

ANNUAL FINANCIAL REPORT

CANNON COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2017



DIVISION OF LOCAL GOVERNMENT AUDIT



**ANNUAL FINANCIAL REPORT
CANNON COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2017**

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

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

***STEVE REEDER, CPA, CGFM, CFE
Audit Manager***

***MELODIE C. HODGES, CFE
Auditor 4***

***AMY HEWITT, CPA, CFE
KELLEY J. McNEAL, CPA, CGFM
State Auditors***

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

CANNON COUNTY, TENNESSEE

TABLE OF CONTENTS

	Exhibit	Page(s)
Summary of Audit Findings		6
<u>INTRODUCTORY SECTION</u>		7
Cannon County Officials		8
<u>FINANCIAL SECTION</u>		9
Independent Auditor's Report		10-13
BASIC FINANCIAL STATEMENTS:		14
Government-wide Financial Statements:		
Statement of Net Position	A	15-16
Statement of Activities	B	17-18
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C-1	19-22
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	C-2	23
Statement of Revenues, Expenditures, and Changes in Fund Balances	C-3	24-27
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-4	28
Statements of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
General Fund	C-5	29-30
Ambulance Service Fund	C-6	31
Highway/Public Works Fund	C-7	32
Proprietary Funds:		
Statement of Net Position	D-1	33
Statement of Revenues, Expenses, and Changes in Net Position	D-2	34
Statement of Cash Flows	D-3	35
Fiduciary Funds:		
Statement of Fiduciary Assets and Liabilities	E	36
Index and Notes to the Financial Statements		37-85
REQUIRED SUPPLEMENTARY INFORMATION:		86
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on Participation in the Public Employee Pension Plan of TCRS – Primary Government	F-1	87
Schedule of Contributions Based on Participation in the Public Employee Pension Plan of TCRS – Primary Government	F-2	88

	Exhibit	Page(s)
Schedule of Contributions Based on Participation in the Teacher Pension Plan of TCRS – Discretely Presented Cannon County School Department	F-3	89
Schedule of Contributions Based on Participation in the Teacher Legacy Pension Plan of TCRS – Discretely Presented Cannon County School Department	F-4	90
Schedule of Proportionate Share of the Net Pension Asset in the Teacher Pension Plan of TCRS – Discretely Presented Typical County School Department	F-5	91
Schedule of Proportionate Share of the Net Pension Asset in the Teacher Legacy Pension Plan of TCRS – Discretely Presented Cannon County School Department	F-6	92
Schedule of Funding Progress – Other Postemployment Benefits Plan – Discretely Presented Cannon County School Department	F-7	93
Notes to the Required Supplementary Information		94
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		95
Nonmajor Governmental Funds:		96-97
Combining Balance Sheet	G-1	98-101
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	G-2	102-105
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
Solid Waste/Sanitation Fund	G-3	106
Drug Control Fund	G-4	107
REACH Program Fund	G-5	108
Major Governmental Funds:		109
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
General Debt Service Fund	H-1	110
Education Debt Service Fund	H-2	111
Fiduciary Funds:		112
Combining Statement of Fiduciary Assets and Liabilities	I-1	113
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	I-2	114
Component Unit:		
Discretely Presented Cannon County School Department:		115
Statement of Activities	J-1	116
Balance Sheet – Governmental Funds	J-2	117
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	J-3	118
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	J-4	119
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	J-5	120
Combining Balance Sheet - Nonmajor Governmental Funds	J-6	121

	Exhibit	Page(s)
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	J-7	122
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Purpose School Fund	J-8	123-124
School Federal Projects Fund	J-9	125
Central Cafeteria Fund	J-10	126
Miscellaneous Schedules:		127
Schedule of Changes in Long-term Notes and Other Loans	K-1	128
Schedule of Long-term Debt Requirements by Year	K-2	129
Schedule of Investments	K-3	130
Schedule of Notes Receivable	K-4	131
Schedule of Transfers – Primary Government and Discretely Presented Cannon County School Department	K-5	132
Schedule of Salaries and Official Bonds of Principal Officials – Primary Government and Discretely Presented Cannon County School Department	K-6	133
Schedule of Detailed Revenues – All Governmental Fund Types	K-7	134-145
Schedule of Detailed Revenues – All Governmental Fund Types – Discretely Presented Cannon County School Department	K-8	146-148
Schedule of Detailed Expenditures – All Governmental Fund Types	K-9	149-163
Schedule of Detailed Expenditures – All Governmental Fund Types – Discretely Presented Cannon County School Department	K-10	164-172
Schedule of Detailed Receipts, Disbursements, and Changes in Cash Balance – City Agency Fund	K-11	173
<u>SINGLE AUDIT SECTION</u>		174
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government</i> <i>Auditing Standards</i>		175-176
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance and on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance		177-179
Schedule of Expenditures of Federal Awards and State Grants		180-181
Summary Schedule of Prior-year Findings		182
Schedule of Findings and Questioned Costs		183-190
Management's Corrective Action Plan		191-194
Best Practice		195

Summary of Audit Findings

Annual Financial Report
Cannon County, Tennessee
For the Year Ended June 30, 2017

Scope

We have audited the basic financial statements of Cannon County as of and for the year ended June 30, 2017.

Results

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

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

Findings

The following are summaries of the audit findings:

OFFICE OF COUNTY EXECUTIVE

- ◆ The General and Solid Waste/Sanitation funds had deficits in unassigned fund balance.
- ◆ The office had deficiencies in budget operations.
- ◆ The county did not require a vendor to comply with contract terms.
- ◆ The office had deficiencies in purchasing procedures.
- ◆ The office had deficiencies related to travel reimbursements.

INTRODUCTORY SECTION

Cannon County Officials

June 30, 2017

Officials

Mike Gannon, County Executive
Wayne Hancock, Road Supervisor
Barbara Parker, Director of Schools
Norma Knox, Trustee
Angela Schwartz, Assessor of Property
Bobby Smith, County Clerk
Lynne Foster, Circuit and General Sessions Courts Clerk
Nathan Nichols, Clerk and Master
Sandy Hollandsworth, Register of Deeds
Darrell Young, Sheriff

Board of County Commissioners

Mike Gannon, County Executive, Chairman	
Karen Ashford	Jamie Holloway
Mark Barker	Richie Hunter
Brent Bush	Adam Melton
Jim Bush	Russell Reed
Todd Hollandsworth	Glenn Steakley

Highway Commission

Doyle Duke, Chairman	
James Hancock	Jerry Pelham

Board of Education

Bruce Daniel, Chairman	
Javin Fann	Nathan Sanders
Tim Powers	Shelley Walkup

Audit Committee

Clyde Bush, Chairman	
Sue Conley	Ed Motlow
Jamie Holloway	Jackie Pitts

FINANCIAL SECTION



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Chief of Staff

Cannon County Executive and
Board of County Commissioners
Cannon County, Tennessee

To the County Executive 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 Cannon County, Tennessee, as of and for the year ended June 30, 2017, 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 Cannon County, Tennessee, as of June 30, 2017, and the respective changes in financial position and the respective budgetary comparison for the General, Ambulance Service, 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, schedule of county contributions, schedule of school's proportionate share of the net pension liability, and schedule of funding progress - other postemployment benefit plan on pages 87-94 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 Cannon County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service and Education Debt Service funds, combining and individual fund financial statements of the Cannon County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is 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 also 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 and Education Debt Service funds, combining and individual fund financial statements of the Cannon County School Department (a discretely presented component unit), miscellaneous schedules, and schedule of expenditures of federal awards 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 and Education Debt Service funds, combining and individual fund financial statements of the Cannon County School Department (a discretely presented component unit), miscellaneous schedules, and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

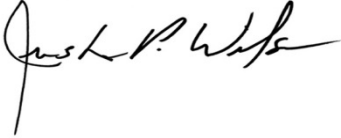
The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2018, on our consideration of Cannon 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 Cannon

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 Cannon County's internal control over financial reporting and compliance.

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a long, sweeping underline.

Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

January 30, 2018

JPW/kp

BASIC FINANCIAL STATEMENTS

Exhibit A

Cannon County, Tennessee
Statement of Net Position
June 30, 2017

		Component Unit
	Primary Government Governmental Activities	Cannon County School Department
<u>ASSETS</u>		
Cash	\$ 29,647	\$ 100
Equity in Pooled Cash and Investments	4,630,581	4,425,442
Accounts Receivable	859,546	0
Allowance for Uncollectibles	(636,914)	0
Due from Other Governments	637,983	248,428
Property Taxes Receivable	4,687,232	1,958,482
Allowance for Uncollectible Property Taxes	(92,027)	(39,702)
Notes Receivable - Long-term	69,029	0
Net Pension Asset - Agent Plan	183,668	102,216
Net Pension Asset - Teacher Retirement Plan	0	12,111
Capital Assets:		
Assets Not Depreciated:		
Land	279,849	170,879
Construction in Progress	285,594	0
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	2,432,607	8,434,547
Other Capital Assets	878,253	685,342
Infrastructure	11,717,871	0
Total Assets	<u>\$ 25,962,919</u>	<u>\$ 15,997,845</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Pension Changes in Experience	\$ 32,689	\$ 71,640
Pension Changes in Investment Earnings	274,986	1,541,911
Pension Changes in Other Deferrals	0	16,269
Pension Changes in Contributions after Measurement Date	269,693	832,458
Total Deferred Outflows of Resources	<u>\$ 577,368</u>	<u>\$ 2,462,278</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 160,234	\$ 0
Payroll Deductions Payable	126	10,550
Accrued Interest Payable	6,395	0
Contracts Payable	82,826	0
Due to State of Tennessee	0	450
Noncurrent Liabilities:		
Due Within One Year	791,706	46,739
Due in More Than One Year	5,670,479	1,787,863
Total Liabilities	<u>\$ 6,711,766</u>	<u>\$ 1,845,602</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Revenue - Current Property Taxes	\$ 4,461,285	\$ 1,858,868
Pension Changes in Experience	156,929	1,592,579
Pension Changes in Other Deferrals	0	2,481
Total Deferred Inflows of Resources	<u>\$ 4,618,214</u>	<u>\$ 3,453,928</u>

(Continued)

Exhibit A

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

		<u>Component Unit</u>
	<u>Primary Government Governmental Activities</u>	<u>Cannon County School Department</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 15,019,756	\$ 9,290,768
Restricted for:		
General Government	3,939	0
Finance	4,191	0
Administration of Justice	41,974	0
Public Safety	403,341	0
Public Health and Welfare	263,980	0
Highway/Public Works	1,273,545	0
Education	0	212,279
Debt Service	2,975,870	0
Capital Outlay	117,657	0
Pensions	183,668	114,327
Unrestricted	<u>(5,077,614)</u>	<u>3,543,219</u>
Total Net Position	<u>\$ 15,210,307</u>	<u>\$ 13,160,593</u>

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

Exhibit B

Cannon County, Tennessee
Statement of Activities
For the Year Ended June 30, 2017

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 Government Total Governmental Activities	Component Unit
						Cannon County School Department
Primary Government:						
Governmental Activities:						
General Government	\$ 595,222	\$ 98,402	\$ 15,269	\$ 0	\$ (481,551)	\$ 0
Finance	455,053	344,175	0	0	(110,878)	0
Administration of Justice	528,600	385,737	9,045	0	(133,818)	0
Public Safety	2,597,851	210,132	336,145	0	(2,051,574)	0
Public Health and Welfare	2,091,977	518,784	247,289	121,240	(1,204,664)	0
Social, Cultural, and Recreational Services	604,932	69,464	346,940	0	(188,528)	0
Agriculture and Natural Resources	66,913	0	698	0	(66,215)	0
Highways/Public Works	2,350,029	40,417	1,498,963	834,992	24,343	0
Education	52,099	0	0	190,000	137,901	0
Interest on Long-term Debt	74,668	0	0	0	(74,668)	0
Total Governmental Activities	\$ 9,417,344	\$ 1,667,111	\$ 2,454,349	\$ 1,146,232	\$ (4,149,652)	\$ 0
Total Primary Government	\$ 9,417,344	\$ 1,667,111	\$ 2,454,349	\$ 1,146,232	\$ (4,149,652)	\$ 0
Component Unit:						
School Department	\$ 17,055,321	\$ 302,170	\$ 2,098,140	\$ 0	\$ 0	\$ (14,655,011)
Total Component Units	\$ 17,055,321	\$ 302,170	\$ 2,098,140	\$ 0	\$ 0	\$ (14,655,011)

(Continued)

Exhibit B

Cannon County, Tennessee
Statement of Activities (Cont.)

					Net (Expense) Revenue and Changes in Net Position	
		Program Revenues			Primary Government	Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Cannon County School Department
Functions/Programs	Expenses					
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					\$ 3,809,355	\$ 1,882,833
Property Taxes Levied for Debt Service					392,096	0
Local Option Sales Taxes					264,615	669,152
Wheel Tax					696,013	0
Litigation Tax					122,418	0
Business Tax					65,843	0
Wholesale Beer Tax					66,453	0
Mineral Severance Tax					86,256	0
Other Local Taxes					4,945	1,080
Grants and Contributions Not Restricted to Specific Programs					121,515	12,148,376
Unrestricted Investment Earnings					22,216	0
Miscellaneous					16,434	46,170
Sale of Equipment					0	2,304
Total General Revenues					<u>\$ 5,668,159</u>	<u>\$ 14,749,915</u>
Insurance Recovery					<u>\$ 229</u>	<u>\$ 0</u>
Change in Net Position					\$ 1,518,736	\$ 94,904
Net Position, July 1, 2016					<u>13,691,571</u>	<u>13,065,689</u>
Net Position, June 30, 2017					<u>\$ 15,210,307</u>	<u>\$ 13,160,593</u>

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

Exhibit C-1

Cannon County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2017

	Major Funds				
	General	Ambulance Service	Highway / Public Works	General Debt Service	Education Debt Service
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Equity in Pooled Cash and Investments	190,557	135,980	1,019,885	581,145	2,388,008
Accounts Receivable	17,943	827,406	0	0	0
Allowance for Uncollectibles	0	(636,914)	0	0	0
Due from Other Governments	115,809	0	288,295	0	0
Due from Other Funds	36,089	0	0	0	0
Property Taxes Receivable	3,513,081	413,800	0	414,737	0
Allowance for Uncollectible Property Taxes	(68,439)	(8,175)	0	(8,407)	0
Notes Receivable - Long-term	0	0	0	69,029	0
Total Assets	\$ 3,805,040	\$ 732,097	\$ 1,308,180	\$ 1,056,504	\$ 2,388,008
<u>LIABILITIES</u>					
Accounts Payable	\$ 59,929	\$ 4,071	\$ 34,084	\$ 0	\$ 0
Accrued Payroll	0	0	126	0	0
Contracts Payable	0	0	0	0	0
Due to Other Funds	0	0	0	0	0
Total Liabilities	\$ 59,929	\$ 4,071	\$ 34,210	\$ 0	\$ 0
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 3,345,963	\$ 393,643	\$ 0	\$ 393,643	\$ 0
Deferred Delinquent Property Taxes	84,115	10,214	0	10,815	0
Other Deferred/Unavailable Revenue	23,687	160,373	134,851	0	0
Total Deferred Inflows of Resources	\$ 3,453,765	\$ 564,230	\$ 134,851	\$ 404,458	\$ 0

(Continued)

Exhibit C-1

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

	Major Funds				
	General	Ambulance Service	Highway / Public Works	General Debt Service	Education Debt Service
<u>FUND BALANCES</u>					
Restricted:					
Restricted for General Government	\$ 3,939	\$ 0	\$ 0	\$ 0	\$ 0
Restricted for Finance	4,191	0	0	0	0
Restricted for Administration of Justice	41,974	0	0	0	0
Restricted for Public Safety	247,134	0	0	0	0
Restricted for Public Health and Welfare	91,878	0	0	0	0
Restricted for Highways/Public Works	0	0	1,139,119	0	0
Restricted for Capital Outlay	0	0	0	0	0
Restricted for Debt Service	0	0	0	583,017	2,388,008
Committed:					
Committed for Finance	0	0	0	0	0
Committed for Public Safety	21,653	0	0	0	0
Committed for Public Health and Welfare	0	163,796	0	0	0
Committed for Social, Cultural, and Recreational Services	13,032	0	0	0	0
Committed for Capital Projects	0	0	0	0	0
Assigned:					
Assigned for Debt Service	0	0	0	69,029	0
Unassigned	(132,455)	0	0	0	0
Total Fund Balances	\$ 291,346	\$ 163,796	\$ 1,139,119	\$ 652,046	\$ 2,388,008
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,805,040	\$ 732,097	\$ 1,308,180	\$ 1,056,504	\$ 2,388,008

(Continued)

Exhibit C-1

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

	Nonmajor Funds	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash	\$ 29,647	\$	29,647
Equity in Pooled Cash and Investments	315,006		4,630,581
Accounts Receivable	14,197		859,546
Allowance for Uncollectibles	0		(636,914)
Due from Other Governments	233,879		637,983
Due from Other Funds	0		36,089
Property Taxes Receivable	345,614		4,687,232
Allowance for Uncollectible Property Taxes	(7,006)		(92,027)
Notes Receivable - Long-term	0		69,029
Total Assets	<u>\$ 931,337</u>	<u>\$</u>	<u>10,221,166</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 62,150	\$	160,234
Accrued Payroll	0		126
Contracts Payable	82,826		82,826
Due to Other Funds	36,089		36,089
Total Liabilities	<u>\$ 181,065</u>	<u>\$</u>	<u>279,275</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 328,036	\$	4,461,285
Deferred Delinquent Property Taxes	9,012		114,156
Other Deferred/Unavailable Revenue	11,729		330,640
Total Deferred Inflows of Resources	<u>\$ 348,777</u>	<u>\$</u>	<u>4,906,081</u>

(Continued)

Exhibit C-1

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

	Nonmajor Funds		Total Governmental Funds
	Other Govern- mental Funds		
<u>FUND BALANCES</u>			
Restricted:			
Restricted for General Government	\$ 0	\$	3,939
Restricted for Finance	0		4,191
Restricted for Administration of Justice	0		41,974
Restricted for Public Safety	156,207		403,341
Restricted for Public Health and Welfare	0		91,878
Restricted for Highways/Public Works	0		1,139,119
Restricted for Capital Outlay	117,657		117,657
Restricted for Debt Service	0		2,971,025
Committed:			
Committed for Finance	30,617		30,617
Committed for Public Safety	0		21,653
Committed for Public Health and Welfare	0		163,796
Committed for Social, Cultural, and Recreational Services	0		13,032
Committed for Capital Projects	98,461		98,461
Assigned:			
Assigned for Debt Service	0		69,029
Unassigned	(1,447)		(133,902)
Total Fund Balances	\$ 401,495	\$	5,035,810
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 931,337	\$	10,221,166

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

Exhibit C-2

Cannon County, Tennessee
Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Position
June 30, 2017

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)		\$ 5,035,810
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 279,849	
Add: construction in progress	285,594	
Add: buildings and improvements net of accumulated depreciation	2,432,607	
Add: other capital assets net of accumulated depreciation	878,253	
Add: infrastructure net of accumulated depreciation	<u>11,717,871</u>	15,594,174
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	\$ (240,417)	
Less: other loans payable	(6,170,000)	
Less: compensated absences payable	(51,768)	
Less: accrued interest on notes and other loans	<u>(6,395)</u>	(6,468,580)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years.		
Add: deferred outflows of resources related to pensions	\$ 577,368	
Less: deferred inflows of resources related to pensions	<u>(156,929)</u>	420,439
(4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.		183,668
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>444,796</u>
Net position of governmental activities (Exhibit A)		<u>\$ 15,210,307</u>

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

Exhibit C-3

Cannon County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	Major Funds				
	General	Ambulance Service	Highway / Public Works	General Debt Service	Education Debt Service
<u>Revenues</u>					
Local Taxes	\$ 3,467,640	\$ 379,357	\$ 87,756	\$ 435,200	\$ 696,013
Licenses and Permits	891	0	0	0	0
Fines, Forfeitures, and Penalties	73,721	0	0	0	0
Charges for Current Services	183,784	498,001	0	0	0
Other Local Revenues	67,833	0	51,193	0	0
Fees Received From County Officials	460,434	0	0	0	0
State of Tennessee	347,433	0	2,337,746	0	0
Federal Government	48,436	0	0	0	0
Other Governments and Citizens Groups	236,543	0	0	0	190,000
Total Revenues	\$ 4,886,715	\$ 877,358	\$ 2,476,695	\$ 435,200	\$ 886,013
<u>Expenditures</u>					
Current:					
General Government	\$ 684,788	\$ 0	\$ 0	\$ 0	\$ 0
Finance	316,525	0	0	0	0
Administration of Justice	551,572	0	0	0	0
Public Safety	2,501,263	0	0	0	0
Public Health and Welfare	127,553	933,439	0	0	0
Social, Cultural, and Recreational Services	233,973	0	0	0	0
Agriculture and Natural Resources	62,561	0	0	0	0
Other Operations	382,041	0	0	0	0
Highways	0	0	2,406,781	0	0
Capital Outlay	0	0	0	0	0
Debt Service:					
Principal on Debt	0	0	28,993	225,814	865,000
Interest on Debt	0	0	1,264	18,753	57,931

(Continued)

Exhibit C-3

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

	Major Funds				
	General	Ambulance Service	Highway / Public Works	General Debt Service	Education Debt Service
<u>Expenditures (Cont.)</u>					
Debt Service (Cont.)					
Other Debt Service	\$ 0	\$ 0	\$ 0	\$ 10,367	\$ 52,099
Total Expenditures	\$ 4,860,276	\$ 933,439	\$ 2,437,038	\$ 254,934	\$ 975,030
Excess (Deficiency) of Revenues Over Expenditures	\$ 26,439	\$ (56,081)	\$ 39,657	\$ 180,266	\$ (89,017)
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 12,318	\$ 229	\$ 0	\$ 0	\$ 0
Transfers In	0	0	0	0	100,000
Transfers Out	0	0	0	(100,000)	0
Total Other Financing Sources (Uses)	\$ 12,318	\$ 229	\$ 0	\$ (100,000)	\$ 100,000
Net Change in Fund Balances	\$ 38,757	\$ (55,852)	\$ 39,657	\$ 80,266	\$ 10,983
Fund Balance, July 1, 2016	252,589	219,648	1,099,462	571,780	2,377,025
Fund Balance, June 30, 2017	\$ 291,346	\$ 163,796	\$ 1,139,119	\$ 652,046	\$ 2,388,008

(Continued)

Exhibit C-3

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

	Nonmajor Funds	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 462,967	\$	5,528,933
Licenses and Permits	0		891
Fines, Forfeitures, and Penalties	83,800		157,521
Charges for Current Services	188,986		870,771
Other Local Revenues	33,960		152,986
Fees Received From County Officials	0		460,434
State of Tennessee	260,491		2,945,670
Federal Government	367,575		416,011
Other Governments and Citizens Groups	47,534		474,077
Total Revenues	<u>\$ 1,445,313</u>	<u>\$</u>	<u>11,007,294</u>
<u>Expenditures</u>			
Current:			
General Government	\$ 0	\$	684,788
Finance	141,594		458,119
Administration of Justice	482		552,054
Public Safety	11,858		2,513,121
Public Health and Welfare	528,260		1,589,252
Social, Cultural, and Recreational Services	146,231		380,204
Agriculture and Natural Resources	0		62,561
Other Operations	0		382,041
Highways	0		2,406,781
Capital Outlay	561,610		561,610
Debt Service:			
Principal on Debt	0		1,119,807
Interest on Debt	0		77,948

(Continued)

Exhibit C-3

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

	Nonmajor Funds	Other Govern- mental Funds	Total Governmental Funds
<u>Expenditures (Cont.)</u>			
Debt Service (Cont.)			
Other Debt Service	\$ 0	\$ 62,466	
Total Expenditures	\$ 1,390,035	\$ 10,850,752	
Excess (Deficiency) of Revenues Over Expenditures	\$ 55,278	\$ 156,542	
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 0	\$ 12,547	
Transfers In	0	100,000	
Transfers Out	0	(100,000)	
Total Other Financing Sources (Uses)	\$ 0	\$ 12,547	
Net Change in Fund Balances	\$ 55,278	\$ 169,089	
Fund Balance, July 1, 2016	346,217	4,866,721	
Fund Balance, June 30, 2017	\$ 401,495	\$ 5,035,810	

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

Exhibit C-4

Cannon 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, 2017

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)		\$ 169,089
(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	\$ 1,014,959	
Less: current-year depreciation expense	<u>(930,144)</u>	84,815
(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		(43,165)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2017	\$ 444,796	
Less: deferred delinquent property taxes and other deferred June 30, 2016	<u>(487,583)</u>	(42,787)
(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 net effect of these differences in the treatment of long-term debt and related items:		
Add: principal payments on notes	\$ 117,808	
Add: principal payments on other loans	<u>1,002,000</u>	1,119,808
(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	\$ 3,280	
Change in compensated absences payable	12,900	
Change in net pension liability/asset	(52,143)	
Change in deferred outflows related to pensions	271,425	
Change in deferred inflows related to pensions	<u>(4,486)</u>	<u>230,976</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 1,518,736</u>

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

Exhibit C-5

Cannon County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Fund
For the Year Ended June 30, 2017

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 3,467,640	\$ 3,510,460	\$ 3,510,460	\$ (42,820)
Licenses and Permits	891	1,050	1,050	(159)
Fines, Forfeitures, and Penalties	73,721	90,220	90,220	(16,499)
Charges for Current Services	183,784	175,788	186,738	(2,954)
Other Local Revenues	67,833	90,596	97,514	(29,681)
Fees Received From County Officials	460,434	449,700	449,700	10,734
State of Tennessee	347,433	313,641	336,837	10,596
Federal Government	48,436	2,500	61,513	(13,077)
Other Governments and Citizens Groups	236,543	261,872	261,872	(25,329)
Total Revenues	\$ 4,886,715	\$ 4,895,827	\$ 4,995,904	\$ (109,189)
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 8,862	\$ 4,606	\$ 9,036	\$ 174
Other Boards and Committees	34	35	34	0
County Mayor/Executive	166,413	172,208	167,868	1,455
Election Commission	173,134	183,488	183,488	10,354
Register of Deeds	107,010	109,611	107,149	139
Planning	10,750	10,750	10,750	0
County Buildings	218,585	216,995	226,226	7,641
<u>Finance</u>				
Property Assessor's Office	120,416	141,159	133,017	12,601
County Trustee's Office	146,517	151,953	148,124	1,607
County Clerk's Office	49,592	47,922	49,714	122
<u>Administration of Justice</u>				
Circuit Court	202,556	209,374	204,094	1,538
General Sessions Court	111,815	112,161	111,837	22
Chancery Court	116,850	117,263	117,263	413
Juvenile Court	22,546	25,145	24,511	1,965
Judicial Commissioners	24,609	25,570	24,926	317
Probation Services	72,576	66,253	74,583	2,007
Victim Assistance Programs	620	800	800	180
<u>Public Safety</u>				
Sheriff's Department	1,127,601	1,138,627	1,160,369	32,768
Administration of the Sexual Offender Registry	1,383	700	1,632	249
Jail	827,648	792,424	792,424	(35,224)
Fire Prevention and Control	64,627	71,729	69,921	5,294
Rescue Squad	12,545	12,871	12,547	2
Other Emergency Management	6,622	6	6,625	3
County Coroner/Medical Examiner	20,668	19,124	19,168	(1,500)
Public Safety Grants Program	401,368	426,872	426,872	25,504
Other Public Safety	38,801	2,302	67,467	28,666
<u>Public Health and Welfare</u>				
Local Health Center	28,408	29,626	28,962	554
Other Local Health Services	8,305	12,260	12,260	3,955
Regional Mental Health Center	25,495	42,100	42,100	16,605
General Welfare Assistance	21,366	22,846	22,821	1,455
Sanitation Management	33,200	33,700	33,700	500

(Continued)

Exhibit C-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Health and Welfare (Cont.)</u>				
Other Waste Collection	\$ 10,779	\$ 19,005	\$ 19,005	\$ 8,226
<u>Social, Cultural, and Recreational Services</u>				
Libraries	192,191	200,555	199,461	7,270
Parks and Fair Boards	41,782	44,358	43,240	1,458
<u>Agriculture and Natural Resources</u>				
Agricultural Extension Service	61,863	64,620	65,120	3,257
Other Agriculture and Natural Resources	698	991	991	293
<u>Other Operations</u>				
Veterans' Services	15,540	15,116	15,665	125
Other Charges	275,544	271,201	275,751	207
Contributions to Other Agencies	28,851	35,923	35,018	6,167
Employee Benefits	5,312	9,929	9,929	4,617
Miscellaneous	56,794	24,600	79,216	22,422
<u>Capital Outlay</u>				
Regular Capital Outlay	0	165,000	165,000	165,000
Total Expenditures	\$ 4,860,276	\$ 5,051,778	\$ 5,198,684	\$ 338,408
Excess (Deficiency) of Revenues Over Expenditures	\$ 26,439	\$ (155,951)	\$ (202,780)	\$ 229,219
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 0	\$ 165,000	\$ 165,000	\$ (165,000)
Insurance Recovery	12,318	0	54,876	(42,558)
Total Other Financing Sources	\$ 12,318	\$ 165,000	\$ 219,876	\$ (207,558)
Net Change in Fund Balance	\$ 38,757	\$ 9,049	\$ 17,096	\$ 21,661
Fund Balance, July 1, 2016	252,589	280,746	280,746	(28,157)
Fund Balance, June 30, 2017	\$ 291,346	\$ 289,795	\$ 297,842	\$ (6,496)

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

Exhibit C-6

Cannon County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Ambulance Service Fund
For the Year Ended June 30, 2017

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 379,357	\$ 398,193	\$ 398,193	\$ (18,836)
Charges for Current Services	498,001	562,050	562,050	(64,049)
Total Revenues	<u>\$ 877,358</u>	<u>\$ 960,243</u>	<u>\$ 960,243</u>	<u>\$ (82,885)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Ambulance/Emergency Medical Services	\$ 933,439	\$ 973,463	\$ 973,463	\$ 40,024
Total Expenditures	<u>\$ 933,439</u>	<u>\$ 973,463</u>	<u>\$ 973,463</u>	<u>\$ 40,024</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (56,081)</u>	<u>\$ (13,220)</u>	<u>\$ (13,220)</u>	<u>\$ (42,861)</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 229	\$ 0	\$ 0	\$ 229
Total Other Financing Sources	<u>\$ 229</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 229</u>
Net Change in Fund Balance	\$ (55,852)	\$ (13,220)	\$ (13,220)	\$ (42,632)
Fund Balance, July 1, 2016	<u>219,648</u>	<u>213,265</u>	<u>213,265</u>	<u>6,383</u>
Fund Balance, June 30, 2017	<u><u>\$ 163,796</u></u>	<u><u>\$ 200,045</u></u>	<u><u>\$ 200,045</u></u>	<u><u>\$ (36,249)</u></u>

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

Exhibit C-7

Cannon County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2017

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 87,756	\$ 79,500	\$ 79,500	\$ 8,256
Other Local Revenues	51,193	65,000	65,000	(13,807)
State of Tennessee	2,337,746	2,632,845	2,632,845	(295,099)
Federal Government	0	50,000	50,000	(50,000)
Total Revenues	\$ 2,476,695	\$ 2,827,345	\$ 2,827,345	\$ (350,650)
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 156,753	\$ 162,592	\$ 162,592	\$ 5,839
Highway and Bridge Maintenance	938,615	1,179,940	1,179,940	241,325
Operation and Maintenance of Equipment	199,689	211,719	211,719	12,030
Other Charges	92,276	93,443	93,443	1,167
Employee Benefits	110,439	92,800	112,767	2,328
Capital Outlay	909,009	1,069,142	1,037,621	128,612
<u>Principal on Debt</u>				
Highways and Streets	28,993	0	30,257	1,264
<u>Interest on Debt</u>				
Highways and Streets	1,264	0	1,264	0
Total Expenditures	\$ 2,437,038	\$ 2,809,636	\$ 2,829,603	\$ 392,565
Excess (Deficiency) of Revenues Over Expenditures	\$ 39,657	\$ 17,709	\$ (2,258)	\$ 41,915
Net Change in Fund Balance	\$ 39,657	\$ 17,709	\$ (2,258)	\$ 41,915
Fund Balance, July 1, 2016	1,099,462	569,745	569,745	529,717
Fund Balance, June 30, 2017	\$ 1,139,119	\$ 587,454	\$ 567,487	\$ 571,632

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

Exhibit D-1

Cannon County, Tennessee
Statement of Net Position
Proprietary Fund
June 30, 2017

		Governmental Activities - Internal Service Fund
		<u>Self-Insurance Fund</u>
	<u>ASSETS</u>	
Current Assets:		
Equity in Pooled Cash and Investments	\$	<u>10,000</u>
Total Assets	\$	<u>10,000</u>
	<u>NET POSITION</u>	
Unrestricted	\$	<u>10,000</u>
Total Net Position	\$	<u><u>10,000</u></u>

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

Exhibit D-2

Cannon County, Tennessee
Statement of Revenues, Expenses, and
Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2017

	Governmental Activities - Internal Service Fund Self-Insurance Fund
<u>Operating Revenues</u>	
Self-Insurance Premiums/Contributions	\$ 56,349
Total Operating Revenues	<u>\$ 56,349</u>
<u>Operating Expenses</u>	
Medical Insurance	\$ 56,349
Total Operating Expenses	<u>\$ 56,349</u>
Operating Income (Loss)	<u>\$ 0</u>
Change in Net Position	\$ 0
Net Position, July 1, 2016	<u>10,000</u>
Net Position, June 30, 2017	<u><u>\$ 10,000</u></u>

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

Exhibit D-3

Cannon County, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2017

	Governmental Activities - Internal Service Fund <hr/> Self-Insurance Fund
<u>Cash Flows from Operating Activities</u>	
Self-Insurance Premiums/Contributions	\$ 56,349
Medical Insurance	(56,349)
Net Cash Provided By (Used In) Operating Activities	<hr/> \$ 0
Net Increase (Decrease) in Cash	\$ 0
Cash, July 1, 2016	<hr/> 10,000
Cash, June 30, 2017	<hr/> <hr/> \$ 10,000
<u>Reconciliation of Net Operating Income to Net Cash</u>	
<u>Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ 0
Adjustments to Reconcile Net Operating Income to Net Cash Provided By (Used In) Operating Activities:	
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	0
Increase (Decrease) in Accounts Payable	<hr/> 0
Net Cash Provided By (Used In) Operating Activities	<hr/> <hr/> \$ 0

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

Exhibit E

Cannon County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2017

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 313,112
Investments	88,579
Accounts Receivable	3,385
Due from Other Governments	<u>73,122</u>
Total Assets	<u><u>\$ 478,198</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 73,122
Due to Litigants, Heirs, and Others	<u>405,076</u>
Total Liabilities	<u><u>\$ 478,198</u></u>

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

CANNON COUNTY, TENNESSEE
Index of Notes to the Financial Statements

Note	Page(s)
I. Summary of Significant Accounting Policies	
A. Reporting Entity	38
B. Government-wide and Fund Financial Statements	39
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	40
D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance	
1. Deposits and Investments	43
2. Receivables and Payables	43
3. Capital Assets	44
4. Deferred Outflows/Inflows of Resources	45
5. Compensated Absences	45
6. Long-term Obligations	46
7. Net Position and Fund Balance	46
8. Minimum Fund Balance Policy	48
E. Pension Plans	48
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	49
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	49
III. Stewardship, Compliance, and Accountability	
A. Budgetary Information	50
B. Fund Deficits	51
C. Expenditures Exceeded Appropriations	51
IV. Detailed Notes on All Funds	
A. Deposits and Investments	51
B. Notes Receivable	53
C. Capital Assets	53
D. Interfund Receivables, Payables, and Transfers	56
E. Long-term Obligations	57
F. On-Behalf Payments	61
G. Short-term Debt	62
V. Other Information	
A. Risk Management	62
B. Accounting Changes	62
C. Contingent Liabilities	64
D. Changes in Administration	64
E. Joint Venture	64
F. Retirement Commitments	64
G. Other Postemployment Benefits (OPEB)	82
H. Purchasing Laws	84
I. Subsequent Events	85

CANNON COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cannon 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 Cannon County:

A. Reporting Entity

Cannon County is a public municipal corporation governed by an elected ten-member board. As required by GAAP, these financial statements present Cannon County (the primary government) and its component units. In addition, the financial statements of the Cannon County Industrial Development Board and the Cannon County Emergency Communications District, component units requiring discrete presentation, were excluded from this report due to materiality calculations; therefore, the effect of their 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 Cannon County School Department operates the public school system in the county, and the voters of Cannon 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 Cannon County Industrial Development Board provides assistance in industrial recruitment in Cannon County, and the Cannon County Commission appoints its seven-member board. The board is fiscally dependent on the county because its budget is subject to the county commission's approval. The board is funded primarily through lease payments collected from industries that lease buildings from the Industrial Development Board. The financial statements of the Cannon County Industrial Development Board were not material to the component units' opinion unit and therefore have been omitted from this report.

The Cannon County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Cannon County, and the Cannon 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 Cannon County Emergency Communications District were not material to the component units' opinion unit and therefore have been omitted from this report.

The Cannon 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 Cannon County Industrial Development Board and the Cannon County Emergency Communications District can be obtained from their administrative offices at the following addresses:

Administrative Offices:
Cannon County Industrial
Development Board
1424 John Bragg Highway
Woodbury, TN 37190

Cannon County Emergency
Communications District
P.O. Box 475
Woodbury, TN 37910

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 Cannon 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 Cannon 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.

Cannon County issues all debt for the discretely presented Cannon County School Department. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2017.

Separate financial statements are provided for governmental funds and fiduciary funds. The fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

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

Fund financial statements of Cannon County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental category. Cannon County only reports one proprietary fund, an internal service fund; it has no enterprise funds to report.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of

accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the county considers revenues other than grants to be available if they are collected within 30 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the revenues are available. Cannon 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 General Debt Service and Education 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.

Proprietary 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Cannon 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.

Ambulance Service Fund – This special revenue fund accounts for transactions related to the operation of the county’s ambulance service. Patient 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.

Education Debt Service Fund – This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt issued by the county on behalf of the schools.

Additionally, Cannon County reports the following fund types:

Internal Service Fund – The Self-Insurance Fund accounts for the county's self-insurance program. Premiums charged to the various county funds are placed in this fund for the payment of claims against the county not covered by excess risk insurance coverage.

Capital Projects Funds – These funds account for and report resources and the accompanying transactions related to capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers and local sales taxes received by the state to be forwarded to the various cities in Cannon County. 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 Cannon County School Department reports the following major governmental fund:

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.

Additionally, the Cannon County School Department reports the following fund type:

Special Revenue Funds – These funds 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.

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

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

1. Deposits and Investments

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

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Cannon 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 Fund. Cannon 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.

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.

All ambulance and property taxes receivables are shown with an allowance for uncollectibles. Ambulance receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to 1.06 percent of total taxes levied.

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

an estimated allowance for uncollectible taxes, is reported as a deferred inflow of resources as of June 30.

Property taxes receivable are also reported as of June 30 for the taxes that are levied, collected, and reported as revenue during the current fiscal year. These property taxes receivable are presented on the balance sheet 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 Chancery 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.

3. 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 \$10,000 or more and an estimated useful life of more than three 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 and Improvements	20 - 40
Other Capital Assets	5 - 40
Infrastructure	20 - 50

4. 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, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These items are for pension changes in experience, changes in investment earnings, changes in proportionate share of contributions, and employer contributions made to the pension plan after the measurement date.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent 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, changes in proportionate share of contributions, and various receivables for revenues, which do not meet the availability criteria in governmental funds. These amounts are deferred and recognized as inflows of resources in the period that the amounts become available.

5. Compensated Absences

The general policy of Cannon County (except for the Highway Department, which does not allow for the accumulation of unused vacation leave beyond year-end) is to permit employees to accumulate a limited amount of vacation benefits, which will be paid to employees upon separation from service with the government. The county's policy also permits the unlimited accumulation of unused sick leave days for county employees and up to 60 days for Ambulance Service employees. The granting of sick leave has no guaranteed payment attached and therefore is not required to be accrued or recorded.

The general policy of the School Department is to permit employees to accumulate a limited amount of vacation benefits, which will be paid to employees upon separation from service with the government. The general policy of the School Department for professional personnel (teachers) permits the unlimited accumulation of unused sick leave days. The granting of sick leave has no guaranteed payment attached and therefore is not required to be accrued or recorded.

All vacation pay is accrued when incurred in the government-wide financial statements for the county and the discretely presented School Department. A liability for vacation pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

6. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net 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 compensated absences, other postemployment benefits, and net pension liabilities are recognized to the extent that the liabilities have matured (come due for payment) each period.

7. Net Position and Fund Balance

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

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

As of June 30, 2017, Cannon County had \$5,836,000 in outstanding debt for capital purposes for the discretely presented Cannon County School Department. This debt is a liability of Cannon County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Cannon County has incurred a liability significantly decreasing its unrestricted net assets 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 has by resolution authorized the county's Budget/Finance Committee to make assignments for the general government. The Board of Education makes assignments for the School Department.

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.

8. **Minimum Fund Balance Policy**

To provide management with appropriate guidelines and direction to assist in making sound decisions related to managing the fund balance of certain governmental funds, the following minimum fund balance policy exists and consists of the sum of committed, assigned, and unassigned fund balance:

General Fund – 25 percent of current-year appropriations.

Solid Waste/Sanitation Fund – 25 percent of current-year appropriations.

Ambulance Service Fund – 25 percent of current-year appropriations.

Debt Service Funds – 50 percent of current-year appropriations.

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 Cannon County's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from

Cannon 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 Cannon County School Department

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

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

Discretely Presented Cannon County School Department

Exhibit J-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 Cannon County School Department

Exhibit J-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 a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees Fund (special revenue fund), which is not budgeted, and the capital projects funds, which adopt a 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, County Executive, County Attorney, 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, 2017, the Cannon County School Department reported the following significant encumbrances:

Fund	Description	Amount
Major Fund:		
General Purpose School	Various Construction Project	\$ 377,958
"	Bus	76,388
"	Bus Rebuild	21,866
"	Cleaning Supplies	14,866
"	Textbooks	14,010

B. Fund Deficits

The General Fund and the Solid Waste/Sanitation Fund (a nonmajor special revenue fund) had deficits in unassigned fund balance of \$132,455 and \$1,447, respectively, at June 30, 2017. These deficit unassigned fund balances resulted from expenditures exceeding restricted, committed, and assigned balances.

C. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the county commission in the Jail (\$35,224) and County Coroner/Medical Examiner (\$1,500) major appropriation categories (the legal level of control) in the General Fund. Expenditures exceeded total appropriations in the Solid Waste/Sanitation Fund by \$21,816. Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balances.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Cannon County and the Cannon 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.

The county had no pooled investments as of June 30, 2017.

Investment Balances. As of June 30, 2017, Cannon County had the following investments, which were established by court orders requiring the funds to be held by the county clerk on behalf of litigants.

Nonpooled investments in the Constitutional Officers – Agency Fund are by court order and at the request of a litigant. These investments do not expose the county to any risk; therefore, further disclosure is not required.

Investment	Amounts
Nonpooled:	
Constitutional Officers - Agency Fund:	
County Clerk:	
Farm Bureau - Annuities	\$ 77,586
Edward Jones - Mutual Funds	<u>10,993</u>
Total Nonpooled Investments	<u>\$ 88,579</u>

B. Notes Receivable

Notes receivable in the General Debt Service Fund resulted from the issuance of \$100,000 in capital outlay notes for a building on behalf of the Cannon County Emergency Communications District in prior years. This debt was retired by the county in 2012; however, the district is repaying the county in accordance with an agreed-upon payment schedule. Under the terms of this agreement, the loan bears no interest and matures in the fiscal year ending June 30, 2043. The district's building is pledged as collateral on the indebtedness until the existing principal is paid in full. The balance of the notes receivable is \$69,029 at June 30, 2017.

C. Capital Assets

Capital assets activity for the year ended June 30, 2017, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-16	Increases	Decreases	Balance 6-30-17
Capital Assets Not Depreciated:				
Land	\$ 279,849	\$ 0	\$ 0	\$ 279,849
Construction in Progress	0	285,594	0	285,594
Total Capital Assets Not Depreciated	<u>\$ 279,849</u>	<u>\$ 285,594</u>	<u>\$ 0</u>	<u>\$ 565,443</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 6,737,239	\$ 0	\$ 0	\$ 6,737,239
Infrastructure	24,699,229	664,365	0	25,363,594
Other Capital Assets	2,652,010	65,000	(76,119)	2,640,891
Total Capital Assets Depreciated	<u>\$ 34,088,478</u>	<u>\$ 729,365</u>	<u>\$ (76,119)</u>	<u>\$ 34,741,724</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 4,160,033	\$ 144,599	\$ 0	\$ 4,304,632
Infrastructure	13,035,470	610,253	0	13,645,723
Other Capital Assets	1,620,300	175,292	(32,954)	1,762,638
Total Accumulated Depreciation	<u>\$ 18,815,803</u>	<u>\$ 930,144</u>	<u>\$ (32,954)</u>	<u>\$ 19,712,993</u>
Total Capital Assets Depreciated, Net	<u>\$ 15,272,675</u>	<u>\$ (200,779)</u>	<u>\$ (43,165)</u>	<u>\$ 15,028,731</u>
Governmental Activities Capital Assets, Net	<u>\$ 15,552,524</u>	<u>\$ 84,815</u>	<u>\$ (43,165)</u>	<u>\$ 15,594,174</u>

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

Governmental Activities:

General Government	\$ 108,111
Public Safety	144,806
Public Health and Welfare	51,721
Social, Cultural, and Recreational Services	11,347
Highways/Public Works	<u>614,159</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 930,144</u></u>

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

	Balance 7-1-16	Increases	Balance 6-30-17
Capital Assets Not Depreciated:			
Land	\$ 170,879	\$ 0	\$ 170,879
Total Capital Assets Not Depreciated	<u>\$ 170,879</u>	<u>\$ 0</u>	<u>\$ 170,879</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 19,512,089	\$ 0	\$ 19,512,089
Other Capital Assets	1,268,527	86,499	1,355,026
Total Capital Assets Depreciated	<u>\$ 20,780,616</u>	<u>\$ 86,499</u>	<u>\$ 20,867,115</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 10,623,696	\$ 453,846	\$ 11,077,542
Other Capital Assets	589,100	80,584	669,684
Total Accumulated Depreciation	<u>\$ 11,212,796</u>	<u>\$ 534,430</u>	<u>\$ 11,747,226</u>
Total Capital Assets Depreciated, Net	<u>\$ 9,567,820</u>	<u>\$ (447,931)</u>	<u>\$ 9,119,889</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 9,738,699</u></u>	<u><u>\$ (447,931)</u></u>	<u><u>\$ 9,290,768</u></u>

There were no decreases in capital assets to report during the year ended June 30, 2017.

Depreciation expense was charged to functions of the School Department as follows:

Governmental Activities:

Instruction	\$ 453,846
Support Services	<u>80,584</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 534,430</u></u>

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2017, was as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 36,089
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	1,999

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

Interfund Transfers:

Interfund transfers for the year ended June 30, 2017, consisted of the following amounts:

Primary Government

Transfer Out	Transfer In	
	Education	
	Debt	
	Service	
	Fund	Purpose
General Debt Service Fund	\$ 100,000	Reimbursement

Discretely Presented Cannon County School Department

Transfer Out	<u>Transfer In</u>	
	General Purpose School Fund	Purpose
Nonmajor governmental funds	\$ 18,827	Indirect Cost

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.

The \$100,000 transfer from the General Debt Service Fund to the Education Debt Service Fund reflects an amount appropriated by the county commission to reimburse for wheel tax revenue from past years that should have been used for school debt but was used for other debt of Cannon County. In the fiscal year ending June 30, 2016, the General Debt Service transferred \$2,128,971 to create the Education Debt Service Fund. County officials stated that it was the county's intention to reimburse another \$1,000,000 from the General Debt Service Fund to the Education Debt Service Fund over a ten-year period to fully return the estimated amount of wheel tax funds that were used in error. The appropriation of this \$100,000 transfer and the actual transfer of funds during the period appear to support the county officials' statement of intent; however, no formal documentation of a liability between the funds could be produced by the county. Therefore, no receivable or payable between the funds has been reflected on the financial statements of this report.

E. Long-term Obligations

Primary Government

Notes and Other Loans

Cannon County issues other loans to provide funds for the acquisition and construction of major capital facilities for the primary government and 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 and credit of the government. Capital outlay notes and other loans outstanding were issued for original terms of up to 12 years for notes and up to 24 years for other loans. Repayment terms are generally structured with

increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All capital outlay notes included in long-term debt as of June 30, 2017, will be retired from the General Debt Service and Highway/Public Works funds. All other loans included in long-term debt as of June 30, 2017, will be retired from the General Debt Service and Education Debt Service funds.

Capital outlay notes and other loans outstanding, as of June 30, 2017, for governmental activities are as follows:

Type	Interest Rate		Final Maturity	Original Amount of Issue	Balance 6-30-17
Capital Outlay Notes	2.15 to 3.95	%	7-1-23	\$ 524,500	\$ 240,417
Other Loans	Variable		5-25-26	12,820,000	5,952,000
Other Loans	3.28		11-1-24	265,000	218,000

Cannon County entered into various loan agreements with the Montgomery County Public Building Authority (PBA) to finance various capital projects for Cannon County and the discretely presented Cannon County School Department. Under the loan agreements, the PBA issued revenue bonds and made the proceeds available for loan to Cannon County. These loans are repayable at interest rates that are tax-exempt variable rates determined by the remarketing agent daily or weekly, depending on the particular program. In addition, the county pays various other fees (trustee, letter of credit, and debt remarketing) in connection with these loans.

The following table summarizes loan agreements outstanding at June 30, 2017:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-17	Interest Type	Approximate	
				Interest Rate as of 6-30-17	Fee Rate as of 6-30-17
Elementary Schools	\$ 11,400,000	\$ 5,836,000	Variable	.57 %	.65 %
Jail and Refunding	1,420,000	116,000	Variable	.57	.65
Ambulance Building	265,000	218,000	Fixed	3.28	N/A

The annual requirements to amortize all notes and other loans outstanding as of June 30, 2017, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Notes		
	Principal	Interest	Total
2017	\$ 120,117	\$ 7,673	\$ 127,790
2018	19,000	4,602	23,602
2019	20,000	3,832	23,832
2020	21,000	3,022	24,022
2021	21,000	2,193	23,193
2022-2024	39,300	1,796	41,096
Total	\$ 240,417	\$ 23,118	\$ 263,535

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2017	\$ 669,000	\$ 63,873	\$ 40,728	\$ 773,601
2018	581,000	56,901	35,516	673,417
2019	610,000	50,726	31,902	692,628
2020	640,000	44,250	28,106	712,356
2021	671,000	37,463	24,121	732,584
2022-2026	2,999,000	75,941	52,545	3,127,486
Total	\$ 6,170,000	\$ 329,154	\$ 212,918	\$ 6,712,072

There is \$652,046 available in the General Debt Service Fund and \$2,388,008 available in the Education Debt Service Fund to service long-term debt. Total debt per capita, including notes and other loans totaled \$464, based on the 2010 federal census.

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2017, was as follows:

Governmental Activities:

	Notes	Other Loans	Compensated Absences
Balance, July 1, 2016	\$ 358,225	\$ 7,172,000	\$ 64,668
Additions	0	0	71,313
Reductions	(117,808)	(1,002,000)	(84,213)
Balance, June 30, 2017	\$ 240,417	\$ 6,170,000	\$ 51,768
Balance Due Within One Year	\$ 120,117	\$ 669,000	\$ 2,589

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2017	\$ 6,462,185
Less: Balance Due Within One Year	<u>(791,706)</u>

Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 5,670,479</u>
---	---------------------

Compensated absences will be paid from the employing funds, primarily the General Fund.

Discretely Presented Cannon County School Department

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Cannon County School Department for the year ended June 30, 2017, was as follows:

Governmental Activities:

	Compensated Absences	Other Post- employment Benefits	Net Pension Liability - Teacher Legacy Plan
Balance, July 1, 2016	\$ 83,621	\$ 552,451	\$ 80,819
Additions	51,827	127,917	1,809,960
Reductions	(73,835)	(149,541)	(648,617)
Balance, June 30, 2017	\$ 61,613	\$ 530,827	\$ 1,242,162
Balance Due Within One Year	\$ 46,739	\$ 0	\$ 0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2017	\$ 1,834,602
Less: Balance Due Within One Year	<u>(46,739)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 1,787,863</u>

Compensated absences and other postemployment benefits will be paid from the employing funds, primarily the General Purpose School and School Federal Projects funds.

F. On-Behalf Payments

Discretely Presented Cannon County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Cannon County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2017, were \$11,824 and \$15,963, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

G. Short-term Debt

Cannon County issued tax/revenue anticipation notes in advance of property tax collections and deposited the proceeds in the General Fund (\$920,332) and the Solid Waste/Sanitation Fund (\$100,000). These notes were necessary because funds were not available to meet obligations coming due before current tax/revenue collections. Short-term debt activity for the year ended June 30, 2017, was as follows:

	Balance 7-1-16	Issued	Paid	Balance 6-30-17
Tax/Revenue				
Anticipation Notes	\$ 0	\$ 1,020,332	\$ (1,020,332)	\$ 0

IV. OTHER INFORMATION

A. Risk Management

Cannon County and the Cannon 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. The county and the School Department pay annual premiums to the TN-RMT for their general liability, property, casualty, and workers' compensation insurance coverage. The creation of the TN-RMT provides for it to be self-sustaining through member premiums.

Cannon County provides employee health insurance coverage through a commercial insurance company. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. Pre-65 age retirees are not allowed to participate in the health coverage.

The School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, *Tennessee Code Annotated (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. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*; Statement No. 77, *Tax Abatement Disclosures*; Statement No.

78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*; Statement No. 80, *Blending Requirements for Certain Component Units*; and Statement No. 82, *Pension Issues an amendment of GASB Statements No. 67, No. 68, and No. 73*, became effective for the year ended June 30, 2017.

GASB Statement No. 74, establishes accounting and reporting requirements for postemployment benefits other than pensions (other postemployment benefits or OPEB) which are included in the general purpose external financial reports of state and local governmental OPEB plans. This statement replaces GASB Statements No. 43 and No. 57. It also includes requirements for defined contribution OPEB plans that replace the requirements in Statements No. 25, No. 43, and No. 50. The scope of this statement includes OPEB plans, both defined benefit and defined contribution, administered through trusts meeting the necessary criteria as well as reporting assets accumulated through OPEB plans that are not administered through trusts that meet the specified criteria.

GASB Statement No. 77, establishes reporting requirements for tax abatements. This standard requires the disclosure of information about the nature and magnitude of tax abatement agreements entered into by state and local governments that reduce the government's tax revenues.

GASB Statement No. 78, amends Statement No. 68 to exclude certain pensions provided to employees of state or local governments through a cost-sharing multiple-employer pension plans that are not state or local plans and meet specific other criteria. This statement establishes recognition, measurement, and reporting criteria for these plans.

GASB Statement No. 80, amends the blending requirements of paragraph 53 of Statement No. 14. This standard adds additional blending criterion, which requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member.

GASB Statement No. 82 amends Statements No. 67, No. 68, and No. 73. This standard establishes covered payroll as the payroll on which contributions to a pension plan are based in the Required Supplementary Information. In addition, this standard clarifies that employer paid member contributions should be considered plan member contributions for purposes of applying Statement No. 67, and employee contributions for the purposes of applying Statement No. 68. This standard further states that an employer's expense and expenditures for employer paid member contributions should be recognized in the period for which the contribution is assessed and classified in the same manner that the employer classifies similar compensation other than pensions (for example, as salaries and wages or as fringe benefits).

C. Contingent Liabilities

There are several pending lawsuits in which the government is involved. Attorneys for the county and the School Department estimate that the potential claims not covered by insurance resulting from such litigation would not materially affect the financial statements of the government.

D. Changes in Administration

On August 31, 2016, Donald Preston left the Office of Assessor Property and was succeeded by Angela Schwartz.

E. Joint Venture

Cannon County is a participant with Coffee, Rutherford, and Warren counties in a multi-county Municipal Solid Waste Planning Region. This entity was created to promote the preparation of municipal solid waste regional plans to effectively and efficiently manage solid waste. This entity is governed by a 13-member board comprising appointees from Cannon County (2), Coffee County (2), Rutherford County (3), Warren County (2), the City of Manchester (1), the City of McMinnville (1), the City of Murfreesboro (1), and the City of Woodbury (1). Funding is provided from member contributions and grants. There are no separately issued financial statements for the Municipal Solid Waste Planning Region. Rutherford County has been designated as the fiscal agent for the Planning Region and accounts for its activities through the Joint Venture Fund (agency fund), which is included in the financial statements reflected in Rutherford County's comprehensive annual financial report. Cannon County does not have an equity interest in this joint venture.

F. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Employees of Cannon County, non-certified employees of the discretely presented Cannon County School Department, and employees of the discretely presented Cannon County Emergency Communications District (ECD) 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 comprised 62.10 percent, the non-certified employees of the discretely presented School Department comprised 34.56 percent, and employees of the discretely presented Cannon County ECD comprised 3.34 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/tcrs.

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

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

Employees Covered by Benefit Terms. At the measurement date of June 30, 2016, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently	
Receiving Benefits	106
Inactive Employees Entitled to But Not Yet Receiving	
Benefits	222
Active Employees	197
Total	<u><u>525</u></u>

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. Cannon County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2017, the employer contribution for Cannon County was \$436,767 based on a rate of 8.43 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Cannon 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)

Cannon County's net pension liability (asset) was measured as of June 30, 2016, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability as of the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2016, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with

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

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

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

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from Cannon County will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's

fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance, July 1, 2015	\$ 12,226,088	\$ 12,617,931	\$ (391,843)
Changes for the year:			
Service Cost	\$ 410,650	\$ 0	\$ 410,650
Interest	930,251	0	930,251
Differences Between Expected and Actual Experience	(213,266)	0	(213,266)
Contributions-Employer	0	438,698	(438,698)
Contributions-Employees	0	270,198	(270,198)
Net Investment Income	0	337,733	(337,733)
Benefit Payments, Including Refunds of Employee Contributions	(466,784)	(466,784)	0
Administrative Expense	0	(15,075)	15,075
Other Changes	0	0	0
Net Changes	\$ 660,851	\$ 564,770	\$ 96,081
Balance, June 30, 2016	\$ 12,886,939	\$ 13,182,701	\$ (295,762)

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

			Total Pension Liability		Plan Fiduciary Net Position		Net Pension Liability (Asset)
Primary Government	62.10%	\$	8,002,789	\$	8,186,457	\$	(183,668)
ECD	3.34%		430,424		440,302		(9,878)
School Department	34.56%		4,453,726		4,555,941		(102,215)
Total			\$ 12,886,939	\$	13,182,701	\$	(295,762)

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

	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Cannon County			
Net Pension Liability	\$ 1,307,237	\$ (295,762)	\$ (1,620,609)

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

Pension Expense. For the year ended June 30, 2017, Cannon County recognized pension expense of \$108,907.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2017, Cannon 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	\$ 52,639	\$ 252,704
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	442,812	0
Contributions Subsequent to the Measurement Date of June 30, 2016 (1)	<u>436,767</u>	<u>N/A</u>
Total	<u>\$ 932,218</u>	<u>\$ 252,704</u>

- (1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2016,” 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	\$ 577,369	\$ 156,929
ECD	31,123	8,440
School Department	<u>323,727</u>	<u>87,335</u>
Total	<u>\$ 932,218</u>	<u>\$ 252,704</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:

<u>Year Ending June 30</u>	<u>Amount</u>
2018	\$ (22,012)
2019	(22,012)
2020	206,000
2021	80,772
2022	0
Thereafter	0

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

Discretely Presented Cannon County School Department

Non-certified Employees

General Information About the Pension Plan

Plan Description. As noted above under the primary government, employees of Cannon County, non-certified employees of the discretely presented Cannon County School Department, and employees of the discretely presented Cannon County ECD 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 comprised 62.10 percent, the non-certified employees of the discretely presented School Department comprised 34.56 percent, and employees of the Cannon County ECD comprised 3.34 percent of the plan based on contribution data.

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

Plan Description. Teachers of the Cannon 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/tcrs.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members are eligible to retire 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, 2017, to the Teacher Retirement Plan were \$36,652, which is four 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 Liabilities (Assets). At June 30, 2017, the Cannon County School Department reported an asset of \$12,111 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2016, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Cannon County School Department's proportion of the net pension asset was based on the Cannon County 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, 2016, the Cannon County School Department's proportion was .116333 percent. The revised proportion measured at June 30, 2015, was .096305 percent.

Pension Expense. For the year ended June 30, 2017, the Cannon County School Department recognized pension expense of \$10,092.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2017, the Cannon County School Department reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 1,173	\$ 1,396
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,983	0
Changes in proportion of Net Pension Liability (Asset)	0	562
LEA's Contributions Subsequent to the Measurement Date of June 30, 2016	36,652	N/A
Total	<u>\$ 39,808</u>	<u>\$ 1,958</u>

The Cannon County School Department's employer contributions of \$36,652, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase of net pension liability (asset) in the year ending June 30, 2018. 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
2018	\$ 443
2019	443
2020	443
2021	349
2022	(76)
Thereafter	(405)

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, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2016, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with

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

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

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

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from 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 Cannon County School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what the Cannon County School Department's proportionate share of the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Net Pension Liability	\$ 5,719	\$ (12,111)	\$ (25,247)

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 Cannon 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/tcrs.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 55. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. 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 Cannon County School Department for the year ended June 30, 2017, to the Teacher Legacy Pension Plan were \$643,307, which is 9.04 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, 2017, the Cannon County School Department reported a liability of \$1,242,163 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Cannon County School Department's proportion of the net pension liability was based on the Cannon County 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, 2016, the Cannon County School Department's proportion was .198764 percent. The proportion measured at June 30, 2015, was .197295 percent.

Pension Expense. For the year ended June 30, 2017, the Cannon County School Department recognized pension expense of \$149,418.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2017, the Cannon County School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 52,275	\$ 1,503,848
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,386,892	0
Changes in Proportion and Differences Between LEA's Contributions and Proportionate Share of Contributions	16,269	1,919
Changes in Proportion on Net Pension Liability (Asset)		
LEA's Contributions Subsequent to the Measurement Date of June 30, 2016	643,307	N/A
Total	<u>\$ 2,098,743</u>	<u>\$ 1,505,767</u>

The Cannon County School Department's employer contributions of \$643,307 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, 2018. 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
2018	\$ (229,398)
2019	(229,398)
2020	435,893
2021	68,343
2022	(95,770)
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, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2015, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset

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

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

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

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from 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 Cannon County School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what the Cannon County School Department's proportionate share of the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
---	------------------------	-------------------------------------	------------------------

Net Pension Liability	\$ 6,820,930	\$ 1,242,163	\$ (3,379,036)
-----------------------	--------------	--------------	----------------

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

2. **Deferred Compensation**

Teachers hired after July 1, 2014, by the discretely presented Cannon County School Department are required to participate in a hybrid pension plan (Teacher Retirement Plan) administered by the Tennessee Consolidated Retirement System. The Teacher Retirement Plan requires that these teachers contribute five percent of their salaries into a deferred compensation plan managed by the hybrid plan pursuant to IRC Section 401(k). As part of their employment package, the Cannon County School Department has assumed all costs of funding this program on-behalf of the plan participants. The Section 401(k) plan assets remain the property of the participating teachers and are not presented in the accompanying financial statements. IRC Section 401(k), establishes participation, contribution, and withdrawal provisions for the plans. During the year, the Cannon County School Department contributed \$45,557 to the 401(k) portion of the Teacher Retirement Plan on-behalf of the plan participants.

G. Other Postemployment Benefits (OPEB)

Plan Description

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

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. During the year ended June 30, 2017, the discretely presented School Department contributed \$149,541 for postemployment health care.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan
ARC	\$ 128,000
Interest on the NOPEBO	20,717
Adjustment to the ARC	(20,800)
Annual OPEB cost	\$ 127,917
Amount of contribution	(149,541)
Increase/decrease in NOPEBO	\$ (21,624)
Net OPEB obligation, 7-1-16	552,451
Net OPEB obligation, 6-30-17	\$ 530,827

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-15	Local Education Group	\$ 134,623	77	% \$ 494,212
6-30-16	"	163,027	64	552,451
6-30-17	"	127,917	117	530,827

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2015, was as follows:

	Local Education Group Plan
Actuarial valuation date	7-1-15
Actuarial accrued liability (AAL)	\$ 1,121,000
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 1,121,000
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 7,867,904
UAAL as a % of covered payroll	14%

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

Actuarial Methods and Assumptions

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

In the July 1, 2015, actuarial valuation for the Local Education Plan, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 3.75 percent investment rate of return (net of administrative expenses) and an annual health care cost trend rate of six percent in fiscal year 2017, and then be reduced by decrements to an ultimate rate of 4.645 percent by fiscal year 2050. The rate includes a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 35-year period beginning with July 1, 2007. Payroll is assumed to grow at a rate of three percent.

H. Purchasing Laws

Office of County Executive

Purchasing procedures for the Office of County Executive are governed by the County Purchasing Law of 1983, Sections 5-14-201 through 5-14-206, *Tennessee Code Annotated (TCA)*, which provide for all purchases exceeding \$10,000 to be made after public advertisement and solicitation of competitive bids.

Office of Road Supervisor

Purchasing procedures for the Highway Department are governed by Chapter 788, Private Acts of 1933, and provisions of the Uniform Road Law, Section 54-7-113, *TCA*. Provisions of the Private Act provide for the Highway Commission to make all purchases and to rent or lease equipment as necessary. Provisions of the County Uniform Road Law require that

competitive bids be solicited through public advertisement on all purchases exceeding \$10,000.

Office of Director of Schools

Purchasing procedures for the discretely presented Cannon County School Department are governed by purchasing laws applicable to the 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 the chairman of the Board of Education), to make all purchases. This statute also requires that competitive bids be solicited through newspaper advertisement on all purchases exceeding \$10,000.

I. Subsequent Events

On July 7, 2017, Cannon County issued tax/revenue anticipation notes totaling \$1,010,138 for temporary operating funds from the Education Debt Service Fund to the General (\$910,138) and Solid Waste/Sanitation (\$100,000) funds.

On September 14, 2017, Cannon County issued tax/revenue anticipation notes totaling \$26,747 for temporary operating funds from the Education Debt Service Fund to the Ambulance Service Fund.

Clerk and Master Nathan Nichols resigned and was succeeded by Dana Davenport effective August 4, 2017.

Barbara Parker left the Office of Director of Schools and was succeeded by Interim Director of Schools William Curtis effective November 30, 2017.

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit F-1

Cannon 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
Total Pension Liability			
Service Cost	\$ 348,558	\$ 370,691	\$ 410,650
Interest	827,397	865,340	930,251
Differences Between Actual and Expected Experience	(205,229)	87,733	(213,266)
Benefit Payments, Including Refunds of Employee Contributions	(444,221)	(529,698)	(466,784)
Net Change in Total Pension Liability	\$ 526,505	\$ 794,066	\$ 660,851
Total Pension Liability, Beginning	10,905,517	11,432,022	12,226,088
Total Pension Liability, Ending (a)	\$ 11,432,022	\$ 12,226,088	\$ 12,886,939
Plan Fiduciary Net Position			
Contributions - Employer	\$ 413,808	\$ 418,337	\$ 438,698
Contributions - Employee	223,235	245,660	270,198
Net Investment Income	1,708,609	375,154	337,733
Benefit Payments, Including Refunds of Employee Contributions	(444,221)	(529,698)	(466,784)
Administrative Expense	(6,699)	(10,271)	(15,075)
Net Change in Plan Fiduciary Net Position	\$ 1,894,732	\$ 499,182	\$ 564,770
Plan Fiduciary Net Position, Beginning	10,224,017	12,118,749	12,617,931
Plan Fiduciary Net Position, Ending (b)	\$ 12,118,749	\$ 12,617,931	\$ 13,182,701
Net Pension Liability (Asset), Ending (a - b)	\$ (686,727)	\$ (391,843)	\$ (295,762)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	106.01%	103.20%	102.30%
Covered Payroll	\$ 4,288,165	\$ 4,892,826	\$ 5,130,974
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(16.01)%	(8.01)%	(5.76)%

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

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

Exhibit F-2

Cannon 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
Actuarially Determined Contribution	\$ 413,808	\$ 418,337	\$ 438,698	\$ 436,767
Less Contributions in Relation to the Actuarially Determined Contribution	(413,808)	(418,337)	(438,698)	(436,767)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 4,288,165	\$ 4,892,826	\$ 5,130,974	\$ 5,180,986
Contributions as a Percentage of Covered Payroll	9.65%	8.55%	8.55%	8.43%

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

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

Exhibit F-3

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

	2015	2016	2017
Contractually Required Contribution	\$ 8,173	\$ 20,475	\$ 36,652
Less Contributions in Relation to the Contractually Required Contribution	(8,173)	(20,475)	(36,652)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 204,315	\$ 511,869	\$ 916,306
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	4.00%

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

Exhibit F-4

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

	2014	2015	2016	2017
Contractually Required Contribution	\$ 688,431	\$ 667,670	\$ 648,617	\$ 643,307
Less Contributions in Relation to the				
Contractually Required Contribution	(688,431)	(667,670)	(648,617)	(643,307)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 7,752,601	\$ 7,385,732	\$ 7,174,965	\$ 7,116,218
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.04%

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

Exhibit F-5

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

	<u>2016</u>	<u>2017</u>
School Department's Proportion of the Net Pension Liability/Asset	0.096305%	0.116333%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (3,956)	\$ (12,111)
Covered Payroll	\$ 204,315	\$ 511,869
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(1.94)%	(2.37)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%	121.88%

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

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

Exhibit F-6

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

	2015	2016	2017
School Department's Proportion of the Net Pension Liability/Asset	0.197519%	0.197295%	0.198764%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (32,096)	\$ 80,819	\$ 1,242,163
Covered Payroll	\$ 7,752,601	\$ 7,385,732	\$ 7,174,965
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(0.41)%	1.09%	17.31%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%	97.14%

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

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

Exhibit F-7

Cannon County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government
June 30, 2017

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>PRIMARY GOVERNMENT</u>							
Local Government Group	7-1-11	\$ 0	\$ 1,822	\$ 1,822	0 %	\$ 9,185	20 %
"	7-1-13	0	812	812	0	8,991	9
"	7-1-15	0	1,121	1,121	0	7,868	14

CANNON COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2017

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for 2017 were calculated based on the July 1, 2015, actuarial valuation.

Methods and assumptions used to determine contribution rates:

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

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

Nonmajor Governmental Funds

Special Revenue Funds

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

Solid Waste/Sanitation Fund – The Solid Waste Sanitation Fund is used to account for transactions related to the disposal of the county’s solid waste.

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

REACH Program Fund – The REACH Program Fund is used to account for transactions related to the operation of the county’s REACH after-school program.

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 general capital expenditures of the county.

Other Capital Projects Fund – The Other Capital Projects Fund accounts for the accumulation of commissary revenues at the jail and future debt to be issued for the eventual expansion of the county's jail facility.

Exhibit G-1

Cannon County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017

	Special Revenue Funds					Capital Projects Funds
	Solid Waste / Sanitation	Drug Control	REACH Program	Constitu - tional Officers - Fees	Total	General Capital Projects
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 0	\$ 29,647	\$ 29,647	\$ 0
Equity in Pooled Cash and Investments	23,016	156,451	4,365	0	183,832	32,713
Accounts Receivable	1,343	0	4,300	8,554	14,197	0
Due from Other Governments	23,869	0	19,840	0	43,709	190,170
Property Taxes Receivable	345,614	0	0	0	345,614	0
Allowance for Uncollectible Property Taxes	(7,006)	0	0	0	(7,006)	0
Total Assets	\$ 386,836	\$ 156,451	\$ 28,505	\$ 38,201	\$ 609,993	\$ 222,883
<u>LIABILITIES</u>						
Accounts Payable	\$ 39,506	\$ 244	\$ 0	\$ 0	\$ 39,750	\$ 22,400
Contracts Payable	0	0	0	0	0	82,826
Due to Other Funds	0	0	28,505	7,584	36,089	0
Total Liabilities	\$ 39,506	\$ 244	\$ 28,505	\$ 7,584	\$ 75,839	\$ 105,226
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 328,036	\$ 0	\$ 0	\$ 0	\$ 328,036	\$ 0
Deferred Delinquent Property Taxes	9,012	0	0	0	9,012	0
Other Deferred/Unavailable Revenue	11,729	0	0	0	11,729	0
Total Deferred Inflows of Resources	\$ 348,777	\$ 0	\$ 0	\$ 0	\$ 348,777	\$ 0

(Continued)

Exhibit G-1

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

	Special Revenue Funds					Capital Projects Funds
	Solid Waste / Sanitation	Drug Control	REACH Program	Constitu - tional Officers - Fees	Total	General Capital Projects
<u>FUND BALANCES</u>						
Restricted:						
Restricted for Public Safety	\$ 0	\$ 156,207	\$ 0	\$ 0	\$ 156,207	\$ 0
Restricted for Capital Outlay	0	0	0	0	0	117,657
Committed:						
Committed for Finance	0	0	0	30,617	30,617	0
Committed for Capital Projects	0	0	0	0	0	0
Unassigned	(1,447)	0	0	0	(1,447)	0
Total Fund Balances	\$ (1,447)	\$ 156,207	\$ 0	\$ 30,617	\$ 185,377	\$ 117,657
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 386,836	\$ 156,451	\$ 28,505	\$ 38,201	\$ 609,993	\$ 222,883

(Continued)

Exhibit G-1

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

ASSETS

Cash
Equity in Pooled Cash and Investments
Accounts Receivable
Due from Other Governments
Property Taxes Receivable
Allowance for Uncollectible Property Taxes

Total Assets

LIABILITIES

Accounts Payable
Contracts Payable
Due to Other Funds
Total Liabilities

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes
Deferred Delinquent Property Taxes
Other Deferred/Unavailable Revenue
Total Deferred Inflows of Resources

<u>Capital Projects Funds (Cont.)</u>		Total Nonmajor Governmental Funds
Other Capital Projects	Total	
\$ 0	\$ 0	\$ 29,647
98,461	131,174	315,006
0	0	14,197
0	190,170	233,879
0	0	345,614
0	0	(7,006)
<u>\$ 98,461</u>	<u>\$ 321,344</u>	<u>\$ 931,337</u>
\$ 0	\$ 22,400	\$ 62,150
0	82,826	82,826
0	0	36,089
<u>\$ 0</u>	<u>\$ 105,226</u>	<u>\$ 181,065</u>
\$ 0	\$ 0	\$ 328,036
0	0	9,012
0	0	11,729
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 348,777</u>

(Continued)

Exhibit G-1

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

	<u>Capital Projects Funds (Cont.)</u>		Total Nonmajor Governmental Funds
	Other Capital Projects	Total	
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Public Safety	\$ 0	\$ 0	\$ 156,207
Restricted for Capital Outlay	0	117,657	117,657
Committed:			
Committed for Finance	0	0	30,617
Committed for Capital Projects	98,461	98,461	98,461
Unassigned	0	0	(1,447)
Total Fund Balances	<u>\$ 98,461</u>	<u>\$ 216,118</u>	<u>\$ 401,495</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 98,461</u>	<u>\$ 321,344</u>	<u>\$ 931,337</u>

Exhibit G-2

Cannon County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue Funds					Capital Projects Funds
	Solid Waste / Sanitation	Drug Control	REACH Program	Constitu - tional Officers - Fees	Total	General Capital Projects
<u>Revenues</u>						
Local Taxes	\$ 462,967	\$ 0	\$ 0	\$ 0	\$ 462,967	\$ 0
Fines, Forfeitures, and Penalties	0	83,800	0	0	83,800	0
Charges for Current Services	20,353	0	15,586	153,047	188,986	0
Other Local Revenues	35	0	0	0	35	0
State of Tennessee	0	0	139,251	0	139,251	121,240
Federal Government	0	0	0	0	0	367,575
Other Governments and Citizens Groups	40,000	0	7,534	0	47,534	0
Total Revenues	\$ 523,355	\$ 83,800	\$ 162,371	\$ 153,047	\$ 922,573	\$ 488,815
<u>Expenditures</u>						
Current:						
Finance	\$ 0	\$ 0	\$ 0	\$ 141,594	\$ 141,594	\$ 0
Administration of Justice	0	0	0	482	482	0
Public Safety	0	11,858	0	0	11,858	0
Public Health and Welfare	528,260	0	0	0	528,260	0
Social, Cultural, and Recreational Services	0	0	146,231	0	146,231	0
Capital Outlay	0	0	0	0	0	561,610
Total Expenditures	\$ 528,260	\$ 11,858	\$ 146,231	\$ 142,076	\$ 828,425	\$ 561,610
Excess (Deficiency) of Revenues Over Expenditures	\$ (4,905)	\$ 71,942	\$ 16,140	\$ 10,971	\$ 94,148	\$ (72,795)

(Continued)

Exhibit G-2

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

	Special Revenue Funds					Capital
	Solid Waste / Sanitation	Drug Control	REACH Program	Constitu - tional Officers - Fees	Total	Projects Funds General Capital Projects
Net Change in Fund Balances	\$ (4,905)	\$ 71,942	\$ 16,140	\$ 10,971	\$ 94,148	\$ (72,795)
Fund Balance, July 1, 2016	3,458	84,265	(16,140)	19,646	91,229	190,452
Fund Balance, June 30, 2017	<u>\$ (1,447)</u>	<u>\$ 156,207</u>	<u>\$ 0</u>	<u>\$ 30,617</u>	<u>\$ 185,377</u>	<u>\$ 117,657</u>

(Continued)

Exhibit G-2

Cannon 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
	Other Capital Projects	Total	
<u>Revenues</u>			
Local Taxes	\$ 0	\$ 0	\$ 462,967
Fines, Forfeitures, and Penalties	0	0	83,800
Charges for Current Services	0	0	188,986
Other Local Revenues	33,925	33,925	33,960
State of Tennessee	0	121,240	260,491
Federal Government	0	367,575	367,575
Other Governments and Citizens Groups	0	0	47,534
Total Revenues	\$ 33,925	\$ 522,740	\$ 1,445,313
<u>Expenditures</u>			
Current:			
Finance	\$ 0	\$ 0	\$ 141,594
Administration of Justice	0	0	482
Public Safety	0	0	11,858
Public Health and Welfare	0	0	528,260
Social, Cultural, and Recreational Services	0	0	146,231
Capital Outlay	0	561,610	561,610
Total Expenditures	\$ 0	\$ 561,610	\$ 1,390,035
Excess (Deficiency) of Revenues Over Expenditures	\$ 33,925	\$ (38,870)	\$ 55,278

(Continued)

Exhibit G-2

Cannon 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
	Other Capital Projects	Total	
Net Change in Fund Balances	\$ 33,925	\$ (38,870)	\$ 55,278
Fund Balance, July 1, 2016	64,536	254,988	346,217
Fund Balance, June 30, 2017	<u>\$ 98,461</u>	<u>\$ 216,118</u>	<u>\$ 401,495</u>

Exhibit G-3

Cannon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2017

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 462,967	\$ 459,185	\$ 459,185	\$ 3,782
Charges for Current Services	20,353	20,800	20,800	(447)
Other Local Revenues	35	0	0	35
Other Governments and Citizens Groups	40,000	40,000	40,000	0
Total Revenues	<u>\$ 523,355</u>	<u>\$ 519,985</u>	<u>\$ 519,985</u>	<u>\$ 3,370</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Sanitation Management	\$ 528,260	\$ 524,378	\$ 506,444	\$ (21,816)
Total Expenditures	<u>\$ 528,260</u>	<u>\$ 524,378</u>	<u>\$ 506,444</u>	<u>\$ (21,816)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (4,905)</u>	<u>\$ (4,393)</u>	<u>\$ 13,541</u>	<u>\$ (18,446)</u>
Net Change in Fund Balance	\$ (4,905)	\$ (4,393)	\$ 13,541	\$ (18,446)
Fund Balance, July 1, 2016	<u>3,458</u>	<u>(9,986)</u>	<u>(9,986)</u>	<u>13,444</u>
Fund Balance, June 30, 2017	<u><u>\$ (1,447)</u></u>	<u><u>\$ (14,379)</u></u>	<u><u>\$ 3,555</u></u>	<u><u>\$ (5,002)</u></u>

Exhibit G-4

Cannon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2017

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 83,800	\$ 67,000	\$ 67,000	\$ 16,800
Total Revenues	\$ 83,800	\$ 67,000	\$ 67,000	\$ 16,800
<u>Expenditures</u>				
<u>Public Safety</u>				
Sheriff's Department	\$ 11,858	\$ 91,650	\$ 91,650	\$ 79,792
Total Expenditures	\$ 11,858	\$ 91,650	\$ 91,650	\$ 79,792
Excess (Deficiency) of Revenues Over Expenditures	\$ 71,942	\$ (24,650)	\$ (24,650)	\$ 96,592
Net Change in Fund Balance	\$ 71,942	\$ (24,650)	\$ (24,650)	\$ 96,592
Fund Balance, July 1, 2016	84,265	84,266	84,266	(1)
Fund Balance, June 30, 2017	\$ 156,207	\$ 59,616	\$ 59,616	\$ 96,591

Exhibit G-5

Cannon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
REACH Program Fund
For the Year Ended June 30, 2017

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 15,586	\$ 15,000	\$ 18,674	\$ (3,088)
State of Tennessee	139,251	140,000	140,000	(749)
Federal Government	0	8,500	8,500	(8,500)
Other Governments and Citizens Groups	7,534	3,500	7,800	(266)
Total Revenues	<u>\$ 162,371</u>	<u>\$ 167,000</u>	<u>\$ 174,974</u>	<u>\$ (12,603)</u>
<u>Expenditures</u>				
<u>Social, Cultural, and Recreational Services</u>				
Other Social, Cultural, and Recreational	\$ 146,231	\$ 154,097	\$ 162,071	\$ 15,840
Total Expenditures	<u>\$ 146,231</u>	<u>\$ 154,097</u>	<u>\$ 162,071</u>	<u>\$ 15,840</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 16,140</u>	<u>\$ 12,903</u>	<u>\$ 12,903</u>	<u>\$ 3,237</u>
Net Change in Fund Balance	\$ 16,140	\$ 12,903	\$ 12,903	\$ 3,237
Fund Balance, July 1, 2016	<u>(16,140)</u>	<u>(12,903)</u>	<u>(12,903)</u>	<u>(3,237)</u>
Fund Balance, June 30, 2017	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Major Governmental Funds

Debt Service Funds

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

General Debt Service Fund – The General Debt Service Fund is used to account for the accumulation of resources for, and the payment of, debt principal, interest, and related costs.

Education Debt Service Fund – The Education Debt Service Fund is used to account for the accumulation of resources for, and the payment of, debt principal, interest, and related costs of debt issued on behalf of the schools. The primary source of revenue for this fund is the county's wheel tax.

Exhibit H-1

Cannon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2017

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 435,200	\$ 419,747	\$ 419,747	\$ 15,453
Total Revenues	<u>\$ 435,200</u>	<u>\$ 419,747</u>	<u>\$ 419,747</u>	<u>\$ 15,453</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 225,814	\$ 262,191	\$ 255,191	\$ 29,377
<u>Interest on Debt</u>				
General Government	18,753	22,389	23,689	4,936
<u>Other Debt Service</u>				
General Government	10,367	5,700	11,400	1,033
Total Expenditures	<u>\$ 254,934</u>	<u>\$ 290,280</u>	<u>\$ 290,280</u>	<u>\$ 35,346</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 180,266</u>	<u>\$ 129,467</u>	<u>\$ 129,467</u>	<u>\$ 50,799</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (100,000)	\$ (100,000)	\$ (100,000)	\$ 0
Total Other Financing Sources	<u>\$ (100,000)</u>	<u>\$ (100,000)</u>	<u>\$ (100,000)</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 80,266	\$ 29,467	\$ 29,467	\$ 50,799
Fund Balance, July 1, 2016	<u>571,780</u>	<u>567,852</u>	<u>567,852</u>	<u>3,928</u>
Fund Balance, June 30, 2017	<u><u>\$ 652,046</u></u>	<u><u>\$ 597,319</u></u>	<u><u>\$ 597,319</u></u>	<u><u>\$ 54,727</u></u>

Exhibit H-2

Cannon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Education Debt Service Fund
For the Year Ended June 30, 2017

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 696,013	\$ 625,000	\$ 625,000	\$ 71,013
Other Governments and Citizens Groups	190,000	250,000	190,000	0
Total Revenues	<u>\$ 886,013</u>	<u>\$ 875,000</u>	<u>\$ 815,000</u>	<u>\$ 71,013</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 865,000	\$ 865,000	\$ 865,000	\$ 0
<u>Interest on Debt</u>				
Education	57,931	21,200	68,200	10,269
<u>Other Debt Service</u>				
Education	52,099	64,300	56,300	4,201
Total Expenditures	<u>\$ 975,030</u>	<u>\$ 950,500</u>	<u>\$ 989,500</u>	<u>\$ 14,470</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (89,017)</u>	<u>\$ (75,500)</u>	<u>\$ (174,500)</u>	<u>\$ 85,483</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 100,000	\$ 0	\$ 0	\$ 100,000
Total Other Financing Sources	<u>\$ 100,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 100,000</u>
Net Change in Fund Balance	\$ 10,983	\$ (75,500)	\$ (174,500)	\$ 185,483
Fund Balance, July 1, 2016	<u>2,377,025</u>	<u>2,317,137</u>	<u>2,317,137</u>	<u>59,888</u>
Fund Balance, June 30, 2017	<u><u>\$ 2,388,008</u></u>	<u><u>\$ 2,241,637</u></u>	<u><u>\$ 2,142,637</u></u>	<u><u>\$ 245,371</u></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.

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 and general sessions courts 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 I-1

Cannon County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2017

	<u>Agency Funds</u>		
	Cities -	Constitu -	
	Sales	tional	
	Tax	Officers -	
		Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 313,112	\$ 313,112
Investments	0	88,579	88,579
Accounts Receivable	0	3,385	3,385
Due from Other Governments	73,122	0	73,122
Total Assets	\$ 73,122	\$ 405,076	\$ 478,198
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 73,122	\$ 0	\$ 73,122
Due to Litigants, Heirs, and Others	0	405,076	405,076
Total Liabilities	\$ 73,122	\$ 405,076	\$ 478,198

Exhibit I-2

Cannon County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2017

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 411,550	\$ 411,550	\$ 0
Due from Other Governments	69,950	73,122	69,950	73,122
Total Assets	<u>\$ 69,950</u>	<u>\$ 484,672</u>	<u>\$ 481,500</u>	<u>\$ 73,122</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 69,950	\$ 484,672	\$ 481,500	\$ 73,122
Total Liabilities	<u>\$ 69,950</u>	<u>\$ 484,672</u>	<u>\$ 481,500</u>	<u>\$ 73,122</u>
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 420,665	\$ 3,424,131	\$ 3,531,684	\$ 313,112
Investments	86,201	2,378	0	88,579
Accounts Receivable	0	3,385	0	3,385
Total Assets	<u>\$ 506,866</u>	<u>\$ 3,429,894</u>	<u>\$ 3,531,684</u>	<u>\$ 405,076</u>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 506,866	\$ 3,429,894	\$ 3,531,684	\$ 405,076
Total Liabilities	<u>\$ 506,866</u>	<u>\$ 3,429,894</u>	<u>\$ 3,531,684</u>	<u>\$ 405,076</u>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 420,665	\$ 3,424,131	\$ 3,531,684	\$ 313,112
Equity in Pooled Cash and Investments	0	411,550	411,550	0
Investments	86,201	2,378	0	88,579
Accounts Receivable	0	3,385	0	3,385
Due from Other Governments	69,950	73,122	69,950	73,122
Total Assets	<u>\$ 576,816</u>	<u>\$ 3,914,566</u>	<u>\$ 4,013,184</u>	<u>\$ 478,198</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 69,950	\$ 484,672	\$ 481,500	\$ 73,122
Due to Litigants, Heirs, and Others	506,866	3,429,894	3,531,684	405,076
Total Liabilities	<u>\$ 576,816</u>	<u>\$ 3,914,566</u>	<u>\$ 4,013,184</u>	<u>\$ 478,198</u>

Cannon County School Department

This section presents combining and individual fund financial statements for the Cannon County School Department, a discretely presented component unit. The Cannon County School Department uses a General Fund and two Special Revenue Funds.

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.

Exhibit J-1

Cannon County, Tennessee
Statement of Activities
Discretely Presented Cannon County School Department
For the Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position Total Governmental Activities
Governmental Activities:				
Instruction	\$ 9,764,111	\$ 36,064	\$ 771,466	\$ (8,956,581)
Support Services	5,786,393	0	136,493	(5,649,900)
Operation of Non-instructional Services	1,504,817	266,106	1,190,181	(48,530)
Total Governmental Activities	\$ 17,055,321	\$ 302,170	\$ 2,098,140	\$ (14,655,011)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 1,882,833
Local Option Sales Taxes				669,152
Other Local Taxes				1,080
Grants and Contributions Not Restricted to Specific Programs				12,148,376
Miscellaneous				46,170
Sale of Equipment				2,304
Total General Revenues				\$ 14,749,915
Change in Net Position				\$ 94,904
Net Position, July 1, 2016				13,065,689
Net Position, June 30, 2017				\$ 13,160,593

Exhibit J-2

Cannon County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Cannon County School Department
June 30, 2017

	Major Fund	Nonmajor Funds	
	General Purpose School	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 100	\$ 100
Equity in Pooled Cash and Investments	4,333,096	92,346	4,425,442
Due from Other Governments	213,604	34,824	248,428
Due from Other Funds	1,999	0	1,999
Property Taxes Receivable	1,958,482	0	1,958,482
Allowance for Uncollectible Property Taxes	(39,702)	0	(39,702)
Total Assets	<u>\$ 6,467,479</u>	<u>\$ 127,270</u>	<u>\$ 6,594,749</u>
<u>LIABILITIES</u>			
Accrued Payroll	\$ 0	\$ 10,550	\$ 10,550
Due to Other Funds	0	1,999	1,999
Due to State of Tennessee	0	450	450
Total Liabilities	<u>\$ 0</u>	<u>\$ 12,999</u>	<u>\$ 12,999</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 1,858,868	\$ 0	\$ 1,858,868
Deferred Delinquent Property Taxes	51,070	0	51,070
Other Deferred/Unavailable Revenue	60,416	0	60,416
Total Deferred Inflows of Resources	<u>\$ 1,970,354</u>	<u>\$ 0</u>	<u>\$ 1,970,354</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 0	\$ 97,952	\$ 97,952
Assigned:			
Assigned for Education	583,860	16,319	600,179
Unassigned	3,913,265	0	3,913,265
Total Fund Balances	<u>\$ 4,497,125</u>	<u>\$ 114,271</u>	<u>\$ 4,611,396</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 6,467,479</u>	<u>\$ 127,270</u>	<u>\$ 6,594,749</u>

Exhibit J-3

Cannon County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
Discretely Presented Cannon County School Department
June 30, 2017

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)		\$	4,611,396
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	170,879	
Add: buildings and improvements net of accumulated depreciation		8,434,547	
Add: other capital assets net of accumulated depreciation		<u>685,342</u>	9,290,768
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: compensated absences payable	\$	(61,613)	
Less: other postemployment benefits liability		(530,827)	
Less: net pension liability - teacher legacy plan		<u>(1,242,162)</u>	(1,834,602)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:			
Add: deferred outflows of resources related to pensions	\$	2,462,278	
Less: deferred inflows of resources related to pensions		<u>(1,595,060)</u>	867,218
(4) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.			
Add: net pension assets - agent plan	\$	102,216	
Add: net pension assets - teacher retirement plan		<u>12,111</u>	114,327
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>111,486</u>
Net position of governmental activities (Exhibit A)		\$	<u>13,160,593</u>

Exhibit J-4

Cannon County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Cannon County School Department
For the Year Ended June 30, 2017

	Major Fund	Nonmajor Funds	
	General	Other	Total
	Purpose	Govern-	Governmental
	School	mental	Funds
		Funds	
<u>Revenues</u>			
Local Taxes	\$ 2,570,119	\$ 0	\$ 2,570,119
Licenses and Permits	589	0	589
Charges for Current Services	36,064	266,106	302,170
Other Local Revenues	102,754	1,443	104,197
State of Tennessee	12,269,410	8,438	12,277,848
Federal Government	10,000	1,891,214	1,901,214
Total Revenues	<u>\$ 14,988,936</u>	<u>\$ 2,167,201</u>	<u>\$ 17,156,137</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 8,810,335	\$ 972,006	\$ 9,782,341
Support Services	5,089,232	198,568	5,287,800
Operation of Non-Instructional Services	424,496	1,079,822	1,504,318
Capital Outlay	527,015	0	527,015
Debt Service:			
Other Debt Service	190,000	0	190,000
Total Expenditures	<u>\$ 15,041,078</u>	<u>\$ 2,250,396</u>	<u>\$ 17,291,474</u>
Excess (Deficiency) of Revenues			
Over Expenditures	<u>\$ (52,142)</u>	<u>\$ (83,195)</u>	<u>\$ (135,337)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 18,827	\$ 0	\$ 18,827
Transfers Out	0	(18,827)	(18,827)
Total Other Financing Sources (Uses)	<u>\$ 18,827</u>	<u>\$ (18,827)</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ (33,315)	\$ (102,022)	\$ (135,337)
Fund Balance, July 1, 2016	<u>4,530,440</u>	<u>216,293</u>	<u>4,746,733</u>
Fund Balance, June 30, 2017	<u>\$ 4,497,125</u>	<u>\$ 114,271</u>	<u>\$ 4,611,396</u>

Exhibit J-5

Cannon County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Cannon County School Department
For the Year Ended June 30, 2017

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)		\$	(135,337)
(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	\$	86,499	
Less: current-year depreciation expense		(534,430)	(447,931)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2017	\$	111,486	
Less: deferred delinquent property taxes and other deferred June 30, 2016		(117,398)	(5,912)
(3) 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 compensated absences payable	\$	22,008	
Change in other postemployment benefits liability		21,624	
Change in net pension asset - agent plan		(32,539)	
Change in net pension asset - teacher retirement plan		8,154	
Change in net pension liability - teacher legacy plan		(1,161,343)	
Change in deferred outflows related to pensions		1,551,016	
Change in deferred inflows related to pensions		275,164	684,084
Change in net position of governmental activities (Exhibit B)		\$	<u>94,904</u>

Exhibit J-6

Cannon County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Cannon County School Department
June 30, 2017

	<u>Special Revenue Funds</u>		Total
	School Federal Projects	Central Cafeteria	Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 100	\$ 100
Equity in Pooled Cash and Investments	108	92,238	92,346
Due from Other Governments	29,135	5,689	34,824
Total Assets	\$ 29,243	\$ 98,027	\$ 127,270
<u>LIABILITIES</u>			
Accrued Payroll	\$ 10,550	\$ 0	\$ 10,550
Due to Other Funds	1,999	0	1,999
Due to State of Tennessee	217	233	450
Total Liabilities	\$ 12,766	\$ 233	\$ 12,999
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 419	\$ 97,533	\$ 97,952
Assigned:			
Assigned for Education	16,058	261	16,319
Total Fund Balances	\$ 16,477	\$ 97,794	\$ 114,271
Total Liabilities and Fund Balances	\$ 29,243	\$ 98,027	\$ 127,270

Exhibit J-7

Cannon County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Cannon County School Department
For the Year Ended June 30, 2017

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 266,106	\$ 266,106
Other Local Revenues	0	1,443	1,443
State of Tennessee	0	8,438	8,438
Federal Government	1,122,474	768,740	1,891,214
Total Revenues	<u>\$ 1,122,474</u>	<u>\$ 1,044,727</u>	<u>\$ 2,167,201</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 972,006	\$ 0	\$ 972,006
Support Services	198,568	0	198,568
Operation of Non-Instructional Services	0	1,079,822	1,079,822
Total Expenditures	<u>\$ 1,170,574</u>	<u>\$ 1,079,822</u>	<u>\$ 2,250,396</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (48,100)</u>	<u>\$ (35,095)</u>	<u>\$ (83,195)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (18,827)	\$ 0	\$ (18,827)
Total Other Financing Sources (Uses)	<u>\$ (18,827)</u>	<u>\$ 0</u>	<u>\$ (18,827)</u>
Net Change in Fund Balances	\$ (66,927)	\$ (35,095)	\$ (102,022)
Fund Balance, July 1, 2016	<u>83,404</u>	<u>132,889</u>	<u>216,293</u>
Fund Balance, June 30, 2017	<u>\$ 16,477</u>	<u>\$ 97,794</u>	<u>\$ 114,271</u>

Exhibit J-8

Cannon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Cannon County School Department
General Purpose School Fund
For the Year Ended June 30, 2017

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2016	Add: Encumbrances 6/30/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 2,570,119	\$ 0	\$ 0	\$ 2,570,119	\$ 2,508,665	\$ 2,508,665	\$ 61,454
Licenses and Permits	589	0	0	589	400	400	189
Charges for Current Services	36,064	0	0	36,064	36,000	36,000	64
Other Local Revenues	102,754	0	0	102,754	55,100	82,995	19,759
State of Tennessee	12,269,410	0	0	12,269,410	12,176,312	12,204,099	65,311
Federal Government	10,000	0	0	10,000	0	0	10,000
Total Revenues	\$ 14,988,936	\$ 0	\$ 0	\$ 14,988,936	\$ 14,776,477	\$ 14,832,159	\$ 156,777
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 7,014,668	\$ (96,816)	\$ 14,010	\$ 6,931,862	\$ 7,409,172	\$ 7,317,822	\$ 385,960
Alternative Instruction Program	59,786	0	0	59,786	60,272	60,272	486
Special Education Program	1,195,319	0	4,467	1,199,786	1,196,723	1,199,786	0
Career and Technical Education Program	540,562	(480)	770	540,852	526,407	541,057	205
<u>Support Services</u>							
Attendance	57,459	0	0	57,459	60,198	60,198	2,739
Health Services	192,549	(1,857)	5,152	195,844	192,311	201,406	5,562
Other Student Support	231,374	(5,730)	5,500	231,144	243,305	243,305	12,161
Regular Instruction Program	394,854	0	0	394,854	392,159	394,859	5
Special Education Program	111,880	0	0	111,880	114,943	111,880	0
Career and Technical Education Program	6,613	0	0	6,613	6,918	6,918	305
Technology	496,283	0	12,925	509,208	514,432	514,432	5,224
Other Programs	27,787	0	0	27,787	0	27,787	0
Board of Education	256,605	(5,775)	5,790	256,620	274,750	269,750	13,130
Director of Schools	147,866	(80)	2,000	149,786	149,911	149,911	125
Office of the Principal	1,008,360	(4,400)	1,895	1,005,855	1,035,235	1,021,135	15,280
Fiscal Services	192,347	(16,551)	16,425	192,221	202,052	202,052	9,831
Operation of Plant	971,572	(18,810)	14,866	967,628	1,022,451	1,017,451	49,823
Maintenance of Plant	205,562	(19,002)	31,265	217,825	263,333	230,833	13,008

(Continued)

Exhibit J-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2016	Add: Encumbrances 6/30/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Transportation	\$ 788,121	\$ (107,061)	\$ 98,254	\$ 779,314	\$ 728,031	\$ 784,631	\$ 5,317
<u>Operation of Non-Instructional Services</u>							
Early Childhood Education	424,496	(23,574)	8,234	409,156	412,912	412,913	3,757
<u>Capital Outlay</u>							
Regular Capital Outlay	527,015	(470,029)	362,307	419,293	350,000	442,800	23,507
<u>Other Debt Service</u>							
Education	190,000	0	0	190,000	190,000	190,000	0
Total Expenditures	\$ 15,041,078	\$ (770,165)	\$ 583,860	\$ 14,854,773	\$ 15,345,515	\$ 15,401,198	\$ 546,425
Excess (Deficiency) of Revenues Over Expenditures	\$ (52,142)	\$ 770,165	\$ (583,860)	\$ 134,163	\$ (569,038)	\$ (569,039)	\$ 703,202
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 18,827	\$ 0	\$ 0	\$ 18,827	\$ 15,000	\$ 15,000	\$ 3,827
Total Other Financing Sources	\$ 18,827	\$ 0	\$ 0	\$ 18,827	\$ 15,000	\$ 15,000	\$ 3,827
Net Change in Fund Balance	\$ (33,315)	\$ 770,165	\$ (583,860)	\$ 152,990	\$ (554,038)	\$ (554,039)	\$ 707,029
Fund Balance, July 1, 2016	4,530,440	(770,165)	0	3,760,275	3,101,813	3,101,813	658,462
Fund Balance, June 30, 2017	\$ 4,497,125	\$ 0	\$ (583,860)	\$ 3,913,265	\$ 2,547,775	\$ 2,547,774	\$ 1,365,491

Exhibit J-9

Cannon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Cannon County School Department
School Federal Projects Fund
For the Year Ended June 30, 2017

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2016	Add: Encumbrances 6/30/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 1,122,474	\$ 0	\$ 0	\$ 1,122,474	\$ 1,024,160	\$ 1,392,076	\$ (269,602)
Total Revenues	\$ 1,122,474	\$ 0	\$ 0	\$ 1,122,474	\$ 1,024,160	\$ 1,392,076	\$ (269,602)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 507,518	\$ (3,512)	\$ 7,088	\$ 511,094	\$ 442,566	\$ 569,321	\$ 58,227
Special Education Program	450,700	0	0	450,700	407,972	545,025	94,325
Career and Technical Education Program	13,788	(1,076)	8,170	20,882	17,106	21,608	726
<u>Support Services</u>							
Other Student Support	22,991	(5,937)	0	17,054	19,215	60,040	42,986
Regular Instruction Program	88,402	(468)	0	87,934	85,279	132,744	44,810
Special Education Program	60,402	0	800	61,202	68,722	70,722	9,520
Career and Technical Education Program	1,590	0	0	1,590	1,590	1,590	0
Board of Education	33	0	0	33	550	50	17
Transportation	25,150	0	0	25,150	26,242	32,400	7,250
Total Expenditures	\$ 1,170,574	\$ (10,993)	\$ 16,058	\$ 1,175,639	\$ 1,069,242	\$ 1,433,500	\$ 257,861
Excess (Deficiency) of Revenues Over Expenditures	\$ (48,100)	\$ 10,993	\$ (16,058)	\$ (53,165)	\$ (45,082)	\$ (41,424)	\$ (11,741)
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 62,906	\$ 62,906	\$ (62,906)
Transfers Out	(18,827)	0	0	(18,827)	(17,400)	(21,482)	2,655
Total Other Financing Sources	\$ (18,827)	\$ 0	\$ 0	\$ (18,827)	\$ 45,506	\$ 41,424	\$ (60,251)
Net Change in Fund Balance	\$ (66,927)	\$ 10,993	\$ (16,058)	\$ (71,992)	\$ 424	\$ 0	\$ (71,992)
Fund Balance, July 1, 2016	83,404	(10,993)	0	72,411	0	0	72,411
Fund Balance, June 30, 2017	\$ 16,477	\$ 0	\$ (16,058)	\$ 419	\$ 424	\$ 0	\$ 419

Exhibit J-10

Cannon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Cannon County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2017

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 266,106	\$ 0	\$ 266,106	\$ 310,000	\$ 310,000	\$ (43,894)
Other Local Revenues	1,443	0	1,443	3,200	3,200	(1,757)
State of Tennessee	8,438	0	8,438	11,000	11,000	(2,562)
Federal Government	768,740	0	768,740	858,740	858,740	(90,000)
Total Revenues	\$ 1,044,727	\$ 0	\$ 1,044,727	\$ 1,182,940	\$ 1,182,940	\$ (138,213)
<u>Expenditures</u>						
<u>Operation of Non-Instructional Services</u>						
Food Service	\$ 1,079,822	\$ 261	\$ 1,080,083	\$ 1,153,403	\$ 1,153,403	\$ 73,320
Total Expenditures	\$ 1,079,822	\$ 261	\$ 1,080,083	\$ 1,153,403	\$ 1,153,403	\$ 73,320
Excess (Deficiency) of Revenues Over Expenditures	\$ (35,095)	\$ (261)	\$ (35,356)	\$ 29,537	\$ 29,537	\$ (64,893)
Net Change in Fund Balance	\$ (35,095)	\$ (261)	\$ (35,356)	\$ 29,537	\$ 29,537	\$ (64,893)
Fund Balance, July 1, 2016	132,889	0	132,889	139,987	139,987	(7,098)
Fund Balance, June 30, 2017	\$ 97,794	\$ (261)	\$ 97,533	\$ 169,524	\$ 169,524	\$ (71,991)

MISCELLANEOUS SCHEDULES

Exhibit K-1

Cannon County, Tennessee
Schedule of Changes in Long-term Notes and Other Loans
For the Year Ended June 30, 2017

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-16	Paid and/or Matured During Period	Outstanding 6-30-17
<u>NOTES PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
Ambulance Building	\$ 52,500	2.75 %	1-16-15	1-16-18	\$ 35,472	\$ 17,494	\$ 17,978
Sheriff Department Software	50,000	2.28	12-19-14	12-19-17	33,706	16,662	17,044
Ambulance	110,000	2.19	11-10-14	11-10-17	74,123	36,658	37,465
Jail Renovation	225,000	3.95	8-1-11	7-1-23	156,300	18,000	138,300
Total Payable through General Debt Service Fund					<u>\$ 299,601</u>	<u>\$ 88,814</u>	<u>\$ 210,787</u>
<u>Payable through Highway/Public Works Fund</u>							
Tractor and Mower	87,000	2.15	10-6-14	10-6-17	\$ 58,624	\$ 28,994	\$ 29,630
Total Payable through Highway/Public Works Fund					<u>\$ 58,624</u>	<u>\$ 28,994</u>	<u>\$ 29,630</u>
Total Notes Payable					<u>\$ 358,225</u>	<u>\$ 117,808</u>	<u>\$ 240,417</u>
<u>OTHER LOANS PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
Ambulance Service Building Construction	265,000	3.28	11-24-14	11-1-24	\$ 242,000	\$ 24,000	\$ 218,000
Jail Construction Bond Refunding	1,420,000	Variable	7-18-02	5-25-18	229,000	113,000	116,000
Total Payable through General Debt Service Fund					<u>\$ 471,000</u>	<u>\$ 137,000</u>	<u>\$ 334,000</u>
<u>Payable through Education Debt Service Fund</u>							
School Construction/Improvements - High School	1,642,000	Variable	9-17-99	3-16-17	\$ 361,000	\$ 361,000	\$ 0
School Construction/Improvements - Elementary	11,400,000	Variable	5-25-02	5-25-26	6,340,000	504,000	5,836,000
Total Payable through Education Debt Service Fund					<u>\$ 6,701,000</u>	<u>\$ 865,000</u>	<u>\$ 5,836,000</u>
Total Other Loans Payable					<u>\$ 7,172,000</u>	<u>\$ 1,002,000</u>	<u>\$ 6,170,000</u>

Exhibit K-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2018	\$ 120,117	\$ 7,673	\$ 127,790
2019	19,000	4,602	23,602
2020	20,000	3,832	23,832
2021	21,000	3,022	24,022
2022	21,000	2,193	23,193
2023	22,000	1,343	23,343
2024	17,300	453	17,753
Total	\$ 240,417	\$ 23,118	\$ 263,535

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2018	\$ 669,000	\$ 63,873	\$ 40,728	\$ 773,601
2019	581,000	56,901	35,516	673,417
2020	610,000	50,726	31,902	692,628
2021	640,000	44,250	28,106	712,356
2022	671,000	37,463	24,121	732,584
2023	704,000	30,357	19,942	754,299
2024	738,000	22,926	15,554	776,480
2025	775,000	15,151	10,946	801,097
2026	782,000	7,507	6,103	795,610
Total	\$ 6,170,000	\$ 329,154	\$ 212,918	\$ 6,712,072

Exhibit K-3

Cannon County, Tennessee
Schedule of Investments
June 30, 2017

<u>Fund and Type</u>	<u>Amount</u>
<u>Fiduciary Fund</u>	
<u>Constitutional Officers - Agency Fund</u>	
<u>Office of County Clerk</u>	
Farm Bureau Annuities	\$ 77,586
Edward Jones Mutual Funds	<u>10,993</u>
Total Investments	<u><u>\$ 88,579</u></u>

Exhibit K-4

Cannon County, Tennessee
Schedule of Notes Receivable
For the Year Ended June 30, 2017

Description	Debtor	Original Amount of Note	Date of Issue	Date of Maturity	Interest Rate	Balance 6-30-17
<u>General Debt Service Fund</u>						
Repayment of E-911 building renovation costs	Cannon County Emergency Communications District (E-911)	\$ 100,000 (1)	12-19-08	6-30-43	0 %	<u>\$ 69,029</u>
Total Notes Receivable						<u><u>\$ 69,029</u></u>

- (1) Cannon County issued a \$100,000 USDA Rural Development Loan in 2008 to fund the renovation of the county's E-911 building. The E-911 District agreed to repay the county the amount of this loan in annual installments.

Exhibit K-5

Cannon County, Tennessee

Schedule of Transfers

Primary Government and Discretely Presented Cannon County School Department

For the Year Ended June 30, 2017

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General Debt Service	Education Debt Service	Reimbursement	<u>\$ 100,000</u>
Total Transfers Primary Government			<u><u>\$ 100,000</u></u>
<u>DISCRETELY PRESENTED CANNON COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	<u>\$ 18,827</u>
Total Transfers Discretely Presented Cannon County School Department			<u><u>\$ 18,827</u></u>

Cannon County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Cannon County School Department
For the Year Ended June 30, 2017

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Executive	Section 8-24-102, <i>TCA</i>	\$ 75,329	\$ 100,000	Auto Owners Insurance Company
Road Supervisor	Section 8-24-102, <i>TCA</i>	71,743	100,000	"
Director of Schools	State Board of Education and Cannon County Board of Education	99,381 (1)	100,000	State Farm Fire and Casualty
Trustee	Section 8-24-102, <i>TCA</i>	65,221	596,422	Auto Owners Insurance Company
Assessor of Property:				
Donald Preston (7/1/16 through 8/31/16)	Section 8-24-102, <i>TCA</i>	12,041	50,000	"
Angela Schwartz (9/1/16 through 6/30/17)	Section 8-24-102, <i>TCA</i>	53,180	50,000	"
County Clerk	Section 8-24-102, <i>TCA</i>	65,221	50,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, <i>TCA</i>	61,458 (2)	50,000	"
Clerk and Master	Section 8-24-102, <i>TCA</i> , and Chancery Court Judge	65,221 (3)	50,000	RLI Insurance Company
Register of Deeds	Section 8-24-102, <i>TCA</i>	65,221	50,000	Auto Owners Insurance Company
Sheriff	Section 8-24-102, <i>TCA</i>	72,343 (4)	100,000	"
Employee Blanket Bonds:				
Public Employee Dishonesty - County Employees			400,000	Tennessee Risk Management Trust
Public Employee Dishonesty - School Employees			400,000	"

(1) Does not include a chief executive officer training supplement of \$2,000.

(2) The clerk retired and left office for approximately one month before rescinding her retirement and returning to the office.

(3) Does not include special commissioner fees of \$250.

(4) Includes a law enforcement training supplement of \$600.

Exhibit K-7

Cannon County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2017

	Special Revenue Funds					Constitu - tional Officers - Fees
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	REACH Program	
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 2,747,795	\$ 294,401	\$ 330,700	\$ 0	\$ 0	\$ 0
Trustee's Collections - Prior Year	106,984	12,140	14,170	0	0	0
Circuit Clerk/Clerk and Master Collections - Prior Years	33,287	3,777	4,722	0	0	0
Interest and Penalty	20,833	2,338	2,873	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	203,046	21,757	24,664	0	0	0
Payments in-Lieu-of Taxes - Other	2,572	0	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	128,280	126,105	0	0	0	0
Hotel/Motel Tax	3,972	0	0	0	0	0
Wheel Tax	0	0	0	0	0	0
Litigation Tax - General	37,978	0	0	0	0	0
Litigation Tax - Special Purpose	22,533	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	12,381	0	0	0	0	0
Business Tax	62,684	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	18,352	1,966	2,228	0	0	0
Wholesale Beer Tax	66,453	0	0	0	0	0
Interstate Telecommunications Tax	490	483	0	0	0	0
Total Local Taxes	\$ 3,467,640	\$ 462,967	\$ 379,357	\$ 0	\$ 0	\$ 0
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 641	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit K-7

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

	Special Revenue Funds					Constitu - tional Officers - Fees
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	REACH Program	
<u>Licenses and Permits (Cont.)</u>						
<u>Permits</u>						
Beer Permits	\$ 250	\$ 0	\$ 0	\$ 0	\$ 0	0
Total Licenses and Permits	\$ 891	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 23,665	\$ 0	\$ 0	\$ 0	\$ 0	0
Drug Control Fines	0	0	0	21,495	0	0
DUI Treatment Fines	570	0	0	0	0	0
Data Entry Fee - Circuit Court	905	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	32,426	0	0	238	0	0
Officers Costs	285	0	0	0	0	0
Game and Fish Fines	468	0	0	0	0	0
Drug Control Fines	0	0	0	10,179	0	0
DUI Treatment Fines	2,960	0	0	0	0	0
Data Entry Fee - General Sessions Court	5,438	0	0	0	0	0
Courtroom Security Fee	98	0	0	0	0	0
<u>Juvenile Court</u>						
Victims Assistance Assessments	620	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	173	0	0	0	0	0
Data Entry Fee - Chancery Court	666	0	0	0	0	0
<u>Other Courts - In-county</u>						
Fines	5,349	0	0	0	0	0

(Continued)

Exhibit K-7

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

	Special Revenue Funds					Constitu - tional Officers - Fees
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	REACH Program	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	\$ 98	\$ 0	\$ 0	\$ 51,888	\$ 0	\$ 0
Total Fines, Forfeitures, and Penalties	\$ 73,721	\$ 0	\$ 0	\$ 83,800	\$ 0	\$ 0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Commercial and Industrial Waste Collection Charge	\$ 0	\$ 17,907	\$ 0	\$ 0	\$ 0	\$ 0
Surcharge - Waste Tire Disposal	0	2,446	0	0	0	0
Patient Charges	430	0	498,001	0	0	0
Other General Service Charges	4,376	0	0	0	0	0
<u>Fees</u>						
Copy Fees	438	0	0	0	0	0
Library Fees	49,502	0	0	0	0	0
Telephone Commissions	38,451	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0	152,797
Special Commissioner Fees/Special Master Fees	0	0	0	0	0	250
Data Processing Fee - Register	4,886	0	0	0	0	0
Probation Fees	79,622	0	0	0	0	0
Data Processing Fee - Sheriff	2,344	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	2,250	0	0	0	0	0
Data Processing Fee - County Clerk	1,485	0	0	0	0	0
<u>Education Charges</u>						
Community Service Fees - Children	0	0	0	0	15,586	0
Total Charges for Current Services	\$ 183,784	\$ 20,353	\$ 498,001	\$ 0	\$ 15,586	\$ 153,047

(Continued)

Exhibit K-7

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

	Special Revenue Funds					Constitu - tional Officers - Fees
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	REACH Program	
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 22,216	\$ 0	\$ 0	\$ 0	\$ 0	0
Lease/Rentals	32,228	0	0	0	0	0
Commissary Sales	1,045	0	0	0	0	0
Sale of Gasoline	0	0	0	0	0	0
Miscellaneous Refunds	5,623	35	0	0	0	0
<u>Nonrecurring Items</u>						
Damages Recovered from Individuals	1,353	0	0	0	0	0
Contributions and Gifts	5,368	0	0	0	0	0
Total Other Local Revenues	\$ 67,833	\$ 35	\$ 0	\$ 0	\$ 0	0
<u>Fees Received From County Officials</u>						
<u>Fees In-Lieu-of Salary</u>						
Circuit Court Clerk	\$ 56,116	\$ 0	\$ 0	\$ 0	\$ 0	0
General Sessions Court Clerk	97,180	0	0	0	0	0
Clerk and Master	46,602	0	0	0	0	0
Register	59,247	0	0	0	0	0
Sheriff	11,164	0	0	0	0	0
Trustee	190,125	0	0	0	0	0
Total Fees Received From County Officials	\$ 460,434	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	4,800	0	0	0	0	0

(Continued)

Exhibit K-7

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

	Special Revenue Funds					Constitu - tional Officers - Fees
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	REACH Program	
<u>State of Tennessee (Cont.)</u>						
<u>Health and Welfare Grants</u>						
Health Department Programs	\$ 25,496	\$ 0	\$ 0	\$ 0	\$ 0	0
Other Health and Welfare Grants	0	0	0	0	0	0
<u>Public Works Grants</u>						
Bridge Program	0	0	0	0	0	0
Litter Program	32,059	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	27,582	0	0	0	0	0
Beer Tax	18,415	0	0	0	0	0
Alcoholic Beverage Tax	35,400	0	0	0	0	0
Contracted Prisoner Boarding	120,953	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	15,164	0	0	0	0	0
Other State Grants	20,698	0	0	0	139,251	0
Other State Revenues	37,866	0	0	0	0	0
Total State of Tennessee	\$ 347,433	\$ 0	\$ 0	\$ 0	139,251	\$ 0
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Homeland Security Grants	32,013	0	0	0	0	0
Medicaid	5,200	0	0	0	0	0
Law Enforcement Grants	11,178	0	0	0	0	0
Other Federal through State	45	0	0	0	0	0
Total Federal Government	\$ 48,436	\$ 0	\$ 0	\$ 0	\$ 0	0

(Continued)

Exhibit K-7

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

	Special Revenue Funds						Constitu - tional Officers - Fees
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	REACH Program		
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Contributions	\$ 0	\$ 40,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contracted Services	236,543	0	0	0	0	0	0
<u>Citizens Groups</u>							
Donations	0	0	0	0	7,534		0
Total Other Governments and Citizens Groups	\$ 236,543	\$ 40,000	\$ 0	\$ 0	\$ 7,534	\$ 0	\$ 0
Total	\$ 4,886,715	\$ 523,355	\$ 877,358	\$ 83,800	\$ 162,371	\$ 153,047	

(Continued)

Exhibit K-7

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

	Special Revenue Fund	Debt Service Funds		Capital Projects Funds		Total
	Highway / Public Works	General Debt Service	Education Debt Service	General Capital Projects	Other Capital Projects	
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 0	\$ 351,545	\$ 0	\$ 0	\$ 0	\$ 3,724,441
Trustee's Collections - Prior Year	0	4,126	0	0	0	137,420
Circuit Clerk/Clerk and Master Collections - Prior Years	0	708	0	0	0	42,494
Interest and Penalty	0	873	0	0	0	26,917
Payments in-Lieu-of Taxes - Local Utilities	0	26,063	0	0	0	275,530
Payments in-Lieu-of Taxes - Other	0	0	0	0	0	2,572
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	0	0	0	254,385
Hotel/Motel Tax	0	0	0	0	0	3,972
Wheel Tax	0	0	696,013	0	0	696,013
Litigation Tax - General	0	0	0	0	0	37,978
Litigation Tax - Special Purpose	0	0	0	0	0	22,533
Litigation Tax - Jail, Workhouse, or Courthouse	0	49,526	0	0	0	61,907
Business Tax	1,500	0	0	0	0	64,184
Mineral Severance Tax	86,256	0	0	0	0	86,256
<u>Statutory Local Taxes</u>						
Bank Excise Tax	0	2,359	0	0	0	24,905
Wholesale Beer Tax	0	0	0	0	0	66,453
Interstate Telecommunications Tax	0	0	0	0	0	973
Total Local Taxes	\$ 87,756	\$ 435,200	\$ 696,013	\$ 0	\$ 0	\$ 5,528,933
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 641

(Continued)

Exhibit K-7

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

	Special Revenue Fund	Debt Service Funds		Capital Projects Funds		Total
	Highway / Public Works	General Debt Service	Education Debt Service	General Capital Projects	Other Capital Projects	
<u>Licenses and Permits (Cont.)</u>						
<u>Permits</u>						
Beer Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	250
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	891
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	23,665
Drug Control Fines	0	0	0	0	0	21,495
DUI Treatment Fines	0	0	0	0	0	570
Data Entry Fee - Circuit Court	0	0	0	0	0	905
<u>General Sessions Court</u>						
Fines	0	0	0	0	0	32,664
Officers Costs	0	0	0	0	0	285
Game and Fish Fines	0	0	0	0	0	468
Drug Control Fines	0	0	0	0	0	10,179
DUI Treatment Fines	0	0	0	0	0	2,960
Data Entry Fee - General Sessions Court	0	0	0	0	0	5,438
Courtroom Security Fee	0	0	0	0	0	98
<u>Juvenile Court</u>						
Victims Assistance Assessments	0	0	0	0	0	620
<u>Chancery Court</u>						
Officers Costs	0	0	0	0	0	173
Data Entry Fee - Chancery Court	0	0	0	0	0	666
<u>Other Courts - In-county</u>						
Fines	0	0	0	0	0	5,349

(Continued)

Exhibit K-7

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

	Special Revenue Fund	Debt Service Funds		Capital Projects Funds		Total
	Highway / Public Works	General Debt Service	Education Debt Service	General Capital Projects	Other Capital Projects	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	51,986
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	157,521
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Commercial and Industrial Waste Collection Charge	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	17,907
Surcharge - Waste Tire Disposal	0	0	0	0	0	2,446
Patient Charges	0	0	0	0	0	498,431
Other General Service Charges	0	0	0	0	0	4,376
<u>Fees</u>						
Copy Fees	0	0	0	0	0	438
Library Fees	0	0	0	0	0	49,502
Telephone Commissions	0	0	0	0	0	38,451
Constitutional Officers' Fees and Commissions	0	0	0	0	0	152,797
Special Commissioner Fees/Special Master Fees	0	0	0	0	0	250
Data Processing Fee - Register	0	0	0	0	0	4,886
Probation Fees	0	0	0	0	0	79,622
Data Processing Fee - Sheriff	0	0	0	0	0	2,344
Sexual Offender Registration Fee - Sheriff	0	0	0	0	0	2,250
Data Processing Fee - County Clerk	0	0	0	0	0	1,485
<u>Education Charges</u>						
Community Service Fees - Children	0	0	0	0	0	15,586
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	870,771

(Continued)

Exhibit K-7

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

	Special Revenue Fund	Debt Service Funds		Capital Projects Funds		Total
	Highway / Public Works	General Debt Service	Education Debt Service	General Capital Projects	Other Capital Projects	
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	22,216
Lease/Rentals	0	0	0	0	0	32,228
Commissary Sales	0	0	0	0	33,925	34,970
Sale of Gasoline	40,417	0	0	0	0	40,417
Miscellaneous Refunds	10,776	0	0	0	0	16,434
<u>Nonrecurring Items</u>						
Damages Recovered from Individuals	0	0	0	0	0	1,353
Contributions and Gifts	0	0	0	0	0	5,368
Total Other Local Revenues	\$ 51,193	\$ 0	\$ 0	\$ 0	\$ 33,925	\$ 152,986
<u>Fees Received From County Officials</u>						
<u>Fees In-Lieu-of Salary</u>						
Circuit Court Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	56,116
General Sessions Court Clerk	0	0	0	0	0	97,180
Clerk and Master	0	0	0	0	0	46,602
Register	0	0	0	0	0	59,247
Sheriff	0	0	0	0	0	11,164
Trustee	0	0	0	0	0	190,125
Total Fees Received From County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	460,434
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	9,000
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	0	0	0	0	0	4,800

(Continued)

Exhibit K-7

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

	Special Revenue Fund	Debt Service Funds		Capital Projects Funds		Total
	Highway / Public Works	General Debt Service	Education Debt Service	General Capital Projects	Other Capital Projects	
<u>State of Tennessee (Cont.)</u>						
<u>Health and Welfare Grants</u>						
Health Department Programs	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	25,496
Other Health and Welfare Grants	0	0	0	121,240	0	121,240
<u>Public Works Grants</u>						
Bridge Program	834,992	0	0	0	0	834,992
Litter Program	0	0	0	0	0	32,059
<u>Other State Revenues</u>						
Income Tax	0	0	0	0	0	27,582
Beer Tax	0	0	0	0	0	18,415
Alcoholic Beverage Tax	0	0	0	0	0	35,400
Contracted Prisoner Boarding	0	0	0	0	0	120,953
Gasoline and Motor Fuel Tax	1,492,796	0	0	0	0	1,492,796
Petroleum Special Tax	9,958	0	0	0	0	9,958
Registrar's Salary Supplement	0	0	0	0	0	15,164
Other State Grants	0	0	0	0	0	159,949
Other State Revenues	0	0	0	0	0	37,866
Total State of Tennessee	\$ 2,337,746	\$ 0	\$ 0	\$ 121,240	\$ 0	2,945,670
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 0	\$ 0	\$ 0	\$ 200,155	\$ 0	200,155
Homeland Security Grants	0	0	0	0	0	32,013
Medicaid	0	0	0	0	0	5,200
Law Enforcement Grants	0	0	0	0	0	11,178
Other Federal through State	0	0	0	167,420	0	167,465
Total Federal Government	\$ 0	\$ 0	\$ 0	\$ 367,575	\$ 0	416,011

(Continued)

Exhibit K-7

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

	Special Revenue Fund	Debt Service Funds		Capital Projects Funds		
	Highway / Public Works	General Debt Service	Education Debt Service	General Capital Projects	Other Capital Projects	Total
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 0	\$ 0	\$ 190,000	\$ 0	\$ 0	\$ 230,000
Contracted Services	0	0	0	0	0	236,543
<u>Citizens Groups</u>						
Donations	0	0	0	0	0	7,534
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 190,000	\$ 0	\$ 0	\$ 474,077
Total	\$ 2,476,695	\$ 435,200	\$ 886,013	\$ 488,815	\$ 33,925	\$ 11,007,294

Exhibit K-8

Cannon County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Cannon County School Department
For the Year Ended June 30, 2017

	Special Revenue Funds			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 1,669,736	\$ 0	\$ 0	\$ 1,669,736
Trustee's Collections - Prior Year	64,525	0	0	64,525
Circuit Clerk/Clerk and Master Collections - Prior Years	20,775	0	0	20,775
Interest and Penalty	13,125	0	0	13,125
Payments in-Lieu-of Taxes - Local Utilities	123,285	0	0	123,285
<u>County Local Option Taxes</u>				
Local Option Sales Tax	666,451	0	0	666,451
<u>Statutory Local Taxes</u>				
Bank Excise Tax	11,142	0	0	11,142
Interstate Telecommunications Tax	1,080	0	0	1,080
Total Local Taxes	<u>\$ 2,570,119</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,570,119</u>
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 589	\$ 0	\$ 0	\$ 589
Total Licenses and Permits	<u>\$ 589</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 589</u>
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Other	\$ 10,900	\$ 0	\$ 0	\$ 10,900
Lunch Payments - Children	0	0	117,177	117,177
Lunch Payments - Adults	0	0	32,305	32,305
Income from Breakfast	0	0	72,938	72,938
A la Carte Sales	0	0	43,686	43,686

(Continued)

Exhibit K-8

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

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Charges for Current Services (Cont.)</u>				
<u>Education Charges (Cont.)</u>				
Receipts from Individual Schools	\$ 22,947	\$ 0	\$ 0	\$ 22,947
Other Charges for Services	2,217	0	0	2,217
Total Charges for Current Services	<u>\$ 36,064</u>	<u>\$ 0</u>	<u>\$ 266,106</u>	<u>\$ 302,170</u>
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 91	\$ 91
E-Rate Funding	23,487	0	0	23,487
Miscellaneous Refunds	44,759	0	1,352	46,111
<u>Nonrecurring Items</u>				
Sale of Equipment	2,304	0	0	2,304
Contributions and Gifts	32,145	0	0	32,145
<u>Other Local Revenues</u>				
Other Local Revenues	59	0	0	59
Total Other Local Revenues	<u>\$ 102,754</u>	<u>\$ 0</u>	<u>\$ 1,443</u>	<u>\$ 104,197</u>
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-behalf Contributions for OPEB	\$ 27,787	\$ 0	\$ 0	\$ 27,787
<u>State Education Funds</u>				
Basic Education Program	11,167,000	0	0	11,167,000
Early Childhood Education	412,912	0	0	412,912
School Food Service	0	0	8,438	8,438
Other State Education Funds	118,987	0	0	118,987

(Continued)

Exhibit K-8

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

	Special Revenue Funds			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>State of Tennessee (Cont.)</u>				
<u>State Education Funds (Cont.)</u>				
Coordinated School Health	\$ 90,000	\$ 0	\$ 0	\$ 90,000
Internet Connectivity	5,159	0	0	5,159
Career Ladder Program	61,260	0	0	61,260
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	374,515	0	0	374,515
Safe Schools	11,790	0	0	11,790
Total State of Tennessee	\$ 12,269,410	\$ 0	\$ 8,438	\$ 12,277,848
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 500,167	\$ 500,167
USDA - Commodities	0	0	68,740	68,740
Breakfast	0	0	198,773	198,773
USDA - Other	0	0	1,060	1,060
Vocational Education - Basic Grants to States	0	31,790	0	31,790
Title I Grants to Local Education Agencies	0	539,498	0	539,498
Special Education - Grants to States	0	474,889	0	474,889
Special Education Preschool Grants	0	17,692	0	17,692
Eisenhower Professional Development State Grants	0	44,061	0	44,061
Job Training Partnership Act	2,000	0	0	2,000
Other Federal through State	8,000	14,544	0	22,544
Total Federal Government	\$ 10,000	\$ 1,122,474	\$ 768,740	\$ 1,901,214
Total	\$ 14,988,936	\$ 1,122,474	\$ 1,044,727	\$ 17,156,137

Exhibit K-9

Cannon County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2017

General FundGeneral GovernmentCounty Commission

Other Per Diem and Fees	\$	5,120	
Social Security		306	
Employer Medicare		72	
Legal Services		2,546	
Legal Notices, Recording, and Court Costs		818	
Total County Commission			\$ 8,862

Other Boards and Committees

Advertising	\$	34	
Total Other Boards and Committees			34

County Mayor/Executive

County Official/Administrative Officer	\$	75,329	
Accountants/Bookkeepers		32,209	
Secretary(ies)		11,216	
Part-time Personnel		1,100	
Social Security		7,232	
Pensions		10,327	
Employer Medicare		1,799	
Audit Services		4,968	
Communication		5,452	
Contracts with Other Public Agencies		8,179	
Legal Services		3,838	
Legal Notices, Recording, and Court Costs		656	
Postal Charges		1,056	
Travel		193	
Office Supplies		2,859	
Total County Mayor/Executive			166,413

Election Commission

County Official/Administrative Officer	\$	61,299	
Clerical Personnel		21,315	
Election Commission		3,010	
Election Workers		28,548	
In-service Training		6,763	
Social Security		5,832	
Pensions		7,063	
Employee and Dependent Insurance		6,354	
Employer Medicare		1,364	
Communication		3,537	
Legal Notices, Recording, and Court Costs		2,225	
Maintenance Agreements		22,742	
Postal Charges		585	
Printing, Stationery, and Forms		419	
Travel		1,395	
Office Supplies		683	
Total Election Commission			173,134

(Continued)

Exhibit K-9

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

General Fund (Cont.)General Government (Cont.)Register of Deeds

County Official/Administrative Officer	\$	65,221	
Secretary(ies)		20,821	
Social Security		5,335	
Pensions		7,357	
Employer Medicare		1,248	
Communication		1,332	
Data Processing Services		5,259	
Postal Charges		98	
Printing, Stationery, and Forms		231	
Office Supplies		108	
Total Register of Deeds			\$ 107,010

Planning

Contracts with Government Agencies	\$	10,750	
Total Planning			10,750

County Buildings

Maintenance Personnel	\$	27,500	
Social Security		2,654	
Pensions		2,351	
Employer Medicare		621	
Communication		2,429	
Janitorial Services		15,304	
Maintenance Agreements		1,124	
Maintenance and Repair Services - Buildings		48,895	
Maintenance and Repair Services - Office Equipment		1,200	
Maintenance and Repair Services - Vehicles		1,061	
Custodial Supplies		2,440	
Utilities		113,006	
Total County Buildings			218,585

FinanceProperty Assessor's Office

County Official/Administrative Officer	\$	65,221	
Secretary(ies)		23,062	
Part-time Personnel		400	
Board and Committee Members Fees		1,550	
Social Security		5,483	
Pensions		7,582	
Employee and Dependent Insurance		7,489	
Employer Medicare		1,282	
Audit Services		2,689	
Communication		1,046	
Data Processing Services		2,535	
Legal Notices, Recording, and Court Costs		60	
Postal Charges		484	
Travel		383	
Office Supplies		1,150	
Total Property Assessor's Office			120,416

(Continued)

Exhibit K-9

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

General Fund (Cont.)Finance (Cont.)County Trustee's Office

County Official/Administrative Officer	\$	65,221	
Deputy(ies)		26,950	
Part-time Personnel		12,979	
In-service Training		250	
Social Security		6,519	
Pensions		8,990	
Employee and Dependent Insurance		5,777	
Employer Medicare		1,525	
Communication		2,077	
Data Processing Services		3,377	
Maintenance Agreements		7,942	
Postal Charges		3,200	
Office Supplies		1,710	
Total County Trustee's Office			\$ 146,517

County Clerk's Office

Secretary(ies)	\$	9,020	
Social Security		9,376	
Pensions		11,619	
Employee and Dependent Insurance		6,930	
Employer Medicare		2,187	
Communication		1,096	
Postal Charges		1,523	
Printing, Stationery, and Forms		1,622	
Office Supplies		565	
Data Processing Equipment		3,000	
Office Equipment		2,654	
Total County Clerk's Office			49,592

Administration of JusticeCircuit Court

County Official/Administrative Officer	\$	61,458	
Clerical Personnel		87,670	
Jury and Witness Expense		504	
Social Security		9,246	
Pensions		11,677	
Employee and Dependent Insurance		5,942	
Medical Insurance		436	
Employer Medicare		2,162	
Communication		3,286	
Contracts with Other Public Agencies		16,734	
Legal Notices, Recording, and Court Costs		160	
Maintenance and Repair Services - Office Equipment		797	
Postal Charges		715	
Other Contracted Services		624	
Office Supplies		1,145	
Total Circuit Court			202,556

(Continued)

Exhibit K-9

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

General Fund (Cont.)Administration of Justice (Cont.)General Sessions Court

Judge(s)	\$	87,729	
Social Security		5,439	
Pensions		7,501	
Employee and Dependent Insurance		6,930	
Employer Medicare		1,272	
Communication		1,444	
Other Contracted Services		1,500	
Total General Sessions Court			\$ 111,815

Chancery Court

County Official/Administrative Officer	\$	65,221	
Deputy(ies)		23,000	
Social Security		5,470	
Pensions		7,543	
Employee and Dependent Insurance		6,930	
Employer Medicare		1,279	
Communication		1,118	
Contracts with Other Public Agencies		4,335	
Postal Charges		642	
Printing, Stationery, and Forms		150	
Office Supplies		1,162	
Total Chancery Court			116,850

Juvenile Court

Other Salaries and Wages	\$	20,441	
Social Security		1,267	
Employer Medicare		296	
Contracts with Other Public Agencies		175	
Office Supplies		367	
Total Juvenile Court			22,546

Judicial Commissioners

Other Salaries and Wages	\$	20,651	
Social Security		1,280	
Pensions		1,177	
Employer Medicare		299	
Communication		977	
Dues and Memberships		225	
Total Judicial Commissioners			24,609

Probation Services

Supervisor/Director	\$	42,000	
Social Security		2,604	
Pensions		2,624	
Employee and Dependent Insurance		6,354	
Medical Insurance		3,548	
Employer Medicare		609	

(Continued)

Exhibit K-9

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

General Fund (Cont.)Administration of Justice (Cont.)Probation Services (Cont.)

Communication	\$	2,838	
Data Processing Services		3,900	
Postal Charges		145	
Rentals		5,100	
Drugs and Medical Supplies		2,703	
Office Supplies		151	
Total Probation Services			\$ 72,576

Victim Assistance Programs

Other Charges	\$	620	
Total Victim Assistance Programs			620

Public SafetySheriff's Department

County Official/Administrative Officer	\$	72,343	
Deputy(ies)		238,353	
Investigator(s)		68,949	
Captain(s)		36,376	
Sergeant(s)		62,652	
Accountants/Bookkeepers		26,661	
Dispatchers/Radio Operators		23,241	
Clerical Personnel		6,814	
School Resource Officer		62,362	
Overtime Pay		15,146	
Other Salaries and Wages		19,104	
In-service Training		11,692	
Social Security		38,533	
Pensions		80,132	
Employee and Dependent Insurance		197,707	
Medical Insurance		17,976	
Employer Medicare		9,135	
Communication		10,303	
Dues and Memberships		1,500	
Maintenance and Repair Services - Equipment		4,436	
Maintenance and Repair Services - Vehicles		25,059	
Postal Charges		326	
Gasoline		42,598	
Office Supplies		4,565	
Uniforms		6,305	
Vehicle and Equipment Insurance		35,471	
Law Enforcement Equipment		9,862	
Total Sheriff's Department			1,127,601

Administration of the Sexual Offender Registry

Office Supplies	\$	633	
Fines, Assessments, and Penalties		700	
Other Charges		50	
Total Administration of the Sexual Offender Registry			1,383

(Continued)

Exhibit K-9

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

General Fund (Cont.)Public Safety (Cont.)Jail

Assistant(s)	\$	27,539	
Supervisor/Director		26,417	
Truck Drivers		48,161	
Guards		259,058	
Cafeteria Personnel		51,849	
Maintenance Personnel		26,417	
Social Security		27,981	
Employer Medicare		6,544	
Maintenance and Repair Services - Buildings		14,730	
Medical and Dental Services		186,983	
Travel		1,124	
Custodial Supplies		13,541	
Food Supplies		87,931	
Utilities		45,545	
Other Supplies and Materials		2,644	
Food Service Equipment		45	
Office Equipment		1,139	
Total Jail			\$ 827,648

Fire Prevention and Control

In-service Training	\$	642	
Communication		1,412	
Consultants		1,200	
Contracts with Other Public Agencies		7,000	
Maintenance and Repair Services - Equipment		2,019	
Maintenance and Repair Services - Vehicles		6,986	
Postal Charges		13	
Data Processing Supplies		8	
Gasoline		4,839	
Office Supplies		207	
Uniforms		26,290	
Other Supplies and Materials		274	
Vehicle and Equipment Insurance		3,565	
Other Charges		649	
Communication Equipment		9,483	
Other Equipment		40	
Total Fire Prevention and Control			64,627

Rescue Squad

In-service Training	\$	300	
Communication		601	
Maintenance and Repair Services - Equipment		770	
Uniforms		2,000	
Communication Equipment		1,337	
Other Equipment		7,537	
Total Rescue Squad			12,545

(Continued)

Exhibit K-9

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

General Fund (Cont.)Public Safety (Cont.)Other Emergency Management

Maintenance and Repair Services - Vehicles	\$	1,677	
Gasoline		184	
Office Supplies		1,000	
Uniforms		146	
Other Supplies and Materials		3,615	
Total Other Emergency Management			\$ 6,622

County Coroner/Medical Examiner

Contracts with Private Agencies	\$	12,675	
Travel		180	
Other Contracted Services		5,000	
Office Supplies		13	
Other Charges		2,800	
Total County Coroner/Medical Examiner			20,668

Public Safety Grants Program

Supervisor/Director	\$	46,555	
Dispatchers/Radio Operators		219,668	
Overtime Pay		36,203	
Social Security		18,664	
Pensions		33,385	
Employee and Dependent Insurance		37,527	
Medical Insurance		5,001	
Employer Medicare		4,365	
Total Public Safety Grants Program			401,368

Other Public Safety

Legal Notices, Recording, and Court Costs	\$	135	
Other Charges		443	
Communication Equipment		31,210	
Other Equipment		7,013	
Total Other Public Safety			38,801

Public Health and WelfareLocal Health Center

Communication	\$	3,238	
Contracts with Government Agencies		15,864	
Janitorial Services		6,240	
Maintenance and Repair Services - Buildings		694	
Office Supplies		27	
Utilities		2,345	
Total Local Health Center			28,408

Other Local Health Services

Other Charges	\$	8,305	
Total Other Local Health Services			8,305

(Continued)

Exhibit K-9

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

General Fund (Cont.)Public Health and Welfare (Cont.)Regional Mental Health Center

Other Salaries and Wages	\$	23,684	
Social Security		1,468	
Employer Medicare		343	
Total Regional Mental Health Center			\$ 25,495

General Welfare Assistance

Contributions	\$	21,366	
Total General Welfare Assistance			21,366

Sanitation Management

Accountants/Bookkeepers	\$	4,000	
Laborers		15,480	
Social Security		1,208	
Pensions		1,323	
Employer Medicare		282	
Maintenance and Repair Services - Vehicles		1,741	
Instructional Supplies and Materials		9,166	
Total Sanitation Management			33,200

Other Waste Collection

Overtime Pay	\$	7,904	
Social Security		490	
Employer Medicare		115	
Gasoline		1,148	
Other Charges		1,122	
Total Other Waste Collection			10,779

Social, Cultural, and Recreational ServicesLibraries

Assistant(s)	\$	70,767	
Supervisor/Director		30,938	
In-service Training		930	
Social Security		6,306	
Pensions		7,087	
Employee and Dependent Insurance		13,284	
Employer Medicare		1,475	
Advertising		500	
Communication		8,040	
Contributions		17,172	
Maintenance Agreements		5,330	
Postal Charges		418	
Remittance of Revenue Collected		2,902	
Data Processing Supplies		440	
Instructional Supplies and Materials		3,041	
Library Books/Media		2,721	
Office Supplies		4,198	
Utilities		9,026	

(Continued)

Exhibit K-9

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

General Fund (Cont.)Social, Cultural, and Recreational Services (Cont.)Libraries (Cont.)

Other Supplies and Materials	\$	964	
Other Charges		5,644	
Office Equipment		1,008	
Total Libraries			\$ 192,191

Parks and Fair Boards

Assistant(s)	\$	4,608	
Supervisor/Director		21,748	
Other Salaries and Wages		6,502	
Social Security		2,037	
Pensions		1,860	
Employer Medicare		476	
Communication		644	
Dues and Memberships		340	
Maintenance and Repair Services - Buildings		690	
Gasoline		143	
Office Supplies		5	
Other Supplies and Materials		2,729	
Total Parks and Fair Boards			41,782

Agriculture and Natural ResourcesAgricultural Extension Service

Salary Supplements	\$	45,670	
Social Security		83	
Employer Medicare		19	
Other Fringe Benefits		11,177	
Communication		3,432	
Maintenance and Repair Services - Buildings		201	
Office Supplies		781	
Other Charges		500	
Total Agricultural Extension Service			61,863

Other Agriculture and Natural Resources

Advertising	\$	698	
Total Other Agriculture and Natural Resources			698

Other OperationsVeterans' Services

Other Salaries and Wages	\$	11,140	
Social Security		691	
Employer Medicare		162	
Communication		2,082	
Maintenance Agreements		399	
Travel		889	
Office Supplies		177	
Total Veterans' Services			15,540

(Continued)

Exhibit K-9

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

General Fund (Cont.)Other Operations (Cont.)Other Charges

Building and Contents Insurance	\$	67,448	
Premiums on Corporate Surety Bonds		2,086	
Trustee's Commission		67,780	
Workers' Compensation Insurance		136,867	
Other Charges		1,363	
Total Other Charges			\$ 275,544

Contributions to Other Agencies

Contributions	\$	28,851	
Total Contributions to Other Agencies			28,851

Employee Benefits

Employee and Dependent Insurance	\$	4,931	
Unemployment Compensation		381	
Total Employee Benefits			5,312

Miscellaneous

Gasoline	\$	7,323	
Other Charges		49,471	
Total Miscellaneous			56,794

Total General Fund \$ 4,860,276

Solid Waste/Sanitation FundPublic Health and WelfareSanitation Management

Accountants/Bookkeepers	\$	2,000	
Laborers		44,068	
Overtime Pay		791	
In-service Training		75	
Social Security		2,880	
Pensions		3,481	
Employee and Dependent Insurance		12,684	
Medical Insurance		3,633	
Employer Medicare		674	
Communication		570	
Contracts with Other Public Agencies		418,551	
Dues and Memberships		200	
Maintenance Agreements		1,500	
Maintenance and Repair Services - Equipment		12,929	
Maintenance and Repair Services - Vehicles		8,026	
Gasoline		2,706	
Utilities		2,582	
Other Supplies and Materials		1,506	
Trustee's Commission		7,904	
Other Charges		1,500	
Total Sanitation Management			\$ 528,260

Total Solid Waste/Sanitation Fund 528,260

(Continued)

Exhibit K-9

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

Ambulance Service FundPublic Health and WelfareAmbulance/Emergency Medical Services

Supervisor/Director	\$	46,416	
Medical Personnel		543,982	
Part-time Personnel		2,000	
Overtime Pay		8,591	
In-service Training		10,331	
Social Security		37,249	
Pensions		47,722	
Employee and Dependent Insurance		97,649	
Medical Insurance		1,554	
Employer Medicare		8,711	
Communication		7,336	
Contracts with Private Agencies		28,829	
Dues and Memberships		2,310	
Maintenance Agreements		563	
Maintenance and Repair Services - Vehicles		9,453	
Postal Charges		141	
Other Contracted Services		1,500	
Custodial Supplies		1,258	
Drugs and Medical Supplies		23,110	
Gasoline		14,104	
Office Supplies		1,305	
Tires and Tubes		3,297	
Uniforms		4,507	
Other Supplies and Materials		3,086	
Trustee's Commission		12,482	
Vehicle and Equipment Insurance		15,953	
Total Ambulance/Emergency Medical Services			\$ 933,439

Total Ambulance Service Fund \$ 933,439

Drug Control FundPublic SafetySheriff's Department

Confidential Drug Enforcement Payments	\$	4,000	
Maintenance and Repair Services - Equipment		40	
Maintenance and Repair Services - Vehicles		244	
Veterinary Services		176	
Trustee's Commission		838	
Other Charges		60	
Law Enforcement Equipment		6,500	
Total Sheriff's Department			\$ 11,858

Total Drug Control Fund 11,858

(Continued)

Exhibit K-9

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

REACH Program FundSocial, Cultural, and Recreational ServicesOther Social, Cultural, and Recreational

Supervisor/Director	\$	42,300	
Educational Assistants		57,935	
Social Security		6,197	
Pensions		6,835	
Employee and Dependent Insurance		12,728	
Medical Insurance		5,267	
Employer Medicare		1,449	
Communication		2,766	
Travel		1,169	
Other Contracted Services		6,102	
Other Supplies and Materials		3,327	
Trustee's Commission		156	
Total Other Social, Cultural, and Recreational			\$ 146,231

Total REACH Program Fund \$ 146,231

Constitutional Officers - Fees FundFinanceCounty Clerk's Office

Constitutional Officers' Operating Expenses	\$	141,594	
Total County Clerk's Office			\$ 141,594

Administration of JusticeGeneral Sessions Court

Constitutional Officers' Operating Expenses	\$	232	
Total General Sessions Court			232

Chancery Court

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

Total Constitutional Officers - Fees Fund 142,076

Highway/Public Works FundHighwaysAdministration

County Official/Administrative Officer	\$	71,743	
Accountants/Bookkeepers		34,840	
Board and Committee Members Fees		1,200	
Social Security		6,372	
Pensions		9,102	
Employer Medicare		1,490	
Communication		5,791	
Data Processing Services		5,657	
Dues and Memberships		2,198	
Legal Services		8,482	
Legal Notices, Recording, and Court Costs		1,650	

(Continued)

Exhibit K-9

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

Highway/Public Works Fund (Cont.)Highways (Cont.)Administration (Cont.)

Licenses	\$	53	
Postal Charges		489	
Printing, Stationery, and Forms		1,513	
Electricity		3,561	
Natural Gas		505	
Water and Sewer		226	
Other Supplies and Materials		1,881	
Total Administration			\$ 156,753

Highway and Bridge Maintenance

Equipment Operators	\$	204,190	
Truck Drivers		50,766	
Laborers		73,512	
Social Security		19,264	
Pensions		27,486	
Employer Medicare		4,499	
Other Contracted Services		19,567	
Asphalt		54,834	
Asphalt - Cold Mix		20,247	
Asphalt - Liquid		297,358	
Concrete		70	
Crushed Stone		146,407	
Pipe - Metal		11,383	
Road Signs		6,230	
Other Supplies and Materials		2,802	
Total Highway and Bridge Maintenance			938,615

Operation and Maintenance of Equipment

Mechanic(s)	\$	19,261	
Social Security		1,184	
Pensions		1,647	
Employer Medicare		277	
Maintenance and Repair Services - Equipment		10,820	
Other Contracted Services		590	
Diesel Fuel		73,781	
Equipment and Machinery Parts		31,999	
Garage Supplies		19,548	
Gasoline		20,424	
Lubricants		6,291	
Tires and Tubes		13,654	
Other Supplies and Materials		213	
Total Operation and Maintenance of Equipment			199,689

Other Charges

Liability Insurance	\$	4,301	
Trustee's Commission		15,928	
Vehicle and Equipment Insurance		38,717	
Workers' Compensation Insurance		33,330	
Total Other Charges			92,276

(Continued)

Exhibit K-9

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Employee Benefits

Medical Insurance	\$	103,966	
Unemployment Compensation		4,287	
Other Charges		2,186	
Total Employee Benefits			\$ 110,439

Capital Outlay

Engineering Services	\$	50,287	
Bridge Construction		609,079	
Building Improvements		129	
Highway Equipment		9,500	
State Aid Projects		240,014	
Total Capital Outlay			909,009

Principal on Debt

Highways and Streets

Principal on Notes	\$	28,993	
Total Highways and Streets			28,993

Interest on Debt

Highways and Streets

Interest on Notes	\$	1,264	
Total Highways and Streets			1,264

Total Highway/Public Works Fund \$ 2,437,038

General Debt Service Fund

Principal on Debt

General Government

Principal on Notes	\$	88,814	
Principal on Other Loans		137,000	
Total General Government			\$ 225,814

Interest on Debt

General Government

Interest on Notes	\$	9,420	
Interest on Other Loans		9,333	
Total General Government			18,753

Other Debt Service

General Government

Trustee's Commission	\$	7,873	
Other Debt Service		2,494	
Total General Government			10,367

Total General Debt Service Fund 254,934

(Continued)

Exhibit K-9

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

<u>Education Debt Service Fund</u>			
<u>Principal on Debt</u>			
<u>Education</u>			
Principal on Other Loans	\$	865,000	
Total Education			\$ 865,000
<u>Interest on Debt</u>			
<u>Education</u>			
Interest on Other Loans	\$	57,931	
Total Education			57,931
<u>Other Debt Service</u>			
<u>Education</u>			
Trustee's Commission	\$	6,811	
Other Debt Service		45,288	
Total Education			52,099
Total Education Debt Service Fund			\$ 975,030
<u>General Capital Projects Fund</u>			
<u>Capital Outlay</u>			
<u>Regular Capital Outlay</u>			
Advertising	\$	204	
Contracts with Private Agencies		6,000	
Engineering Services		62,417	
Freight Expenses		89	
Other Contracted Services		1,300	
Other Charges		16,240	
Building Improvements		169,445	
Furniture and Fixtures		236	
Site Development		282,514	
Other Capital Outlay		23,165	
Total Regular Capital Outlay			\$ 561,610
Total General Capital Projects Fund			561,610
Total Governmental Funds - Primary Government			<u>\$ 10,850,752</u>

Exhibit K-10

Cannon County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Cannon County School Department
For the Year Ended June 30, 2017

General Purpose School FundInstructionRegular Instruction Program

Teachers	\$	4,925,588	
Career Ladder Program		35,000	
Homebound Teachers		1,480	
Educational Assistants		108,506	
Bonus Payments		70,250	
Certified Substitute Teachers		5,362	
Non-certified Substitute Teachers		99,660	
Social Security		307,576	
Pensions		462,347	
Medical Insurance		686,651	
Unemployment Compensation		3,026	
Employer Medicare		71,981	
Instructional Supplies and Materials		78,324	
Textbooks - Bound		96,677	
Other Supplies and Materials		3,362	
Regular Instruction Equipment		58,878	
Total Regular Instruction Program			\$ 7,014,668

Alternative Instruction Program

Teachers	\$	45,824	
Social Security		2,784	
Pensions		4,143	
Medical Insurance		6,384	
Employer Medicare		651	
Total Alternative Instruction Program			59,786

Special Education Program

Teachers	\$	703,035	
Career Ladder Program		3,000	
Educational Assistants		48,477	
Speech Pathologist		92,970	
Bonus Payments		9,000	
Social Security		49,426	
Pensions		76,881	
Medical Insurance		118,115	
Employer Medicare		11,559	
Other Contracted Services		82,856	
Total Special Education Program			1,195,319

Career and Technical Education Program

Teachers	\$	379,082	
Career Ladder Program		3,000	
Educational Assistants		15,012	
Bonus Payments		5,250	
Social Security		23,348	
Pensions		36,617	

(Continued)

Exhibit K-10

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

General Purpose School Fund (Cont.)Instruction (Cont.)Career and Technical Education Program (Cont.)

Medical Insurance	\$	58,346	
Employer Medicare		5,460	
Instructional Supplies and Materials		14,447	
Total Career and Technical Education Program			\$ 540,562

Support ServicesAttendance

Supervisor/Director	\$	33,323	
Other Salaries and Wages		7,956	
Social Security		2,345	
Pensions		3,693	
Medical Insurance		4,878	
Employer Medicare		548	
Travel		862	
Other Supplies and Materials		3,854	
Total Attendance			57,459

Health Services

Supervisor/Director	\$	33,323	
Career Ladder Extended Contracts		1,200	
Medical Personnel		85,920	
Educational Assistants		8,160	
Social Security		7,257	
Pensions		10,487	
Medical Insurance		19,185	
Employer Medicare		1,697	
Communication		1,090	
Travel		7,634	
Other Contracted Services		500	
Drugs and Medical Supplies		988	
Other Supplies and Materials		15,108	
Total Health Services			192,549

Other Student Support

Guidance Personnel	\$	160,544	
Bonus Payments		3,500	
Social Security		9,209	
Pensions		14,777	
Medical Insurance		31,276	
Employer Medicare		2,154	
Evaluation and Testing		9,914	
Total Other Student Support			231,374

Regular Instruction Program

Supervisor/Director	\$	75,132	
Career Ladder Program		3,000	

(Continued)

Exhibit K-10

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

General Purpose School Fund (Cont.)Support Services (Cont.)Regular Instruction Program (Cont.)

Librarians	\$	191,198	
Educational Assistants		17,297	
Bonus Payments		3,250	
Social Security		16,898	
Pensions		24,641	
Medical Insurance		26,990	
Employer Medicare		3,952	
Travel		10,053	
Library Books/Media		21,873	
In Service/Staff Development		570	
Total Regular Instruction Program			\$ 394,854

Special Education Program

Supervisor/Director	\$	33,473	
Career Ladder Program		1,000	
Psychological Personnel		52,884	
Social Security		4,970	
Pensions		7,897	
Medical Insurance		9,738	
Employer Medicare		1,162	
Communication		595	
Travel		161	
Total Special Education Program			111,880

Career and Technical Education Program

Supervisor/Director	\$	5,492	
Social Security		311	
Pensions		497	
Employer Medicare		73	
Travel		240	
Total Career and Technical Education Program			6,613

Technology

Supervisor/Director	\$	76,252	
Instructional Computer Personnel		90,701	
Social Security		9,717	
Pensions		14,275	
Medical Insurance		23,016	
Employer Medicare		2,273	
Communication		3,448	
Internet Connectivity		57,523	
Travel		1,564	
Other Contracted Services		155	
Cabling		6,149	
Software		57,495	
Other Supplies and Materials		126	

(Continued)

Exhibit K-10

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

General Purpose School Fund (Cont.)Support Services (Cont.)Technology (Cont.)

Other Charges	\$	90	
Other Equipment		153,499	
Total Technology			\$ 496,283

Other Programs

On-behalf Payments to OPEB	\$	27,787	
Total Other Programs			27,787

Board of Education

Board and Committee Members Fees	\$	7,200	
Social Security		446	
Employer Medicare		104	
Audit Services		5,500	
Dues and Memberships		6,562	
Legal Services		2,244	
Travel		1,321	
Building and Contents Insurance		70,767	
Liability Insurance		26,857	
Trustee's Commission		64,521	
Workers' Compensation Insurance		59,267	
Criminal Investigation of Applicants - TBI		4,689	
Other Charges		7,127	
Total Board of Education			256,605

Director of Schools

County Official/Administrative Officer	\$	99,381	
Career Ladder Program		2,000	
Social Security		5,872	
Pensions		9,165	
Medical Insurance		11,346	
Employer Medicare		1,373	
Communication		10,210	
Dues and Memberships		270	
Postal Charges		2,640	
Travel		5,333	
Office Supplies		276	
Total Director of Schools			147,866

Office of the Principal

Principals	\$	470,584	
Career Ladder Program		5,000	
Assistant Principals		61,516	
Secretary(ies)		218,502	
Social Security		43,709	
Pensions		66,880	
Medical Insurance		103,896	

(Continued)

Exhibit K-10

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

General Purpose School Fund (Cont.)Support Services (Cont.)Office of the Principal (Cont.)

Employer Medicare	\$	10,222	
Communication		15,596	
Travel		6,083	
Office Supplies		1,745	
Other Charges		627	
Administration Equipment		4,000	
Total Office of the Principal			\$ 1,008,360

Fiscal Services

Accountants/Bookkeepers	\$	46,346	
Secretary(ies)		33,979	
Clerical Personnel		46,413	
Social Security		7,366	
Pensions		10,715	
Medical Insurance		17,932	
Employer Medicare		1,743	
Data Processing Services		12,850	
Travel		699	
Other Contracted Services		7,402	
Office Supplies		6,902	
Total Fiscal Services			192,347

Operation of Plant

Custodial Personnel	\$	214,964	
Social Security		12,640	
Pensions		17,668	
Medical Insurance		42,132	
Employer Medicare		2,956	
Other Contracted Services		58,081	
Electricity		438,343	
Natural Gas		43,438	
Water and Sewer		60,735	
Other Supplies and Materials		76,796	
Boiler Insurance		3,819	
Total Operation of Plant			971,572

Maintenance of Plant

Maintenance Personnel	\$	51,021	
Social Security		2,865	
Pensions		3,849	
Medical Insurance		12,173	
Employer Medicare		670	
Communication		1,275	
Other Contracted Services		107,493	
Other Supplies and Materials		12,916	
Other Charges		940	
Administration Equipment		12,360	
Total Maintenance of Plant			205,562

(Continued)

Exhibit K-10

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

General Purpose School Fund (Cont.)Support Services (Cont.)Transportation

Supervisor/Director	\$	7,956	
Bus Drivers		206,405	
Other Salaries and Wages		31,060	
Social Security		15,167	
Pensions		15,742	
Employer Medicare		3,547	
Communication		1,673	
Contracts with Parents		563	
Contracts with Vehicle Owners		206,199	
Travel		691	
Gasoline		55,953	
Tires and Tubes		10,821	
Vehicle Parts		121,763	
Vehicle and Equipment Insurance		17,894	
Other Charges		6,188	
Transportation Equipment		86,499	
Total Transportation			\$ 788,121

Operation of Non-Instructional ServicesEarly Childhood Education

Supervisor/Director	\$	37,499	
Teachers		148,500	
Clerical Personnel		9,755	
Educational Assistants		69,464	
Bonus Payments		2,750	
Non-certified Substitute Teachers		1,788	
Social Security		16,039	
Pensions		23,186	
Medical Insurance		43,757	
Employer Medicare		3,751	
Communication		2,057	
Maintenance and Repair Services - Equipment		5,150	
Travel		5,279	
Other Contracted Services		6,327	
Food Supplies		3,849	
Instructional Supplies and Materials		45,345	
Total Early Childhood Education			424,496

Capital OutlayRegular Capital Outlay

Architects	\$	29,406	
Other Contracted Services		1,000	
Building Improvements		495,035	
Data Processing Equipment		1,574	
Total Regular Capital Outlay			527,015

(Continued)

Exhibit K-10

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

General Purpose School Fund (Cont.)Other Debt ServiceEducation

Debt Service Contribution to Primary Government	\$	190,000	
Total Education			\$ 190,000

Total General Purpose School Fund \$ 15,041,078

School Federal Projects FundInstructionRegular Instruction Program

Teachers	\$	262,117	
Educational Assistants		21,972	
Bonus Payments		3,750	
Non-certified Substitute Teachers		358	
Social Security		17,211	
Pensions		25,655	
Medical Insurance		44,765	
Unemployment Compensation		523	
Employer Medicare		4,025	
Other Contracted Services		10,350	
Instructional Supplies and Materials		115,423	
Other Charges		1,369	
Total Regular Instruction Program			\$ 507,518

Special Education Program

Homebound Teachers	\$	6,436	
Educational Assistants		164,357	
Social Security		9,138	
Pensions		11,601	
Medical Insurance		80,174	
Unemployment Compensation		899	
Employer Medicare		2,139	
Other Contracted Services		137,268	
Instructional Supplies and Materials		17,619	
Other Supplies and Materials		10,791	
Special Education Equipment		7,978	
Other Equipment		2,300	
Total Special Education Program			450,700

Career and Technical Education Program

Instructional Supplies and Materials	\$	2,250	
Vocational Instruction Equipment		11,538	
Total Career and Technical Education Program			13,788

Support ServicesOther Student Support

Evaluation and Testing	\$	11,119	
Other Contracted Services		3,868	

(Continued)

Exhibit K-10

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

School Federal Projects Fund (Cont.)Support Services (Cont.)Other Student Support (Cont.)

Other Supplies and Materials	\$	2,067	
In Service/Staff Development		5,679	
Other Charges		258	
Total Other Student Support			\$ 22,991

Regular Instruction Program

Supervisor/Director	\$	37,499	
Social Security		2,136	
Pensions		3,390	
Medical Insurance		4,207	
Unemployment Compensation		48	
Employer Medicare		500	
Travel		2,823	
Food Supplies		400	
In Service/Staff Development		37,399	
Total Regular Instruction Program			88,402

Special Education Program

Supervisor/Director	\$	33,473	
Social Security		1,839	
Pensions		3,026	
Medical Insurance		4,268	
Unemployment Compensation		48	
Employer Medicare		430	
Maintenance and Repair Services - Equipment		400	
Travel		2,700	
Other Supplies and Materials		4,681	
In Service/Staff Development		9,537	
Total Special Education Program			60,402

Career and Technical Education Program

Supervisor/Director	\$	1,369	
Social Security		80	
Pensions		141	
Total Career and Technical Education Program			1,590

Board of Education

Criminal Investigation of Applicants - TBI	\$	33	
Total Board of Education			33

Transportation

Other Salaries and Wages	\$	18,129	
Social Security		1,119	
Pensions		35	
Medical Insurance		571	
Unemployment Compensation		108	

(Continued)

Exhibit K-10

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

<u>School Federal Projects Fund (Cont.)</u>			
<u>Support Services (Cont.)</u>			
<u>Transportation (Cont.)</u>			
Employer Medicare	\$	262	
Maintenance and Repair Services - Vehicles		<u>4,926</u>	
Total Transportation			<u>\$ 25,150</u>
Total School Federal Projects Fund			\$ 1,170,574
<u>Central Cafeteria Fund</u>			
<u>Operation of Non-Instructional Services</u>			
<u>Food Service</u>			
Supervisor/Director	\$	49,800	
Accountants/Bookkeepers		23,211	
Cafeteria Personnel		341,546	
Social Security		24,066	
Pensions		33,348	
Medical Insurance		82,585	
Unemployment Compensation		673	
Employer Medicare		5,628	
Communication		2,223	
Data Processing Services		4,719	
Maintenance and Repair Services - Equipment		13,706	
Travel		36	
Other Contracted Services		4,280	
Food Supplies		360,687	
Office Supplies		1,465	
USDA - Commodities		68,740	
Other Supplies and Materials		56,757	
Other Charges		1,264	
Food Service Equipment		<u>5,088</u>	
Total Food Service			<u>\$ 1,079,822</u>
Total Central Cafeteria Fund			<u>1,079,822</u>
Total Governmental Funds - Cannon County School Department			<u>\$ 17,291,474</u>

Exhibit K-11

Cannon County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2017

	Cities - Sales Tax Fund
<u>Cash Receipts</u>	
Local Option Sales Tax	<u>\$ 411,550</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 407,435
Trustee's Commission	<u>4,115</u>
Total Cash Disbursements	<u>\$ 411,550</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0
Cash Balance, July 1, 2016	<u>0</u>
Cash Balance, June 30, 2017	<u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Chief of Staff

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

Cannon County Executive and
Board of County Commissioners
Cannon County, Tennessee

To the County Executive 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 Cannon County, Tennessee, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Cannon County's basic financial statements, and have issued our report thereon dated January 30, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Cannon 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 Cannon County's internal control. Accordingly, we do not express an opinion on the effectiveness of Cannon County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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. We consider one deficiency described in

the accompanying Schedule of Findings and Questioned Costs to be a material weakness: 2017-001.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies, described in the accompanying Schedule of Findings and Questioned Costs, to be significant deficiencies: 2017-003 and 2017-004(A).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cannon 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: 2017-002, 2017-004(B), and 2017-005.

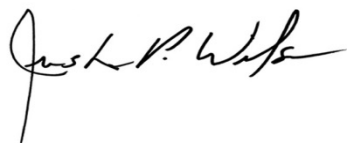
Cannon County's Responses to Findings

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

Purpose of this Report

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

January 30, 2018

JPW/kp



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Chief of Staff

**Independent Auditor's Report on Compliance for Each Major Program and on
Internal Control Over Compliance and on the Schedule of Expenditures of
Federal Awards Required by the Uniform Guidance**

Cannon County Executive and
Board of County Commissioners
Cannon County, Tennessee

To the County Executive and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Cannon 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 Cannon County's major federal programs for the year ended June 30, 2017. Cannon County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Cannon 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 Cannon 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 Cannon County's compliance.

Opinion on Each Major Federal Program

In our opinion, Cannon 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, 2017.

Report on Internal Control Over Compliance

Management of Cannon 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 Cannon 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 Cannon 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.

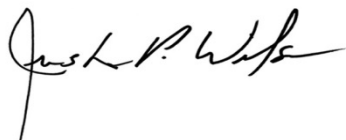
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any 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 Cannon County, Tennessee, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Cannon County's basic financial statements. We issued our report thereon dated January 30, 2018, 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

January 30, 2018

JPW/kp

Cannon County, Tennessee, and the Cannon County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2)
For the Year Ended June 30, 2017

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Education:			
Child Nutrition Cluster: (4)			
School Breakfast Program	10.553	N/A	\$ 198,773
National School Lunch Program	10.555	N/A	500,167 (5)
Passed-through State Department of Agriculture:			
Child Nutrition Cluster: (4)			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	69,800 (5) (6)
Total U.S. Department of Agriculture			<u>\$ 768,740</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Housing Development Agency:			
Home Investment Partnership Program	14.239	(3)	<u>\$ 190,616</u>
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	(3)	<u>\$ 45</u>
U.S. Department of Labor:			
Passed-through Upper Cumberland Human Resource Agency:			
WIA Youth Activities	17.259	(3)	<u>\$ 2,000</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Open Container Requirements	20.607	(7)	<u>\$ 11,178</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 547,979
Special Education Cluster:(4)			
Special Education - Grants to States	84.027	N/A	527,512
Special Education - Preschool Grants	84.173	N/A	17,715
Career and Technical Education - Basic Grants to States	84.048	N/A	31,912
Improving Teacher Quality State Grants	84.367	N/A	62,803
Total U.S. Department of Education			<u>\$ 1,187,921</u>
U.S. Department of Health and Human Services:			
Passed-through State Department of Health:			
Health Infrastructure Investment Program	93.526	N/A	\$ 247,180
Passed-through State Department of Education:			
Child Care and Development Block Grant	93.575	N/A	14,545
Total U.S. Department of Health and Human Services			<u>\$ 261,725</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Homeland Security Grant Program	97.067	(3)	<u>\$ 32,013</u>
Total Expenditures of Federal Awards			<u>\$ 2,454,238</u>

(Continued)

Cannon County, Tennessee, and the Cannon 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	Contract Number	Expenditures
<u>State Grants</u>			
Juvenile Justice State Supplement Funds - State Commission on Children and Youth	N/A	(3)	\$ 9,000
Litter Program - State Department of Transportation	N/A	(3)	32,059
Tennessee Agricultural Enhancement Program - State Department of Agriculture	N/A	(3)	698
Local Health Services - Special Needs Grant - State Department of Health	N/A	GG-17-52208-00	121,240
Rural Access to Health and Healthy Active Built Environments - State Department of Health	N/A	Z-17-150836-00	10,000
Rural Local Health Services - State Department of Health	N/A	GG-17-50127-00	25,496
Three Star Program Enhancement Program - State Department of Economic and Community Development	N/A	(3)	9,480
Three Star Program - State Department of Economic and Community Development	N/A	(3)	10,000
Lottery for Education Afterschool Programs (LEAPs) - State Department of Education	N/A	(3)	139,251
Internet Connectivity - State Department of Education	N/A	(3)	5,159
Early Childhood Education - State Department of Education	N/A	(3)	412,912
Coordinated School Health - State Department of Education	N/A	(3)	90,000
Safe Schools - State Department of Education	N/A	(3)	11,790
Read to be Ready - State Department of Education	N/A	(3)	5,000
Total State Grants			<u>\$ 882,085</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) Cannon County elected not to use the 10% de minimus cost rate permitted in the Uniform Guidance.
(3) Information not available.
(4) Child Nutrition Cluster total \$768,740; Special Education Cluster total \$545,227.
(5) Total for CFDA No. 10.555 is \$569,967.
(6) Commodities Noncash Assistance - \$68,740; Commodities Rebate - \$1,060.
(7) Z-16-GHS051-00: \$6,650; Z-17-THS116-00: \$4,528.

Cannon County, Tennessee
Summary Schedule of Prior-year Findings
For the Year Ended June 30, 2017

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 Cannon County, Tennessee, for the year ended June 30, 2017.

Prior-year Financial Statement Findings

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
-------------	-------------	----------------	------------------	-------------	----------------

OFFICE OF COUNTY MAYOR

2016	188	2016-001	The General and Other Special Revenue (REACH Program) Funds had Deficits in Unassigned Fund Balance	N/A	Not Corrected - See Explanation on Corrective Action Plan
2016	189	2016-002	Expenditures Exceeded Appropriations	N/A	Not Corrected - See Explanation on Corrective Action Plan
2016	189	2016-003	Some Funds of the REACH Program were not Deposited within Three Days of Collection	N/A	Corrected
2016	190	2016-004	The County did not Require a Vendor to Comply with Contract Terms	N/A	Not Corrected - See Explanation on Corrective Action Plan

Prior-year Federal Awards Findings

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

CANNON COUNTY, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2017

PART I, SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

1. Our report on the financial statements of Cannon County is unmodified.
2. Internal Control Over Financial Reporting:
 - * Material weakness identified? **YES**
 - * 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
 - * CFDA Number : 84.010 Title I Grants to Local Educational Agencies
8. Dollar threshold used to distinguish between Type A and Type B Programs. **\$750,000**
9. Auditee qualified as low-risk auditee? **NO**

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.

OFFICE OF COUNTY EXECUTIVE

FINDING 2017-001

THE GENERAL AND SOLID WASTE/SANITATION FUNDS HAD DEFICITS IN UNASSIGNED FUND BALANCE

(Internal Control – Material Weakness Under Government Auditing Standards)

The General and the Solid Waste/Sanitation funds had deficits in unassigned fund balance of \$132,455 and \$1,447, respectively, at June 30, 2017. These deficits resulted from a lack of management oversight, which allowed expenditures to exceed available funds. Also, these deficits resulted from management's failure to correct the finding noted in the prior-year audit report, and management's failure to implement their corrective action plan. Sound business practice dictates that expenditures should be held within available funding.

RECOMMENDATION

Officials should liquidate the deficits in unassigned fund balance. Steps should be taken to ensure expenditures are held within available funding.

MANAGEMENT'S RESPONSE – COUNTY EXECUTIVE

I concur with this finding. The fund balance in the County General Fund has been decreasing since 2009. The county commission approved a plan of action on February 2, 2017, to have a sufficient fund balance of \$1,000,000 in five years from the 2016-2017 budget.

The property tax rate levied and allocated to the Solid Waste/Sanitation Fund budget has been cut since 2013. In 2006 it was \$.17 and is currently \$.15. This has reduced the fund balance to a level that makes it difficult to operate the department. The equipment is very old and worn out requiring a lot of maintenance. An amendment was presented to the county commission on June 29, 2017, to transfer \$23,000 from the County General Fund to the Solid Waste/Sanitation Fund; however, the amendment failed.

FINDING 2017-002

THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS

(Noncompliance Under *Government Auditing Standards*)

Our examination revealed the following deficiencies in budget operations:

- A. Total expenditures of the Solid Waste/Sanitation Fund exceeded total appropriations approved by the county commission by \$21,816.
- B. Expenditures exceeded appropriations approved by the county commission in the Jail (\$35,224) and County Coroner/Medical Examiner (\$1,500) major appropriation categories (the legal level of control) in the General Fund.
- C. Salaries exceeded appropriations in ten of the 122 salary line-items of the General and Solid Waste/Sanitation funds by amounts ranging from \$1 to \$4,035. The budget resolution approved by the county commission states that the salary, wages, or remuneration of each official, employee, or agent of the county will not exceed appropriations that accompany the resolution. Therefore, the salaries that exceeded line-item appropriations were expenditures not approved by the county commission.

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 of the various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies.” These deficiencies exist because management failed to hold spending to the limits authorized by the county commission, which resulted in unauthorized expenditures, management’s failure to correct the finding noted in the prior-year audit report, and managements failure to implement their corrective action plan.

RECOMMENDATION

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

MANAGEMENT’S RESPONSE – COUNTY EXECUTIVE

I concur with this finding.

- A. The expenditures in Solid Waste exceeded the budget largely due to the increasing amount of maintenance required to keep the old and outdated equipment running and also the budget cuts made over the past two years. On December 20, 2016, in special called session, the county commission voted for each department to cut their budgets by 2.5%. The Solid Waste budget took a larger cut, which amounted to \$17,934.

- B. Expenditures in the Jail category exceeded approved appropriations by \$35,221. An amendment was presented to the county commission on June 29, 2017, to transfer funds for the Sheriff's Budget from fund balance, and the amendment failed to get a motion. The Medical Examiner's budget was amended at the June 1, 2017, county commission meeting, but an unexpected invoice was received in July for \$1,500.
 - C. The Election Office clerical line (51500-162) was entered into the computer incorrectly. The other lines were over as well, and it was overlooked to present an amendment to the commission. Again, the Sheriff's Department presented an amendment to the commission on June 29, 2017, that failed.
-

FINDING 2017-003

THE COUNTY DID NOT REQUIRE A VENDOR TO COMPLY WITH CONTRACT TERMS

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

The following was disclosed in the prior-year audit report: On January 15, 2013, the county awarded a bid and entered into a three-year contract with Pemberton Trucking Company to provide hauling of the county's solid waste to a disposal site. A portion of this contract stated, "at the end of the term the contract may be extended for two additional years upon the written consent of the parties." On February 1, 2016, an extension was signed by the county and Pemberton Trucking Company. The county did not require the vendor to comply with the terms stipulated in the contract. The original contract specified that the vendor would "provide a minimum of two road worthy and properly maintained semi-tractor trucks available at all times" and that the vendor "shall maintain a general liability insurance policy on trucks in the minimum amount of \$2,000,000 naming and maintaining Cannon County as an additional insured under the insurance policy." During the audit, we contacted Pemberton Trucking and were informed that the company only operated one truck. We also noted in reviewing the insurance records maintained by the county that the company's general liability insurance policy on file in Cannon County had expired March 1, 2005. When this was pointed out to county officials, a new policy dated June 13, 2016, was filed in the County Executive's Office, which stated a coverage period of February 27, 2016, to February 27, 2017. However, this policy was for general liability totaling \$1,000,000, which is only one-half of the coverage required by the contract.

During the current-year audit, we noted that the county continued with the same extended contract as noted above even though management was aware the vendor had not complied with the original terms of the contract. During the fiscal year, the vendor was paid \$184,300 to haul the county's solid waste and scrap metal.

These deficiencies were the result of a lack of management oversight and appear to leave the county in a position where it could potentially suffer substantial loss. Also, these deficiencies were the result of management's failure to correct the finding noted in the prior-year audit report, and management's failure to implement their corrective action plan.

RECOMMENDATION

The county should take steps to correct the above-noted deficiencies and require the vendor to comply with the terms specified in the contract.

MANAGEMENT'S RESPONSE – COUNTY EXECUTIVE

I concur with this finding. The Pemberton contract is up February 1, 2018, and will be corrected when a new contract is in place.

FINDING 2017-004

THE OFFICE HAD DEFICIENCIES IN PURCHASING PROCEDURES

(A. – Internal Control – Significant Deficiency Under *Government Auditing Standards*; B. – Noncompliance Under *Government Auditing Standards*)

As part of our audit procedures for determining whether the purchasing process was operating as designed, we selected a sample of 64 disbursements totaling \$189,091 from a population of 2,181 vendor checks totaling \$4,538,215. Our examination revealed the following deficiencies, which are the result of a lack of management oversight.

- A. Our examination revealed that purchase orders were issued after the invoice date in five of ten applicable purchases. Purchase orders are necessary to control who has purchasing authority for the county and to document purchase commitments. This practice defeats the purpose of the purchase order and makes it an approval of payment rather than an approval of the purchase.
- B. The county purchased emergency communications equipment (\$10,820) and firefighter equipment (\$25,919) without documentation that competitive bids had been properly solicited. Sections 5-14-201 through 5-14-206, *Tennessee Code Annotated*, require public advertisement and solicitation of competitive bids on purchases exceeding \$10,000. As a result, the lowest and best price may not have been obtained for these items.

RECOMMENDATION

To strengthen internal controls over purchasing procedures and to document purchasing commitments, the office should issue purchase orders for all applicable purchases before purchases are made. Purchases exceeding \$10,000 should be competitively bid as required by state statutes.

MANAGEMENT'S RESPONSE – COUNTY EXECUTIVE

I concur with this finding.

- A. Sometimes departments are required to make purchases on Wednesday when the County Executive's Office is closed. We will make sure to note on the

invoice the circumstances when purchases are made before the purchase order date. Also, we will send a letter to all department heads to make sure they request a purchase order before the purchase is made.

- B. The Rescue Squad and Fire Department both purchased radios and since they were for two different departments, there were two invoices. The Fire Department radios totaled \$9,483 and the Rescue Squad totaled \$1,337, therefore, we didn't feel bids needed to be solicited. Two bids were solicited for the turn out gear. Mid-South Emergency Equipment's bid was \$28,098 and M3 Fire Apparatus' bid was \$29,106. These were attached to the invoice.

AUDITOR'S COMMENT

There were two invoices for the radios; however, the order for the radios for both departments was placed at the same time by the same department head. Sections 5-14-201 through 5-14-206, *Tennessee Code Annotated*, require public advertisement and solicitation of competitive bids on purchases exceeding \$10,000. Competitive bids were not solicited for the purchase of the turn out gear. The county did not publicly advertise for bids, but instead solicited two quotes from the companies mentioned, which were attached to the invoice.

FINDING 2017-005

THE OFFICE HAD DEFICIENCIES RELATED TO TRAVEL REIMBURSEMENTS

(Noncompliance Under *Government Auditing Standards*)

During our review of the county's purchasing procedures, we reviewed a total of 23 payments made for travel reimbursements. Our review revealed the following deficiencies, which were the result of a lack of management oversight and the office's failure to adhere to the county's established travel policy:

- A. In ten of the 23 reimbursements, the office reimbursed employees without receiving the proper travel reimbursement claim forms to document travel expenses. The county travel policy states, "County officials and/or employees shall submit claims for reimbursement for travel expense on the county travel reimbursement form. The reimbursement form must have an original signature of the persons for which reimbursement is claimed and signed by the county official or person who directs the employee's travel." Without the required forms, we were unable to verify that the reimbursements were for authorized travel-related expenses.
- B. In two of the 23 reimbursements, the office reimbursed employees for lodging without proper supporting documentation. Payments totaling \$876 were made without hotel receipts to support the reimbursement request. The county travel policy states, "lodging receipts are required and must itemize room charges and taxes by date."
- C. In nine of the 23 reimbursements, the office reimbursed employees using actual meal receipts as documentation, and in two of 23 reimbursement

requests, the office reimbursed employees for meals even when there was no overnight travel. The county travel policy states, “the maximum per diem rates include a fixed allowance for meals and incidental expenses (M &I). The M & I rate, or fraction thereof, is payable to the traveler without itemization of expenses or receipts. Incidentals are intended to include miscellaneous costs associated with travel such as tips for baggage handling, phone calls to home, etc. Reimbursement is made only when overnight travel is required.”

- D. In four of the 23 reimbursements, the office reimbursed employees using gas receipts as documentation. The county travel policy states, “reimbursement for the use of personally owned cars is at the standard mileage rate.” We also noted one instance in which the office reimbursed an employee \$50 for mileage without requiring the employee to give details of the mileage driven. These claims included a total number of miles for which the employee was requesting reimbursement; however, no details of departure or destination locations were documented on the form. Without this basic information, neither the office nor the auditors could determine if the amount of mileage reimbursed was accurate.

RECOMMENDATION

County officials and employees should comply with the county’s travel policy when requesting reimbursements for travel related expenses. Reimbursements should not be made to employees who do not comply with established policy.

MANAGEMENT’S RESPONSE – COUNTY EXECUTIVE

I concur with this finding. Each department has the responsibility to know and follow the Travel Reimbursement Policy. We will more closely examine travel reimbursement requests to ensure all departments comply with the policy. After discussing this matter with the auditor, we need to follow the current policy or have a new one approved by the commission. We will continue to follow the state policy and will send a letter to each department with a copy of the state policy.

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, 2017.

Cannon County, Tennessee
Management's Corrective Action Plan
For the Year Ended June 30, 2017

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
-------------------	------------------	---------------------------------------

OFFICE OF COUNTY EXECUTIVE

2017-001	The General and Solid Waste/Sanitation funds had deficits in unassigned fund balance.	192
2017-002	The office had deficiencies in budget operations.	192-193
2017-003	The county did not require a vendor to comply with contract terms.	193
2017-004	The office had deficiencies in purchasing procedures.	193-194
2017-005	The office had deficiencies related to travel reimbursements.	194



MIKE GANNON
County Executive of Cannon County

200 W. Main St. • Woodbury, TN 37190 • 615-563-2320 • Fax: 615-563-2319 • Email: cannonex@dtccom.net

Corrective Action Plan

FINDING: **THE GENERAL AND SOLID WASTE/SANITATION FUNDS HAD DEFICITS IN UNASSIGNED FUND BALANCE**

Response and Corrective Action Plan Prepared by:
Mike Gannon, County Executive and Diane Hickman, County Bookkeeper

Person Responsible for Implementing the Corrective Action:
County Commissioners and County Executive

Anticipated Completion Date of Corrective Action:
2021/2022 is the date the Commission has set to have a \$1M fund balance in the general fund.

Repeat Finding:
Yes

Reason Corrective Action was Not Taken in the Prior Year:
Action was taken on February 2, 2017 for the General Fund by the County Commission.

Planned Corrective Action:
The County Commission adopted a Plan of Action on February 2, 2017 to have a sufficient fund balance of \$1,000,000 in five years from the 16/17 budget year. A fund balance policy was also approved the same date stating the fund balance should be calculated at 25% of the current year appropriations in the General and Solid Waste Funds.

FINDING: **THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS**

Response and Corrective Action Plan Prepared by:
Mike Gannon, County Executive and Diane Hickman, County Bookkeeper

Person Responsible for Implementing the Corrective Action:
County Commissioners and County Executive

Anticipated Completion Date of Corrective Action:

June 30, 2018

Repeat Finding:

Yes for some departments

Reason Corrective Action was Not Taken in the Prior Year:

With budgets cuts in some departments and budget amendments not approved by the County Commission, most of these were unavoidable.

Planned Corrective Action:

All departments should work within their approved budget.

FINDING:

THE COUNTY DID NOT REQUIRE A VENDOR TO COMPLY WITH CONTRACT TERMS

Response and Corrective Action Plan Prepared by:

Mike Gannon, County Executive

Person Responsible for Implementing the Corrective Action:

Mike Gannon, County Executive

Anticipated Completion Date of Corrective Action:

February 2018

Repeat Finding:

Yes

Reason Corrective Action was Not Taken in the Prior Year:

The current contract didn't expire until February 1, 2018.

Planned Corrective Action:

When a new contract is awarded, it will be reviewed by the County Attorney, County Executive and vendor so there is no misunderstanding.

FINDING:

THE OFFICE HAD DEFICIENCIES IN PURCHASING PROCEDURES

Response and Corrective Action Plan Prepared by:

Mike Gannon, County Executive and Diane Hickman, County Bookkeeper

Person Responsible for Implementing the Corrective Action:

Mike Gannon, County Executive and Diane Hickman, County Bookkeeper

Anticipated Completion Date of Corrective Action:

February 28, 2018

Repeat Finding:

No

Planned Corrective Action:

A letter will be sent to all department heads by the end of February, 2018 requiring that all purchase orders be requested before the purchase date. A copy of the letter will be forwarded to Audit.

FINDING: THE OFFICE HAD DEFICIENCIES RELATED TO TRAVEL REIMBURSEMENTS**Response and Corrective Action Plan Prepared by:**

Mike Gannon, County Executive and Diane Hickman, County Bookkeeper

Person Responsible for Implementing the Corrective Action:

Mike Gannon, County Executive and Diane Hickman, County Bookkeeper

Anticipated Completion Date of Corrective Action:

February 28, 2018

Repeat Finding:

No

Planned Corrective Action:

A letter will be sent to every department with a copy of the state's travel policy. We will more closely examine the travel reimbursement requests to ensure all departments comply with the policy. A copy of the letter will be forwarded to Audit.

Signature: _____

1/16/18 - 1-30-18

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 Cannon County.

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

Cannon County does not have a central system of accounting, budgeting, and purchasing. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the county commission resulting in decentralization and some duplication of effort. The Division of Local Government Audit strongly believes that the adoption of a central system of accounting, budgeting, and purchasing is a best practice that would significantly improve accountability and the quality of services provided to the citizens of Cannon 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.