390,995 |

Special Education Program

| | | | |
|---------------------------------|----|--------|--------|
| Other Salaries and Wages | \$ | 41,915 | |
| Social Security | | 2,599 | |
| Employer Medicare | | 608 | |
| Other Supplies and Materials | | 6,504 | |
| In Service/Staff Development | | 3,605 | |
| Total Special Education Program | | | 55,231 |

Career and Technical Education Program

| | | | |
|--|----|-------|-------|
| In Service/Staff Development | \$ | 4,420 | |
| Total Career and Technical Education Program | | | 4,420 |

(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.)

Transportation

| | | | |
|--------------------------|----|--------|------------|
| Bus Drivers | \$ | 51,753 | |
| Other Salaries and Wages | | 80,572 | |
| Social Security | | 8,044 | |
| Pensions | | 8,494 | |
| Medical Insurance | | 54,501 | |
| Employer Medicare | | 1,881 | |
| Total Transportation | | | \$ 205,245 |

Total School Federal Projects Fund \$ 3,564,815

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

| | | | |
|---|----|---------|--------------|
| Cafeteria Personnel | \$ | 907,890 | |
| Other Salaries and Wages | | 121,674 | |
| Social Security | | 61,635 | |
| Pensions | | 66,560 | |
| Medical Insurance | | 351,550 | |
| Employer Medicare | | 14,415 | |
| Communication | | 2,596 | |
| Maintenance and Repair Services - Equipment | | 20,773 | |
| Transportation - Other than Students | | 8,136 | |
| Travel | | 2,680 | |
| Other Contracted Services | | 241,623 | |
| Food Supplies | | 848,266 | |
| Office Supplies | | 4,718 | |
| Uniforms | | 615 | |
| USDA - Commodities | | 229,679 | |
| Other Supplies and Materials | | 123,164 | |
| In Service/Staff Development | | 1,248 | |
| Food Service Equipment | | 241,514 | |
| Total Food Service | | | \$ 3,248,736 |

Total Central Cafeteria Fund 3,248,736

School Transportation Fund

Support Services

Board of Education

| | | | |
|--------------------------|----|--------|-----------|
| Trustee's Commission | \$ | 28,716 | |
| Total Board of Education | | | \$ 28,716 |

Transportation

| | | | |
|---------------------|----|---------|--|
| Supervisor/Director | \$ | 48,513 | |
| Mechanic(s) | | 146,281 | |
| Bus Drivers | | 568,057 | |
| Clerical Personnel | | 26,416 | |

(Continued)

Exhibit J-9

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

School Transportation Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

| | | | |
|--|----|---------|--------------|
| Other Salaries and Wages | \$ | 95,897 | |
| Social Security | | 52,686 | |
| Pensions | | 55,370 | |
| Medical Insurance | | 262,619 | |
| Employer Medicare | | 12,432 | |
| Communication | | 1,397 | |
| Contracts with Vehicle Owners | | 680 | |
| Maintenance and Repair Services - Vehicles | | 68,370 | |
| Medical and Dental Services | | 7,597 | |
| Rentals | | 9,826 | |
| Diesel Fuel | | 158,710 | |
| Garage Supplies | | 5,669 | |
| Gasoline | | 28,331 | |
| Lubricants | | 9,157 | |
| Tires and Tubes | | 23,398 | |
| Vehicle Parts | | 339,490 | |
| Other Supplies and Materials | | 5,998 | |
| Vehicle and Equipment Insurance | | 41,556 | |
| Other Charges | | 18,945 | |
| Transportation Equipment | | 489,697 | |
| Total Transportation | | | \$ 2,477,092 |

Total School Transportation Fund \$ 2,505,808

Total Governmental Funds - Cocke County School Department \$ 44,162,819

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, 2019

| | Cities - Sales Tax Fund | City School ADA - Newport Fund | Total |
|---|-------------------------------|--|---------------------|
| <u>Cash Receipts</u> | | | |
| Current Property Taxes | \$ 0 | \$ 415,546 | \$ 415,546 |
| Trustee's Collections - Prior Years | 0 | 14,737 | 14,737 |
| Circuit/Clerk and Master Collections - Prior Years | 0 | 7,402 | 7,402 |
| Interest and Penalty | 0 | 2,604 | 2,604 |
| Payments in-Lieu-of Taxes - Local Utilities | 0 | 18,243 | 18,243 |
| Payments in-Lieu-of Taxes - Other | 0 | 30 | 30 |
| Local Option Sales Tax | 4,021,010 | 675,393 | 4,696,403 |
| Bank Excise Tax | 0 | 2,208 | 2,208 |
| Marriage Licenses | 0 | 163 | 163 |
| Other Local Revenues | 0 | 77 | 77 |
| Total Cash Receipts | <u>\$ 4,021,010</u> | <u>\$ 1,136,403</u> | <u>\$ 5,157,413</u> |
| <u>Cash Disbursements</u> | | | |
| Remittance of Revenues Collected | \$ 3,980,800 | \$ 1,120,872 | \$ 5,101,672 |
| Trustee's Commission | 40,210 | 15,531 | 55,741 |
| Total Cash Disbursements | <u>\$ 4,021,010</u> | <u>\$ 1,136,403</u> | <u>\$ 5,157,413</u> |
| Excess of Cash Receipts Over (Under) | | | |
| Cash Disbursements | \$ 0 | \$ 0 | \$ 0 |
| Cash Balance, July 1, 2018 | 0 | 0 | 0 |
| Cash Balance, June 30, 2019 | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |

SINGLE AUDIT SECTION



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

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, 2019, and the related notes to the financial statements, which collectively comprise Cocke County's basic financial statements, as listed in the table of contents, and have issued our report thereon dated November 15, 2019.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs, that we consider to be significant deficiencies: 2019-001 and 2019-004.

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: 2019-002 and 2019-003.

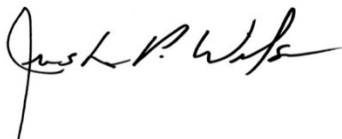
Cocke County's Responses to the Findings

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 results 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 15, 2019

JPW/tg



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

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 the Uniform Guidance

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Cocke County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Cocke County's major federal programs for the year ended June 30, 2019. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2019.

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 the Uniform Guidance, 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.

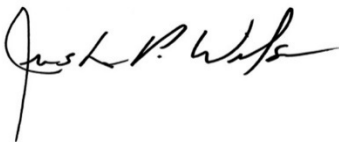
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the

requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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, 2019, and the related notes to the financial statements, which collectively comprise Cocke County's basic financial statements. We issued our report thereon dated November 15, 2019, 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 the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

November 15, 2019

JPW/tg

Cocke County, Tennessee, and the Cocke County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2)
For the Year-Ended June 30, 2019

| Federal/Pass-Through Agency/State Grantor Program Title | Federal CFDA Number | Pass-through Entity Identifying Number | Expenditures |
|--|---------------------------|--|---------------------|
| U.S. Department of Agriculture: | | | |
| Direct Program: | | | |
| Forest Service Schools and Roads Cluster: (4) | | | |
| Schools and Roads - Grants to States | 10.665 | N/A | \$ 69,344 |
| Passed-through State Department of Education: | | | |
| Child Nutrition Cluster: (4) | | | |
| School Breakfast Program | 10.553 | N/A | 710,693 |
| National School Lunch Program | 10.555 | N/A | 1,983,032 (6) |
| Passed-through State Department of Agriculture: | | | |
| Child Nutrition Cluster: (4) | | | |
| National School Lunch Program (Commodities - Noncash Assistance) | 10.555 | N/A | 229,679 (6) |
| Passed-through State Department of Health: | | | |
| Special Supplemental Nutrition Program for Women, Infants, and Children | 10.557 | GG-19-59227-00 | 36,023 (5) |
| Total U.S. Department of Agriculture | | | <u>\$ 3,028,771</u> |
| U.S. Department of Interior: | | | |
| Direct Program: | | | |
| Payments in-Lieu-of Taxes | 15.226 | N/A | \$ 129,285 |
| Total U.S. Department of Interior | | | <u>\$ 129,285</u> |
| U.S. Department of Justice: | | | |
| Passed-through State Office of Criminal Justice Programs: | | | |
| Crime Victim Assistance | 16.575 | 2014-VA-GX-0008 | \$ 33,073 |
| Total U.S. Department of Justice | | | <u>\$ 33,073</u> |
| U.S. Department of Transportation: | | | |
| Passed-through State Department of Transportation: | | | |
| Highway Safety Cluster: (4) | | | |
| State and Community Highway Safety | 20.600 | (3) | \$ 48,630 |
| Total U.S. Department of Transportation | | | <u>\$ 48,630</u> |
| U.S. Department of Education: | | | |
| Passed-through State Department of Human Services: | | | |
| Rehabilitation Services - Vocational Rehabilitation Grants to States | 84.126 | Z-19-50619-00 | \$ 122,671 |
| Passed-through State Department of Education: | | | |
| Title 1 Grants to Local Educational Agencies | 84.010 | N/A | 1,945,543 |
| Special Education Cluster: (4) | | | |
| Special Education - Grants to States | 84.027 | N/A | 1,188,843 |
| Special Education - Preschool Grants | 84.173 | N/A | 44,438 |
| Career and Technical Education - Basic Grants to States | 84.048 | N/A | 119,455 |
| Twenty-first Century Community Learning Centers | 84.287 | N/A | 227,776 |
| Rural Education | 84.358 | N/A | 57,907 |
| Improving Teacher Quality State Grants | 84.367 | N/A | 166,333 |
| Student Support and Academic Enrichment Program | 84.424 | N/A | 81,996 |

(Continued)

Cocke County, Tennessee, and the Cocke County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (Cont.)

| Federal/Pass-Through Agency/State Grantor Program Title | Federal CFDA Number | Pass-through Entity Identifying Number | Expenditures |
|---|---------------------------|--|---------------------|
| U.S. Department of Education (Cont.): | | | |
| Passed-through Greeneville City School Department: | | | |
| English Language Acquisition Grants | 84.365 | N/A | \$ 2,779 |
| Total U.S. Department of Education | | | <u>\$ 3,957,741</u> |
| U.S. Department of Health and Human Services: | | | |
| Passed-through State Department of Health: | | | |
| Family Planning Services | 93.217 | GG-19-59227-00 | \$ 6,130 (5) |
| Medicaid Cluster: (4) | | | |
| Medical Assistance Program | 93.778 | GG-19-59227-00 | 29,321 (5) |
| Maternal and Child Health Services Block Grant to the States | 93.994 | GG-19-59227-00 | 3,499 (5) |
| Total U.S. Department of Health and Human Services | | | <u>\$ 38,950</u> |
| Executive Office of the President: | | | |
| Passed-through Laurel County, Kentucky Fiscal Court: | | | |
| High Intensity Drug Trafficking Areas Program | 95.001 | (3) | \$ 21,231 |
| Total Executive Office of the President | | | <u>\$ 21,231</u> |
| U.S. Department of Homeland Security: | | | |
| Passed-through State Department of Military: | | | |
| Emergency Management Performance Grants | 97.042 | (3) | \$ 30,000 |
| Total U.S. Department of Homeland Security | | | <u>\$ 30,000</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 7,287,681</u> |
| <u>State Grants</u> | | | |
| Litter Program - State Department of Transportation | N/A | <u>(3)</u> | \$ 49,500 |
| Solid Waste Grant - State Department of Environment and Conservation | N/A | (3) | 30,154 |
| Juvenile Service Program - State Commission on Children and Youth | N/A | (3) | 12,242 |
| Court Security Grant Program - Administrative Office of the Courts | N/A | (3) | 59,574 |
| Clean Tennessee Energy Grants - State Department of Environment and Conservation | N/A | 32701-03192 | 19,095 |
| Early Childhood Education Pilot Project - State Department of Education | N/A | (3) | 301,768 |
| Project Diabetes Initiative Services - State Department of Health | N/A | GG-17-50384-00 | 62,282 |
| Coordinated School Health - State Department of Education | N/A | (3) | 95,000 |
| Family Resource Center - State Department of Education | N/A | (3) | 29,612 |
| Safe Schools Act - State Department of Education | N/A | (3) | 50,620 |
| School Safety and Security Grants - State Department of Education | N/A | (3) | 126,550 |

(Continued)

Coke County, Tennessee, and the Coke County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (Cont.)

| <u>State Grants (Cont.)</u> | | <u>Contract Number</u> | | |
|---|-----|----------------------------|-----------|--------------------|
| Read to Be Ready Coaching Network Program - State Department of Education | N/A | (3) | \$ | 10,000 |
| Drivers Education - State Department of Education | N/A | (3) | | 30,600 |
| Supporting Postsecondary Attainment in Rural Counties (SPARC) - Tennessee Education Commission | N/A | (3) | | 75,000 |
| Law Enforcement Training Program - State Department of Safety | N/A | (3) | | 27,600 |
| State Aid Program - State Department of Transportation | N/A | (3) | | 175,320 |
| State Access to Health and Healthy Active Built Environments - State Department of Health | N/A | 34360-66719 | | 20,000 |
| Rural Local Health Services - State Department of Health | N/A | GG-19-59227-00 | | <u>139,462</u> (5) |
| Total State Grants | | | <u>\$</u> | <u>1,314,379</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) Coke County elected not to use the 10% de minimis cost rate permitted in the Uniform Guidance.

(3) Information not available.

(4) Forest Service Schools and Roads Cluster total \$69,344; Child Nutrition Cluster total \$2,923,404;

Highway Safety Cluster total \$48,630; Special Education Cluster total \$1,233,281; Medicaid Cluster total \$29,321.

(5) Multi-service contract.

(6) Total for CFDA No. 10.555 is \$2,212,711.

Cocke County, Tennessee
Summary Schedule of Prior-year Findings
For the Year Ended June 30, 2019

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. In addition, OMB's Uniform Guidance requires auditees to report the status of all prior-year findings whether corrected or not. Presented below are financial statement findings along with their current status from the Annual Financial Report for Cocke County, Tennessee, for the year ended June 30, 2019.

Prior-year Financial Statement Findings

| Fiscal Year | Page Number | Finding Number | Title of Finding | CFDA Number | Current Status |
|--------------------------------------|-------------|----------------|---|-------------|----------------|
| <u>OFFICE OF COUNTY MAYOR</u> | | | | | |
| 2018 | 212 | 2018-001 | The Parks and Recreation Department had Deficiencies Related to Collections | N/A | Corrected |
| 2018 | 213 | 2018-002 | The Contract for Inmate Medical Services Provider was not Approved by the County Legislative Body | N/A | Corrected |
| <u>OFFICE OF SHERIFF</u> | | | | | |
| 2018 | 213 | 2018-003 | Some Funds were not Deposited Within Three Days of Collection | N/A | Corrected |

Prior-year Federal Awards Findings

There were no prior-year federal award findings to report.

COCKE COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2019

PART I, SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

1. Our report on the financial statements of Cocke County is unmodified.
2. Internal Control Over Financial Reporting:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **YES**
3. Noncompliance material to the financial statements noted? **NO**

Federal Awards:

4. Internal Control Over Major Federal Programs:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **NONE REPORTED**
5. Type of report auditor issued on compliance for major programs. **UNMODIFIED**
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **NO**
7. Identification of Major Federal Programs:
 - * CFDA Number: 10.553 and 10.555 Nutrition Cluster: School Breakfast Program and National School Lunch Program
8. Dollar threshold used to distinguish between Type A and Type B Programs. **\$750,000**
9. Auditee qualified as low-risk auditee? **YES**

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our audit, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. Written responses for all findings are paraphrased and presented following each finding and recommendation. Management's corrective action plans, whether related to the financial statements or federal awards, are presented separately in the Management's Corrective Action Plan in the Single Audit Section of this report. Findings relating specifically to the audit of federal awards, if any, are separately presented under Part III, Findings and Questioned Costs for Federal Awards.

OFFICES OF COUNTY MAYOR AND DIRECTOR OF ACCOUNTS AND BUDGETS

FINDING 2019-001

THE ACCOUNTING RECORDS FOR VARIOUS FUNDS HAD NOT BEEN MAINTAINED PROPERLY

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

Our audit revealed the following deficiencies related to the administration and maintenance of the accounting and reporting systems.

- A. General ledger payroll deductions accounts were not reconciled adequately with subsidiary payroll records, monthly billings, and payments made from the General, Highway/Public Works, and the Solid Waste/Sanitation funds. At June 30, 2019, negative balances in the payroll liability accounts in the funds ranged from \$5 to \$14,833.
- B. The employee health insurance and tax bank clearing account had not been reconciled adequately with the general ledger payroll liability accounts resulting in an unidentified balance. The county maintains a bank clearing account for deposits of employee payroll taxes, retirement contributions, and health insurance premiums. These amounts are withdrawn from the account by the Internal Revenue Service (IRS), the Tennessee Consolidated Retirement (TCRS) system, and the state insurance program administrator, respectively. While personnel attempted reconciliations of this clearing account, no adjusting entries were prepared or posted during the current year to correct identified reconciling items. At June 30, 2019, the bank clearing account had a balance of \$35,455, of which \$2,465 represented amounts due to the TCRS for unbilled retirement contributions, and \$30,805 for unreconciled amounts for health insurance premiums. The remaining \$2,185 was unidentified.

Sound business practices dictate that financial records should be reviewed for accuracy and completeness, and all general ledger accounts should be reconciled monthly. The failure to properly maintain accounting records on a current basis diminishes the usefulness of the financial records as a management tool and results in a loss of budgetary and accounting control and increases the risk that errors will not be discovered and corrected in a timely manner. These deficiencies can be attributed to lack of management oversight and the failure of management to take proper responsibility for the accounting records.

RECOMMENDATION

All payroll deductions, general ledger payroll liability accounts, and the employee health insurance and tax bank clearing account should be reconciled accurately monthly with subsidiary records, monthly billings, receipts, and payments. The county should maintain accounting records on a current basis and review the financial statements for accuracy and completeness and provide the county commission with accurate financial reports each month.

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

We concur with the finding. The finance director will review all general ledger payroll accounts, health insurance, and tax clearing accounts on a monthly basis. The finance director will review the finding with payroll employees and develop an accurate process for the billing of insurance and other deductions.

FINDING 2019-002

A TAX DEPOSIT DUE TO THE INTERNAL REVENUE SERVICE WAS NOT REPORTED TIMELY RESULTING IN THE ASSESSMENT OF INTEREST AND PENALTY TOTALING \$32,236

(Noncompliance Under Government Auditing Standards)

Cocke County maintains a payroll clearing bank account to deposit employee payroll taxes due to the Internal Revenue Service (IRS) and is required to notify the IRS of all deposits so withdrawals can be made from the county's account timely. The payroll tax deposits for the December 31, 2018, tax period were made to the clearing account; however, the county failed to notify the IRS timely to provide for the withdrawal of the deposits resulting in the assessment of \$32,236 in penalty and interest.

RECOMMENDATION

Federal payroll taxes deposited to the payroll clearing bank account should be reported to the IRS on a timely basis to avoid interest and penalty assessments.

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

We concur with the finding. The finance director has discussed the importance of making proper and timely remittances with payroll employees. The finance director has also created an online EFTPS account to review payments each quarter with the review of the Form 941 submissions.

FINDING 2019-003

EXPENDITURES EXCEEDED APPROPRIATIONS
(Noncompliance Under *Government Auditing Standards*)

Expenditures exceeded appropriations by the county commission in several major appropriation categories (the legal level of control) in the following funds:

| <u>Fund/Major Appropriation Category</u> | <u>Amount Overspent</u> |
|--|-----------------------------|
| General: | |
| Administration of the Sexual Offender Registry | \$ 5,752 |
| Transfers Out | 1,811 |
| Industrial/Economic Development: | |
| Public Utility Projects | 65 |
| General Debt Service: | |
| Interest on Debt - Highways and Streets | 5 |
| General Capital Projects: | |
| Other Charges | 342 |
| Public Safety Projects | 4,708 |

Section 5-9-401, *Tennessee Code Annotated*, states that “All funds from whatever source derived including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs for the various departments, commissions, institutions, boards, offices, and agencies of county governments shall be appropriated to such use by the county legislative bodies.” This deficiency exists because management failed to hold spending to the limits authorized by the county commission, which resulted in unauthorized expenditures.

RECOMMENDATION

Expenditures should be held within appropriations approved by the county commission.

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

We concur with the finding. The finance director will ensure expenditures are held within appropriations and proper budget amendments are made when needed.

FINDING 2019-004

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. This deficiency was the result of a lack of management oversight. After management was made aware of this deficiency on April 23, 2019, the deficiency was corrected, and proper controls were implemented.

RECOMMENDATION

Management should ensure adequate controls over its information systems and the resources associated with those systems are implemented.

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

We concur with the finding. The controls over information have been reviewed and implemented.

PART III, FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings and questioned costs related to federal awards for the year ended June 30, 2019.

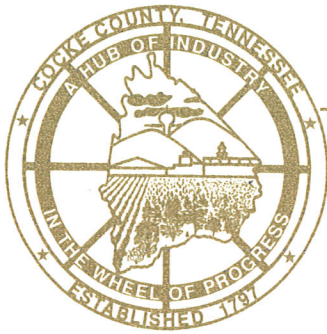
Coke County, Tennessee
Management's Corrective Action Plan
For the Year Ended June 30, 2019

We reviewed the financial statement and federal award findings and recommendations with management to provide an opportunity for their response as required by the auditee requirements within Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Management's corrective action plans for all financial statement findings and federal award findings are presented in this section and have been indexed below. The corrective action plans were prepared by management and have been presented as they were submitted.

| Finding Number | Title of Finding | Corrective Action Plan Page Number |
|-------------------|------------------|---------------------------------------|
|-------------------|------------------|---------------------------------------|

OFFICES OF COUNTY MAYOR AND DIRECTOR OF ACCOUNTS AND BUDGETS

| | | |
|----------|---|-----|
| 2019-001 | The Accounting Records for Various Funds had not been Maintained Properly | 223 |
| 2019-002 | A Tax Deposit Due to the Internal Revenue Service was not Reported Timely Resulting in the Assessment of Interest and Penalty Totaling \$32,236 | 224 |
| 2019-003 | Expenditures Exceeded Appropriations | 225 |
| 2019-004 | The Office did not Implement Adequate Controls to Protect its Information Resources | 226 |



COCKE COUNTY GOVERNMENT

CRYSTAL OTTINGER, MAYOR

CORRECTIVE ACTION PLANS

OFFICE OF COUNTY MAYOR

FINDING: THE ACCOUNTING RECORDS FOR VARIOUS FUNDS HAD NOT BEEN MAINTAINED PROPERLY

Response and Corrective Action Plan Prepared by:
Crystal Ottinger, County Mayor


Person Responsible for Implementing the Corrective Action:
Heather McGaha, Finance Director

Anticipated Completion Date of the Corrective Action:
June 30, 2020

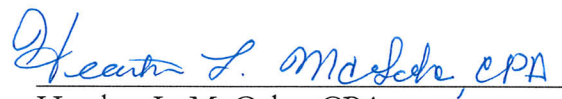
Repeat Finding:
No

Planned Corrective Action:

Finance Director will review all general ledger payroll accounts and health insurance and tax bank clearing accounts on a monthly basis. Finance Director will review finding with payroll employees and develop an accurate reconciliation process for billing of insurance and other deductions.



Crystal Ottinger
County Mayor



Heather L. McGaha, CPA
Director of Finance

FINDING: A TAX DEPOSIT TO THE INTERNAL REVENUE SERVICE WAS NOT REMITTED PROPERLY RESULTING IN THE ASSESSMENT OF INTEREST AND PENALTIES TOTALING \$32,236.

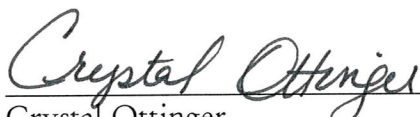
Response and Corrective Action Plan Prepared by:
Crystal Ottinger, County Mayor

Person Responsible for Implementing the Corrective Action:
Heather McGaha, Finance Director


Anticipated Completion Date of the Corrective Action:
Management implemented a corrective action when made aware of the issue.

Repeat Finding:
No

Planned Corrective Action:
Finance Director has discussed the importance of making proper and timely remittances with payroll employees. Finance Director has also created an online EFTPS accounts to review payments each quarter with the review of the Form 941 submissions.



Crystal Ottinger
County Mayor



Heather L. McGaha, CPA
Director of Finance

FINDING: EXPENDITURES EXCEEDED APPROPRIATIONS.

Response and Corrective Action Plan Prepared by:

Crystal Ottinger, County Mayor

Person Responsible for Implementing the Corrective Action:

Heather McGaha, Finance Director

Anticipated Completion Date of the Corrective Action:


June 30, 2020

Repeat Finding:

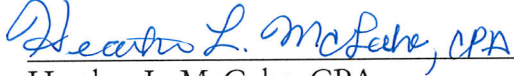
No

Planned Corrective Action:

Finance Director will ensure that expenditures are held with appropriations and proper budget amendments are made when needed.



Crystal Ottinger
County Mayor



Heather L. McGaha, CPA
Director of Finance



COCKE COUNTY GOVERNMENT

CRYSTAL OTTINGER, MAYOR

CORRECTIVE ACTION PLAN

OFFICE OF COUNTY MAYOR

FINDING - THE OFFICE DID NOT IMPLEMENT ADEQUATE CONTROLS TO PROTECT ITS INFORMATION RESOURCES

Response and Corrective Action Plan Prepared by:
Crystal Ottinger, County Mayor

Person Responsible for Implementing the Corrective Action:
Heather McGaha, Finance Director

Anticipated Completion Date of the Corrective Action:
The corrective action was implemented when management was made aware of this deficiency.

Repeat Finding:
No

Planned Corrective Action:

The software company was contacted concerning the deficiency, and controls have been implemented to protect information resources.

Crystal Ottinger
County Mayor

Heather L. McGaha, CPA
Director of Finance

BEST PRACTICE

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

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

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

Coker County does not have a central system of accounting, budgeting, and purchasing. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the county legislative body resulting in decentralization and some duplication of effort. The Division of Local Government Audit strongly believes that the adoption of a central system of accounting, budgeting, and purchasing is a best practice that would significantly improve accountability and the quality of services provided to the citizens of Coker County. Therefore, we recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.