

ANNUAL FINANCIAL REPORT
CANNON COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2015



DIVISION OF LOCAL GOVERNMENT AUDIT



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

***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***

***BRANDON MARKS
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
Statement of Activities	B	16-17
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C-1	18-19
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	C-2	20
Statement of Revenues, Expenditures, and Changes in Fund Balances	C-3	21-22
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-4	23
Statements of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
General Fund	C-5	24-25
Ambulance Service Fund	C-6	26
Highway/Public Works Fund	C-7	27
Fiduciary Funds:		
Statement of Fiduciary Assets and Liabilities	D	28
Index and Notes to the Financial Statements		29-82
REQUIRED SUPPLEMENTARY INFORMATION:		83
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on Participation in the Public Employee Pension Plan of TCRS – Primary Government	E-1	84
Schedule of Contributions Based on Participation in the Public Employee Pension Plan of TCRS – Primary Government	E-2	85
Schedule of Contributions Based on Participation in the Teacher Retirement Plan of TCRS – Discretely Presented Cannon County School Department	E-3	86

	Exhibit	Page(s)
Schedule of Contributions Based on Participation in the Teacher Legacy Pension Plan of TCRS – Discretely Presented Cannon County School Department	E-4	87
Schedule of Proportionate Share of the Net Pension Asset in the Teacher Legacy Pension Plan of TCRS – Discretely Presented Cannon County School Department	E-5	88
Schedule of Funding Progress – Other Postemployment Benefits Plan – Discretely Presented Cannon County School Department	E-6	89
Notes to the Required Supplementary Information		90
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		91
Nonmajor Governmental Funds:		92
Combining Balance Sheet	F-1	93-96
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	F-2	97-98
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
Solid Waste/Sanitation Fund	F-3	99
Drug Control Fund	F-4	100
REACH Program Fund	F-5	101
Major Governmental Fund:		102
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget:		
General Debt Service Fund	G	103
Fiduciary Funds:		104
Combining Statement of Fiduciary Assets and Liabilities	H-1	105
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	H-2	106
Component Unit:		
Discretely Presented Cannon County School Department:		107
Statement of Activities	I-1	108
Balance Sheet – Governmental Funds	I-2	109
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	I-3	110
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	I-4	111
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	I-5	112
Combining Balance Sheet - Nonmajor Governmental Funds	I-6	113
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	I-7	114
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Purpose School Fund	I-8	115-116
School Federal Projects Fund	I-9	117
Central Cafeteria Fund	I-10	118

	Exhibit	Page(s)
Miscellaneous Schedules:		119
Schedule of Changes in Long-term Notes and Other Loans	J-1	120
Schedule of Long-term Debt Requirements by Year	J-2	121
Schedule of Investments	J-3	122
Schedule of Notes Receivable	J-4	123
Schedule of Transfers – Primary Government and Discretely Presented Cannon County School Department	J-5	124
Schedule of Salaries and Official Bonds of Principal Officials – Primary Government and Discretely Presented Cannon County School Department	J-6	125
Schedule of Detailed Revenues – All Governmental Fund Types	J-7	126-135
Schedule of Detailed Revenues – All Governmental Fund Types – Discretely Presented Cannon County School Department	J-8	136-138
Schedule of Detailed Expenditures – All Governmental Fund Types	J-9	139-153
Schedule of Detailed Expenditures – All Governmental Fund Types – Discretely Presented Cannon County School Department	J-10	154-162
Schedule of Detailed Receipts, Disbursements, and Changes in Cash Balance – City Agency Fund	J-11	163
 <u>SINGLE AUDIT SECTION</u>		 164
Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>		165-166
Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133		167-169
Schedule of Expenditures of Federal Awards and State Grants		170-171
Schedule of Audit Findings Not Corrected		172
Schedule of Findings and Questioned Costs		173-177
Best Practice		178
Auditee Reporting Responsibilities		179

Summary of Audit Findings

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

Scope

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

Results

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

Our audit resulted in four findings and recommendations, which we have reviewed with Cannon County management. Detailed findings and recommendations 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 REACH Program funds had deficits in unassigned fund balance.
- ◆ Expenditures exceeded appropriations.
- ◆ The county has not properly complied with local legislation regarding wheel tax collections.

OFFICE OF ROAD SUPERVISOR

- ◆ The Highway/Public Works Fund required material audit adjustments for proper financial statement presentation.

INTRODUCTORY SECTION

Cannon County Officials
June 30, 2015

Officials

Mike Gannon, County Executive
Wayne Hancock, Road Supervisor
Barbara Parker, Director of Schools
Norma Knox, Trustee
Donald Preston, 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

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

Highway Commission

Jerry Pelham, Chairman	
Doyle Duke	James Hancock

Board of Education

Randy Gannon, Chairman	
Bruce Daniel	Frank Walkup
Nathan Sanders	Shelley Walkup

Audit Committee

Gary Hancock, Chairman	
Gina Burke	Jackie Pitts
Clyde Bush	Glenn Steakley

FINANCIAL SECTION



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

Independent Auditor's Report

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, 2015, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Cannon County Industrial Development Board, which represent 11.5 percent, 13.4 percent, and 1.5 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Also, we did not audit the financial statements of the Cannon County Emergency Communications District, which represent 4.2 percent, 4.9 percent, and 2.7 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have

been furnished to us, and our opinion, insofar as it relates to the amounts included for the Cannon County Industrial Development Board and Cannon County Emergency Communications District, is based solely on the reports of the other auditors. 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, based on our audit and the report of other auditors, 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, 2015, and the respective changes in financial position and the respective budgetary comparisons 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.

Change in Accounting Principle

As described in Note V.B., Cannon County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*; GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*; and GASB Statement No. 71 *Pension Transition for Contributions made Subsequent to the Measurement Date*. Our opinion is not modified with respect to these matters.

Emphasis of Matter

We draw attention to Note I.D.8. to the financial statements, which describes a restatement decreasing the beginning Governmental Activities net position by \$98,538 and the discretely presented Cannon County School Department's net position by \$2,707,468 on the

Government-wide Statement of Activities. These restatements were necessary because of the transitional requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the schedule of changes in the county's net pension liability and related ratios, schedules of county and school contributions, schedule of school's proportionate share of the net pension liability, and schedule of funding progress – other postemployment benefits plans on pages 84-90 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 Fund, 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 combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Cannon County School Department (a discretely presented component unit), and the miscellaneous schedules are the

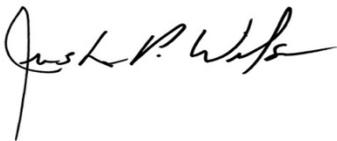
responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2016, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cannon County’s internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

January 25, 2016

JPW/kp

BASIC FINANCIAL STATEMENTS

Exhibit A

Cannon County, Tennessee
Statement of Net Position
June 30, 2015

	Primary Governmental Activities	Component Units		
		Cannon County School Department	Cannon County Industrial Development Board	Cannon County Emergency Communications District
<u>ASSETS</u>				
Cash	\$ 10,459	\$ 100	\$ 184,239	\$ 124,052
Equity in Pooled Cash and Investments	4,108,681	3,908,903	0	128
Accounts Receivable	573,695	288	0	0
Allowance for Uncollectibles	(339,041)	0	0	0
Due from Other Governments	430,042	314,434	0	0
Property Taxes Receivable	3,768,773	2,010,012	0	0
Allowance for Uncollectible Property Taxes	(92,776)	(49,480)	0	0
Notes Receivable - Long-term	80,111	0	0	0
Net Pension Asset - Agent Plan	252,784	396,173	0	0
Net Pension Asset - Cost-sharing Plan	0	32,096	0	0
Capital Assets:				
Assets Not Depreciated:				
Land	279,849	170,879	372,500	20,000
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	2,721,806	9,342,239	1,727,441	228,149
Other Capital Assets	1,187,695	590,935	0	458,088
Infrastructure	12,263,463	0	0	0
Total Assets	<u>\$ 25,245,541</u>	<u>\$ 16,716,579</u>	<u>\$ 2,284,180</u>	<u>\$ 830,417</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred Charge on Refunding	\$ 0	\$ 0	\$ 0	\$ 0
Pension Changes in Experience	0	77,921	0	0
Pension Changes in Other Deferrals	0	7,690	0	0
Pension Changes in Contributions after Measurement Date	252,197	820,490	0	0
Total Deferred Outflows of Resources	<u>\$ 252,197</u>	<u>\$ 906,101</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 111,556	\$ 0	\$ 0	\$ 22,717
Payroll Deductions Payable	2,816	0	0	0
Accrued Interest Payable	13,738	0	0	0
Due to State of Tennessee	0	361	0	0
Other Current Liabilities	0	0	0	14,050
Noncurrent Liabilities:				
Due Within One Year	1,044,953	44,242	48,988	5,541
Due in More Than One Year	7,582,911	529,781	274,723	74,570
Total Liabilities	<u>\$ 8,755,974</u>	<u>\$ 574,384</u>	<u>\$ 323,711</u>	<u>\$ 116,878</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Revenue - Current Property Taxes	\$ 3,552,370	\$ 1,894,598	\$ 0	\$ 0
Pension Changes in Experience	60,436	94,717	0	0
Pension Changes in Investment Earnings	275,288	3,075,940	0	0
Total Deferred Inflows of Resources	<u>\$ 3,888,094</u>	<u>\$ 5,065,255</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>NET POSITION</u>				
Net Investment in Capital Assets	\$ 15,170,533	\$ 10,104,053	\$ 1,776,230	\$ 626,126
Restricted for:				
General Government	4,684	0	0	0
Finance	4,764			
Administration of Justice	27,808	0	0	0
Public Safety	287,681	0	0	0
Public Health and Welfare	150,936	0	0	0
Highway/Public Works	1,139,070	0	0	0
Education	0	604,116	0	0
Debt Service	2,898,965	0	0	0
Other Purposes	252,784	0	0	0
Unrestricted	<u>(7,083,555)</u>	<u>1,274,872</u>	<u>184,239</u>	<u>87,413</u>
Total Net Position	<u>\$ 12,853,670</u>	<u>\$ 11,983,041</u>	<u>\$ 1,960,469</u>	<u>\$ 713,539</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, 2015

Functions/Programs	Net (Expense) Revenue and Changes in Net Position							
	Expenses	Program Revenues			Primary Governmental Activities	Component Units		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Cannon County School Department	Cannon County Industrial Development Board	Cannon County Emergency Communications District
Primary Government:								
Governmental Activities:								
General Government	\$ 977,610	\$ 52,202	\$ 131,556	\$ 0	\$ (793,852)	\$ 0	\$ 0	\$ 0
Finance	449,238	320,835	0	0	(128,403)	0	0	0
Administration of Justice	453,427	319,516	9,000	0	(124,911)	0	0	0
Public Safety	2,609,461	210,746	0	256,873	(2,141,842)	0	0	0
Public Health and Welfare	1,692,914	520,148	411,476	41,609	(719,681)	0	0	0
Social, Cultural, and Recreational Services	460,461	57,068	0	0	(403,393)	0	0	0
Agriculture and Natural Resources	59,601	30,960	181,713	0	153,072	0	0	0
Highways/Public Works	2,136,998	52,846	1,418,226	853,357	187,431	0	0	0
Education	53,391	0	0	250,000	196,609	0	0	0
Interest on Long-term Debt	44,098	0	0	0	(44,098)	0	0	0
Total Governmental Activities	\$ 8,937,199	\$ 1,564,321	\$ 2,151,971	\$ 1,401,839	\$ (3,819,068)	\$ 0	\$ 0	\$ 0
Total Primary Government	\$ 8,937,199	\$ 1,564,321	\$ 2,151,971	\$ 1,401,839	\$ (3,819,068)	\$ 0	\$ 0	\$ 0
Component Units:								
School Department	\$ 15,594,018	\$ 306,390	\$ 1,685,550	\$ 0	\$ 0	\$ (13,602,078)	\$ 0	\$ 0
Industrial Development Board	297,345	152,830	0	104,000	0	0	(40,515)	0
Emergency Communications District	612,841	55,660	145,815	0	0	0	0	(411,366)
Total Component Units	\$ 16,504,204	\$ 514,880	\$ 1,831,365	\$ 104,000	\$ 0	\$ (13,602,078)	\$ (40,515)	\$ (411,366)

(Continued)

Exhibit B

Cannon County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Total Governmental Activities	Component Units		
						Cannon County School Department	Cannon County Industrial Development Board	Cannon County Emergency Communications District
General Revenues:								
Taxes:								
Property Taxes Levied for General Purposes					\$ 3,559,014	\$ 1,934,500	\$ 0	\$ 0
Property Taxes Levied for Debt Service					68,166	0	0	0
Local Option Sales Taxes					204,548	602,225	0	0
Wheel Tax					658,997	0	0	0
Litigation Tax - General					49,244	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse					103,871	0	0	0
Business Tax					48,943	0	0	0
Wholesale Beer Tax					55,048	0	0	0
Mineral Severance Tax					57,149	0	0	0
Other Local Taxes					3,463	1,356	0	0
Grants and Contributions Not Restricted to Specific Programs					132,930	12,015,313	0	235,309
Unrestricted Investment Earnings					24,358	94	0	245
Miscellaneous					33,677	83,790	0	43,680
Pension Income					15,598	50,691	0	0
Total General Revenues					\$ 5,015,006	\$ 14,687,969	\$ 0	\$ 279,234
Change in Net Position					\$ 1,195,938	\$ 1,085,891	\$ (40,515)	\$ (132,132)
Restatement - See Note I.D.8					(98,538)	(2,707,468)	0	0
Net Position, July 1, 2014					11,756,270	13,604,618	2,000,984	845,671
Net Position, June 30, 2015					\$ 12,853,670	\$ 11,983,041	\$ 1,960,469	\$ 713,539

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, 2015

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 0	\$ 0	10,459	\$ 10,459
Equity in Pooled Cash and Investments	91,865	87,841	866,778	2,910,456	151,741	4,108,681
Accounts Receivable	4,927	562,014	0	0	6,754	573,695
Allowance for Uncollectibles	0	(339,041)	0	0	0	(339,041)
Due from Other Governments	111,911	0	275,108	0	43,023	430,042
Due from Other Funds	18,102	0	0	0	0	18,102
Property Taxes Receivable	2,877,972	456,821	0	68,523	365,457	3,768,773
Allowance for Uncollectible Property Taxes	(70,847)	(11,246)	0	(1,687)	(8,996)	(92,776)
Notes Receivable - Long-term	0	0	0	80,111	0	80,111
Total Assets	\$ 3,033,930	\$ 756,389	\$ 1,141,886	\$ 3,057,403	\$ 568,438	\$ 8,558,046
<u>LIABILITIES</u>						
Accounts Payable	\$ 63,114	\$ 10,200	\$ 0	\$ 0	\$ 38,242	\$ 111,556
Payroll Deductions Payable	0	0	2,816	0	0	2,816
Due to Other Funds	0	0	0	0	18,102	18,102
Total Liabilities	\$ 63,114	\$ 10,200	\$ 2,816	\$ 0	\$ 56,344	\$ 132,474
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 2,712,719	\$ 430,590	\$ 0	\$ 64,589	\$ 344,472	\$ 3,552,370
Deferred Delinquent Property Taxes	81,042	12,864	0	1,930	10,291	106,127
Other Deferred/Unavailable Revenue	7,509	181,507	128,830	0	6,614	324,460
Total Deferred Inflows of Resources	\$ 2,801,270	\$ 624,961	\$ 128,830	\$ 66,519	\$ 361,377	\$ 3,982,957

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>FUND BALANCES</u>						
Restricted:						
Restricted for General Government	\$ 4,684	\$ 0	\$ 0	\$ 0	\$ 0	4,684
Restricted for Finance	4,764	0	0	0	0	4,764
Restricted for Administration of Justice	27,808	0	0	0	0	27,808
Restricted for Public Safety	220,725	0	0	0	66,956	287,681
Restricted for Public Health and Welfare	99,389	0	0	0	34,642	134,031
Restricted for Highways/Public Works	0	0	1,010,240	0	0	1,010,240
Restricted for Capital Outlay	0	0	0	0	45,911	45,911
Restricted for Debt Service	0	0	0	2,910,773	0	2,910,773
Committed:						
Committed for Finance	0	0	0	0	16,111	16,111
Committed for Public Safety	9,415	0	0	0	0	9,415
Committed for Public Health and Welfare	0	121,228	0	0	0	121,228
Assigned:						
Assigned for Debt Service	0	0	0	80,111	0	80,111
Unassigned	(197,239)	0	0	0	(12,903)	(210,142)
Total Fund Balances	\$ 169,546	\$ 121,228	\$ 1,010,240	\$ 2,990,884	\$ 150,717	\$ 4,442,615
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,033,930	\$ 756,389	\$ 1,141,886	\$ 3,057,403	\$ 568,438	\$ 8,558,046

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, 2015

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$	4,442,615
(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: buildings and improvements net of accumulated depreciation		2,721,806	
Add: other capital assets net of accumulated depreciation		1,187,695	
Add: infrastructure net of accumulated depreciation		<u>12,263,463</u>	16,452,813
(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	\$	(678,280)	
Less: other loans payable		(7,894,000)	
Less: compensated absences payable		(55,584)	
Less: accrued interest on notes and other loans		<u>(13,738)</u>	(8,641,602)
(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	\$	252,197	
Less: deferred inflows of resources related to pensions		<u>(335,724)</u>	(83,527)
(4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.			252,784
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>430,587</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>12,853,670</u></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, 2015

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Revenues</u>						
Local Taxes	\$ 3,103,659	\$ 443,079	\$ 58,649	\$ 780,319	\$ 454,106	\$ 4,839,812
Licenses and Permits	616	0	0	0	0	616
Fines, Forfeitures, and Penalties	110,762	0	0	0	40,673	151,435
Charges for Current Services	103,499	529,286	0	0	176,049	808,834
Other Local Revenues	121,866	80	82,371	0	0	204,317
Fees Received from County Officials	424,412	0	0	0	0	424,412
State of Tennessee	410,179	0	2,271,583	0	173,274	2,855,036
Federal Government	42,649	0	0	0	294,513	337,162
Other Governments and Citizens Groups	256,873	0	0	250,000	41,609	548,482
Total Revenues	\$ 4,574,515	\$ 972,445	\$ 2,412,603	\$ 1,030,319	\$ 1,180,224	\$ 10,170,106
<u>Expenditures</u>						
Current:						
General Government	\$ 686,552	\$ 0	\$ 0	\$ 0	\$ 0	\$ 686,552
Finance	323,621	0	0	0	138,079	461,700
Administration of Justice	483,383	0	0	0	0	483,383
Public Safety	2,505,888	0	0	0	57,416	2,563,304
Public Health and Welfare	116,944	925,658	0	0	551,510	1,594,112
Social, Cultural, and Recreational Services	245,955	0	0	0	196,263	442,218
Agriculture and Natural Resources	59,813	0	0	0	0	59,813
Other Operations	379,617	0	0	0	0	379,617
Highways	0	0	2,426,899	0	0	2,426,899
Capital Outlay	49,795	124,999	0	0	560,290	735,084
Debt Service:						
Principal on Debt	0	0	22,662	852,581	0	875,243
Interest on Debt	0	0	1,115	35,600	0	36,715

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Expenditures (Cont.)</u>						
Debt Service (Cont.)						
Other Debt Service	\$ 0	\$ 0	\$ 0	\$ 65,637	\$ 0	\$ 65,637
Capital Projects	10,655	0	0	0	0	10,655
Total Expenditures	\$ 4,862,223	\$ 1,050,657	\$ 2,450,676	\$ 953,818	\$ 1,503,558	\$ 10,820,932
<u>Excess (Deficiency) of Revenues</u>						
Over Expenditures	\$ (287,708)	\$ (78,212)	\$ (38,073)	\$ 76,501	\$ (323,334)	\$ (650,826)
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 50,000	\$ 125,000	\$ 87,000	\$ 0	\$ 72,500	\$ 334,500
Other Loans Issued	0	0	0	0	265,000	265,000
Transfers In	0	0	0	0	12,000	12,000
Transfers Out	(12,000)	0	0	0	0	(12,000)
Total Other Financing Sources (Uses)	\$ 38,000	\$ 125,000	\$ 87,000	\$ 0	\$ 349,500	\$ 599,500
Net Change in Fund Balances	\$ (249,708)	\$ 46,788	\$ 48,927	\$ 76,501	\$ 26,166	\$ (51,326)
Fund Balance, July 1, 2014	419,254	74,440	961,313	2,914,383	124,551	4,493,941
Fund Balance, June 30, 2015	\$ 169,546	\$ 121,228	\$ 1,010,240	\$ 2,990,884	\$ 150,717	\$ 4,442,615

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, 2015

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ (51,326)
(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	\$ 1,653,791	
Less: current-year depreciation expense	<u>(897,263)</u>	756,528
(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, 2015	\$ 430,587	
Less: deferred delinquent property taxes and other deferred June 30, 2014	<u>(483,154)</u>	(52,567)
(3) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:		
Less: note proceeds	\$ (334,500)	
Less: other loan proceeds	(265,000)	
Add: principal payments on notes	209,243	
Add: principal payments on other loans	<u>666,000</u>	275,743
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$ (7,383)	
Change in compensated absences payable	7,148	
Change in net pension liability/asset	351,322	
Change in deferred outflows related to pensions	252,197	
Change in deferred inflows related to pensions	<u>(335,724)</u>	<u>267,560</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 1,195,938</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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 3,103,659	\$ 3,103,056	\$ 3,104,057	\$ (398)
Licenses and Permits	616	660	660	(44)
Fines, Forfeitures, and Penalties	110,762	91,880	91,880	18,882
Charges for Current Services	103,499	99,998	106,507	(3,008)
Other Local Revenues	121,866	119,672	133,665	(11,799)
Fees Received from County Officials	424,412	456,500	456,500	(32,088)
State of Tennessee	410,179	318,564	445,051	(34,872)
Federal Government	42,649	2,500	29,330	13,319
Other Governments and Citizens Groups	256,873	305,195	305,195	(48,322)
Total Revenues	\$ 4,574,515	\$ 4,498,025	\$ 4,672,845	\$ (98,330)
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 4,764	\$ 8,164	\$ 8,164	\$ 3,400
Other Boards and Committees	312	566	566	254
County Mayor/Executive	180,255	181,542	182,630	2,375
Election Commission	183,239	189,522	189,522	6,283
Register of Deeds	108,100	120,267	120,267	12,167
County Buildings	209,882	226,053	231,333	21,451
Preservation of Records	0	100	100	100
<u>Finance</u>				
Property Assessor's Office	128,637	134,745	134,745	6,108
County Trustee's Office	145,135	154,680	154,680	9,545
County Clerk's Office	49,849	55,026	59,156	9,307
<u>Administration of Justice</u>				
Circuit Court	209,857	211,874	211,874	2,017
General Sessions Court	110,731	103,986	110,900	169
Chancery Court	112,071	107,415	112,185	114
Juvenile Court	25,113	28,719	28,719	3,606
Judicial Commissioners	24,856	26,063	26,063	1,207
Victims Assistance Programs	755	1,200	1,200	445
<u>Public Safety</u>				
Sheriff's Department	1,116,892	1,058,273	1,099,218	(17,674)
Administration of the Sexual Offender Registry	750	700	700	(50)
Jail	866,995	821,745	914,761	47,766
Fire Prevention and Control	81,393	95,637	95,637	14,244
Rescue Squad	13,353	13,500	13,500	147
Other Emergency Management	8,033	12,035	12,035	4,002
County Coroner/Medical Examiner	19,760	25,650	25,650	5,890
Public Safety Grants Program	371,392	420,668	420,668	49,276
Other Public Safety	27,320	1,002	27,832	512
<u>Public Health and Welfare</u>				
Local Health Center	30,573	34,118	34,118	3,545
Other Local Health Services	12,661	15,232	15,232	2,571
Regional Mental Health Center	27,228	41,700	41,700	14,472
General Welfare Assistance	12,793	13,672	13,672	879
Sanitation Management	33,689	33,700	33,700	11

(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>Social, Cultural, and Recreational Services</u>				
Libraries	\$ 200,377	\$ 200,186	\$ 206,439	\$ 6,062
Parks and Fair Boards	45,578	49,951	49,951	4,373
<u>Agriculture and Natural Resources</u>				
Agricultural Extension Service	58,819	67,583	71,909	13,090
Other Agriculture and Natural Resources	994	0	994	0
<u>Other Operations</u>				
Veterans' Services	16,311	16,387	16,387	76
Other Charges	265,927	260,525	265,931	4
Contributions to Other Agencies	36,939	36,954	36,954	15
Employee Benefits	23,815	23,815	23,815	0
Miscellaneous	36,625	12,200	38,742	2,117
<u>Capital Outlay</u>				
Regular Capital Outlay	49,795	0	50,000	205
<u>Capital Projects</u>				
Agriculture and Natural Resources Projects	10,655	0	10,655	0
Total Expenditures	\$ 4,862,223	\$ 4,805,155	\$ 5,092,304	\$ 230,081
Excess (Deficiency) of Revenues				
Over Expenditures	\$ (287,708)	\$ (307,130)	\$ (419,459)	\$ 131,751
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 50,000	\$ 0	\$ 50,000	\$ 0
Transfers Out	(12,000)	0	(12,000)	0
Total Other Financing Sources	\$ 38,000	\$ 0	\$ 38,000	\$ 0
Net Change in Fund Balance	\$ (249,708)	\$ (307,130)	\$ (381,459)	\$ 131,751
Fund Balance, July 1, 2014	419,254	433,669	433,669	(14,415)
Fund Balance, June 30, 2015	\$ 169,546	\$ 126,539	\$ 52,210	\$ 117,336

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 443,079	\$ 457,740	\$ 457,740	\$ (14,661)
Charges for Current Services	529,286	500,000	500,000	29,286
Other Local Revenues	80	0	0	80
State of Tennessee	0	0	6,500	(6,500)
Total Revenues	<u>\$ 972,445</u>	<u>\$ 957,740</u>	<u>\$ 964,240</u>	<u>\$ 8,205</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Ambulance/Emergency Medical Services	\$ 925,658	\$ 962,551	\$ 969,051	\$ 43,393
<u>Capital Outlay</u>				
Regular Capital Outlay	124,999	0	125,000	1
Total Expenditures	<u>\$ 1,050,657</u>	<u>\$ 962,551</u>	<u>\$ 1,094,051</u>	<u>\$ 43,394</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (78,212)</u>	<u>\$ (4,811)</u>	<u>\$ (129,811)</u>	<u>\$ 51,599</u>
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 125,000	\$ 0	\$ 125,000	\$ 0
Total Other Financing Sources	<u>\$ 125,000</u>	<u>\$ 0</u>	<u>\$ 125,000</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 46,788	\$ (4,811)	\$ (4,811)	\$ 51,599
Fund Balance, July 1, 2014	74,440	74,738	74,438	2
Fund Balance, June 30, 2015	<u>\$ 121,228</u>	<u>\$ 69,927</u>	<u>\$ 69,627</u>	<u>\$ 51,601</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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 58,649	\$ 42,001	\$ 42,001	\$ 16,648
Other Local Revenues	82,371	125,000	125,000	(42,629)
State of Tennessee	2,271,583	3,283,935	3,283,935	(1,012,352)
Federal Government	0	50,000	50,000	(50,000)
Total Revenues	<u>\$ 2,412,603</u>	<u>\$ 3,500,936</u>	<u>\$ 3,500,936</u>	<u>\$ (1,088,333)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 155,683	\$ 151,577	\$ 155,530	\$ (153)
Highway and Bridge Maintenance	836,918	1,235,383	1,235,383	398,465
Operation and Maintenance of Equipment	242,157	277,846	277,846	35,689
Other Charges	85,799	87,544	87,544	1,745
Employee Benefits	112,270	107,840	113,093	823
Capital Outlay	994,072	1,449,485	1,511,592	517,520
<u>Principal on Debt</u>				
Highways and Streets	22,662	0	23,778	1,116
<u>Interest on Debt</u>				
Highways and Streets	1,115	0	1,115	0
Total Expenditures	<u>\$ 2,450,676</u>	<u>\$ 3,309,675</u>	<u>\$ 3,405,881</u>	<u>\$ 955,205</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (38,073)</u>	<u>\$ 191,261</u>	<u>\$ 95,055</u>	<u>\$ (133,128)</u>
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 87,000	0	\$ 87,000	0
Total Other Financing Sources	<u>\$ 87,000</u>	<u>0</u>	<u>\$ 87,000</u>	<u>0</u>
Net Change in Fund Balance	\$ 48,927	\$ 191,261	\$ 182,055	\$ (133,128)
Fund Balance, July 1, 2014	961,313	554,795	554,795	406,518
Fund Balance, June 30, 2015	<u>\$ 1,010,240</u>	<u>\$ 746,056</u>	<u>\$ 736,850</u>	<u>\$ 273,390</u>

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

Exhibit D

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

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 948,192
Investments	85,337
Due from Other Governments	<u>67,650</u>
Total Assets	<u>\$ 1,101,179</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 67,650
Due to Litigants, Heirs, and Others	<u>1,033,529</u>
Total Liabilities	<u>\$ 1,101,179</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	30
B. Government-wide and Fund Financial Statements	31
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	32
D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance	
1. Deposits and Investments	34
2. Receivables and Payables	35
3. Capital Assets	36
4. Deferred Outflows/Inflows of Resources	37
5. Compensated Absences	37
6. Long-term Obligations	38
7. Net Position and Fund Balance	38
8. Restatement	40
E. Pension Plans	40
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	41
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	41
III. Stewardship, Compliance, and Accountability	
A. Budgetary Information	42
B. Fund Deficits	42
C. Expenditures Exceeded Appropriations	43
IV. Detailed Notes on All Funds	
A. Deposits and Investments	43
B. Notes Receivable	44
C. Capital Assets	45
D. Interfund Receivables, Payables, and Transfers	47
E. Long-term Obligations	48
F. On-Behalf Payments	52
G. Short-term Debt	52
V. Other Information	
A. Risk Management	53
B. Accounting Changes	53
C. Subsequent Events	54
D. Contingent Liabilities	54
E. Changes in Administration	54
F. Joint Venture	54
G. Retirement Commitments	55
H. Other Postemployment Benefits (OPEB)	69
I. Purchasing Laws	72
VI. Other Notes - Discretely Presented Cannon County Industrial Development Board	72
VII. Other Notes - Discretely Presented Cannon County Emergency Communications District	78

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

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. 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 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 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, 2015.

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

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

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

Fund financial statements of 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 outflow of resources, liabilities, deferred inflow 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 has no proprietary 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 Fund for payments to be made early in the following year.

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

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

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.

Additionally, Cannon County reports the following fund types:

Capital Projects Fund – The General Capital Projects Fund accounts for debt issued and the accompanying transactions related to a renovation project at the county’s jail.

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 fair value. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Accordingly, the pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value.

2. Receivables and Payables

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

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 1.29 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 estimated fair market value at the date of donation.

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	25 - 50
Other Capital Assets	5 - 50
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. Deferred outflows of resources represent 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 one item that qualifies for reporting in this category. Accordingly, this item is reported in the government-wide Statement of Net Position and is for 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 and investment earnings, and various receivables for revenues, which do not meet the availability criteria for governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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

component units. 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 and other postemployment benefits, 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.

On the government-wide Statement of Net Position (Exhibit A), the account Restricted for Other Purposes for the primary government consists of pension obligations.

As of June 30, 2015, Cannon County had \$7,290,000 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. Restatement

In prior years, the government was not required to recognize a liability for its defined benefit pension plans. However, with the implementation of GASB Statement No. 68, government employers are required to recognize a net pension liability in their Statement of Net Position. Therefore, a restatement decreasing Cannon County's and the Cannon County School Department's beginning net position has been recognized on the Statement of Activities totaling \$98,538 and \$2,707,468, respectively.

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

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

Primary Government

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

Discretely Presented Cannon County School Department

Exhibit I-5 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total

governmental funds with the change in net position of governmental activities reported in the government-wide Statement of Activities.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on 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 General Capital Projects Fund, which adopts a project length budget. 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, 2015, the Cannon County School Department reported the following significant encumbrances:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
Major Fund:		
General Purpose School	Textbooks	\$ 229,769
"	Buses	162,299

B. Fund Deficits

The General Fund and the REACH Program Fund (a nonmajor special revenue fund) had deficits in unassigned fund balance of \$197,239 and \$12,903, respectively, at June 30, 2015. 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 Sheriff's Department and Administration of the Sexual Offender Registry major appropriations categories (the legal level of control) of the General Fund by \$17,674 and \$50, respectively. Expenditures also exceeded appropriations in the Administration major appropriation category of the Highway/Public Works Fund by \$153. 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, 2015.

Investment Balances. As of June 30, 2015, Cannon County had the following investment, which was established by a court order that required the funds to be held by the county clerk on behalf of litigants. This investment is carried at fair value.

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	Maturity	Fair Value
Nonpooled:		
Constitutional Officers - Agency Fund:		
County Clerk:		
Farm Bureau - Annuity	On Demand	\$ 75,868
Edward Jones - Mutual Funds	On Demand	9,469
Total Nonpooled Investments		<u>85,337</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, 2047. 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 \$80,111 at June 30, 2015.

C. Capital Assets

Capital assets activity for the year ended June 30, 2015, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-14	Increases	Balance 6-30-15
Capital Assets Not Depreciated:			
Land	\$ 279,849	\$ 0	\$ 279,849
Total Capital Assets Not Depreciated	<u>\$ 279,849</u>	<u>\$ 0</u>	<u>\$ 279,849</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 6,176,948	\$ 560,291	\$ 6,737,239
Infrastructure	23,975,306	723,923	24,699,229
Other Capital Assets	2,253,969	369,577	2,623,546
Total Capital Assets Depreciated	<u>\$ 32,406,223</u>	<u>\$ 1,653,791</u>	<u>\$ 34,060,014</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 3,870,834	\$ 144,599	\$ 4,015,433
Infrastructure	11,850,703	585,063	12,435,766
Other Capital Assets	1,268,250	167,601	1,435,851
Total Accumulated Depreciation	<u>\$ 16,989,787</u>	<u>\$ 897,263</u>	<u>\$ 17,887,050</u>
Total Capital Assets Depreciated, Net	<u>\$ 15,416,436</u>	<u>\$ 756,528</u>	<u>\$ 16,172,964</u>
Governmental Activities Capital Assets, Net	<u>\$ 15,696,285</u>	<u>\$ 756,528</u>	<u>\$ 16,452,813</u>

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

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

Governmental Activities:

General Government	\$ 108,111
Public Safety	145,143
Public Health and Welfare	46,623
Social, Cultural, and Recreational Services	11,347
Highways/Public Works	<u>586,039</u>

Total Depreciation Expense - Governmental Activities	<u>\$ 897,263</u>
---	-------------------

Discretely Presented Cannon County School Department

Governmental Activities:

	Balance 7-1-14	Increases	Balance 6-30-15
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	\$ 19,227,918	\$ 284,171	\$ 19,512,089
Other Capital Assets	1,018,091	86,137	1,104,228
Total Capital Assets Depreciated	<u>\$ 20,246,009</u>	<u>\$ 370,308</u>	<u>\$ 20,616,317</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 9,717,710	\$ 452,140	\$ 10,169,850
Other Capital Assets	442,649	70,644	513,293
Total Accumulated Depreciation	<u>\$ 10,160,359</u>	<u>\$ 522,784</u>	<u>\$ 10,683,143</u>
Total Capital Assets Depreciated, Net	<u>\$ 10,085,650</u>	<u>\$ (152,476)</u>	<u>\$ 9,933,174</u>
Governmental Activities Capital Assets, Net	<u>\$ 10,256,529</u>	<u>\$ (152,476)</u>	<u>\$ 10,104,053</u>

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

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

Governmental Activities:

Instruction	\$ 462,072
Support Services	<u>60,712</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 522,784</u>

D. Interfund Receivables, Payables, and Transfers

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

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 18,102
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	53,585

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, 2015, consisted of the following amounts:

Primary Government

<u>Transfer Out</u>	<u>Transfer In</u> Nonmajor Governmental Fund
General Fund	\$ 12,000

Discretely Presented Cannon County School Department

	<u>Transfer In</u>
	General Purpose School Fund
Transfer Out	
Nonmajor governmental funds	\$ 7,507

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.

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 notes and other loans included in long-term debt as of June 30, 2015, will be retired from the General Debt Service and Highway/Public Works funds.

Capital outlay notes and other loans outstanding, as of June 30, 2015, for governmental activities are as follows:

Type	Interest Rate		Final Maturity	Original Amount of Issue	Balance 6-30-15
Capital Outlay Notes	1.98 to 3.95 %		7-1-23	\$ 1,063,383	\$ 678,280
Other Loans	Variable		5-25-26	14,462,000	7,629,000
Other Loans	3.28		11-1-24	265,000	265,000

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, 2015:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-15	Interest Type	Approximate	
				Interest Rate as of 6-30-15	Fee Rate as of 6-30-15
High School	\$ 1,642,000	\$ 470,000	Variable	.30 %	.65 %
Elementary Schools	11,400,000	6,820,000	Variable	.27	.65
Jail and Refunding	1,420,000	339,000	Variable	.26	.65
Ambulance Building	265,000	265,000	Fixed	3.28	N/A

The annual requirements to amortize all notes and other loans outstanding as of June 30, 2015, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Notes		
	Principal	Interest	Total
2016	\$ 320,065	\$ 16,547	\$ 336,612
2017	117,808	9,913	127,721
2018	120,107	7,284	127,391
2019	19,000	4,602	23,602
2020	20,000	3,832	23,832
2021-2024	81,300	7,011	88,311
Total	\$ 678,280	\$ 49,189	\$ 727,469

Year Ending June 30	Other Loans			Total
	Principal	Interest	Other Fees	
2016	\$ 722,000	\$ 20,705	\$ 52,649	\$ 795,354
2017	756,000	26,340	48,105	830,445
2018	789,000	23,554	43,347	855,901
2019	707,000	20,660	37,355	765,015
2020	610,000	17,945	31,902	659,847
2021-2025	3,528,000	50,823	98,666	3,677,489
2026	782,000	2,111	6,103	790,214
Total	\$ 7,894,000	\$ 162,138	\$ 318,127	\$ 8,374,265

There is \$2,910,773 available in the General Debt Service Fund to service long-term debt. Debt per capita, including notes and other loans totaled \$621, based on the 2010 federal census.

Changes in Long-term Obligations

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

Governmental Activities:

	Notes	Other Loans	Compensated Absences
Balance, July 1, 2014	\$ 553,023	\$ 8,295,000	\$ 62,732
Additions	334,500	265,000	90,093
Reductions	(209,243)	(666,000)	(97,241)
Balance, June 30, 2015	<u>\$ 678,280</u>	<u>\$ 7,894,000</u>	<u>\$ 55,584</u>
Balance Due Within One Year	<u>\$ 320,065</u>	<u>\$ 722,000</u>	<u>\$ 2,888</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2015	\$ 8,627,864
Less: Balance Due Within One Year	<u>(1,044,953)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 7,582,911</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, 2015, was as follows:

Governmental Activities:

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2014	\$ 75,556	\$ 463,757
Additions	49,017	134,623
Reductions	(44,762)	(104,168)
Balance, June 30, 2015	<u>\$ 79,811</u>	<u>\$ 494,212</u>
Balance Due Within One Year	<u>\$ 44,242</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2015	\$ 574,023
Less: Balance Due Within One Year	<u>(44,242)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 529,781</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, 2015, were \$23,020 and \$14,050, 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 (\$822,454), the Solid Waste/Sanitation Fund (\$90,365), and the Ambulance Service 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, 2015, was as follows:

	Balance 7-1-14	Issued	Paid	Balance 6-30-15
Tax/Revenue				
Anticipation Notes	\$ 0	\$ 1,012,819	\$ (1,012,819)	\$ 0

V. 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. 68, *Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement No. 27*; Statement No. 69, *Government Combinations and Disposals of Government Operations*; and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an Amendment of GASB Statement No. 68* became effective for the year ended June 30, 2015.

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

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

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

C. Subsequent Events

On July 27, 2015, Cannon County issued tax/revenue anticipation notes totaling \$990,318 for temporary operating funds to the General (\$600,000), Solid Waste/Sanitation (\$50,000), Ambulance Service (\$90,318), and General Debt Service (\$250,000) funds.

On September 21, 2015, Cannon County issued tax anticipation notes totaling \$250,000 for temporary operating funds to the General (\$200,000) and Solid Waste/Sanitation (\$50,000) funds.

D. 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.

E. Changes in Administration

On August 31, 2014, Wayne Prater left the Office of Trustee and was succeeded by Norma Knox and Deborah Morris left the Office of Register of Deeds and was succeeded by Sandy Hollandsworth.

On February 25, 2015, William Bryson left the Office of Clerk and Master and was succeeded by Nathan Nichols.

F. 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.

G. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Employees of Cannon County and non-certified employees of the discretely presented Cannon County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 36.81 percent, the non-certified employees of the discretely presented School Department comprise 57.69 percent, and employees of the discretely presented Cannon County Emergency Communications District comprise 5.5 percent of the plan based on census data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

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

Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the

current benefit. No COLA is granted if the change in the CPA is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

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

Inactive Employees or Beneficiaries Currently Receiving Benefits	101
Inactive Employees Entitled to But Not Yet Receiving Benefits	179
Active Employees	182
 Total	 <u><u>462</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, 2015, employer contributions for Cannon County were \$419,059 based on a rate of 8.55 percent of pensionable 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 contribution and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

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

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

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

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

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

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

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

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

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from 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, 2013	\$ 10,905,517	\$ 10,224,017	\$ 681,500
Changes for the year:			
Service Cost	\$ 348,558	\$ 0	\$ 348,558
Interest	827,397	0	827,397
Differences Between Expected and Actual Experience	(205,229)	0	(205,229)
Contributions-Employer	0	413,808	(413,808)
Contributions-Employees	0	223,235	(223,235)
Net Investment Income	0	1,708,609	(1,708,609)
Benefit Payments, Including Refunds of Employee Contributions	(444,221)	(444,221)	0
Administrative Expense	0	(6,699)	6,699
Other Changes	0	0	0
Net Changes	\$ 526,505	\$ 1,894,732	\$ (1,368,227)
Balance, June 30, 2014	\$ 11,432,022	\$ 12,118,749	\$ (686,727)

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	36.81%	\$ 4,208,128	\$ 4,460,912	\$ (252,784)
Cannon County Emergency Communications District	5.50%	628,761	666,531	(37,770)
School Department	57.69%	6,595,133	6,991,306	(396,173)
Total		\$ 11,432,022	\$ 12,118,749	\$ (686,727)

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	Current Discount Rate	1% Increase
Cannon County	6.5%	7.5%	8.5%

Net Pension Liability \$ 747,233 \$ (686,727) \$ (1,879,083)

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

Pension Income. For the year ended June 30, 2015, Cannon County recognized pension income of \$42,374.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, 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
Differences Between Expected and Actual Experience	\$ 0	\$ 164,183
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	747,862
Contributions Subsequent to the Measurement Date of June 30, 2014 (1)	419,059	N/A
Total	<u>\$ 419,059</u>	<u>\$ 912,045</u>

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 252,197	\$ 335,724
Cannon County Emergency Communications District	22,743	50,162
School Department	144,119	526,159
Total	<u>\$ 419,059</u>	<u>\$ 912,045</u>

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

Year Ending June 30	Amount
2016	\$ (228,012)
2017	(228,012)
2018	(228,012)
2019	(228,012)
2020	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 and non-certified employees of the discretely presented Cannon County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees

comprise 36.81 percent, the non-certified employees of the discretely presented School Department comprise 57.69 percent, and employees of the discretely presented Cannon County Emergency Communications District comprise 5.5 percent of the plan based on census 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 publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members are eligible to retire at age 65 with five years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Members of the Teachers Retirement Plan are entitled to receive unreduced service retirement benefits, which are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at

three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute five percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except for in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2015, to the Teacher Retirement Plan were \$7,754, which is four percent of pensionable payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

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

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
LEAs Contributions Subsequent to the Measurement Date of June 30, 2014	\$ 7,754	N/A

The Cannon County School Department’s employer contributions of \$7,754 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a reduction of net pension liability in the year ending June 30, 2016.

Teacher Legacy Pension Plan

General Information About the Pension Plan

Plan Description. Teachers of the 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 publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

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

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

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute five percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Cannon County School Department for the year ended June 30, 2015, to the Teacher Legacy Pension Plan were \$668,617, which is 9.04 percent of pensionable payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Assets. At June 30, 2015, the Cannon County School Department reported an asset of \$32,096 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Cannon County School Department's proportion of the net pension asset was based on a projection of the Cannon County School Department's long-term share of contributions to the pension plan relative to the actuarially determined projected contributions of all participating LEAs. At the June 30, 2014, measurement date, the Cannon County School Department's proportion was .197519 percent. The proportion measured as of June 30, 2013, was .196974 percent.

Pension Income. For the year ended June 30, 2015, the Cannon County School Department recognized a pension income of \$26,245.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, 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
Differences Between Expected and Actual Experience	\$ 77,921	\$ 0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	2,644,498
Changes in Proportion and Differences Between LEAs Contributions and Proportionate Share of Contributions	7,690	0
LEAs Contributions Subsequent to the Measurement Date of June 30, 2014	<u>668,617</u>	<u>N/A</u>
Total	<u>\$ 754,228</u>	<u>\$ 2,644,498</u>

The Cannon County School Department's employer contributions of \$668,617 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2016	\$ (646,856)
2017	(646,856)
2018	(646,856)
2019	(646,856)
2020	14,269
Thereafter	14,269

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

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

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

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

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

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

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

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

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents 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 Cannon County School Department's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.5%) 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 \$ 5,413,338 \$ (32,096) \$ (4,540,325)

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 administered by the Tennessee Consolidated Retirement System. This hybrid pension plan requires that these teachers contribute five percent of their salaries into a deferred compensation plan managed by the hybrid plan pursuant to IRC Section 401(k). As part of their employment package, the 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 \$9,692 to the 401(k) portion of the hybrid pension plan on-behalf of the plan participants.

H. Other Postemployment Benefits (OPEB)

Plan Description

The Cannon County School Department participates in the state-administered Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plan is an agent multiple-employer defined benefit OPEB plan. Benefits are established and amended by an insurance committee created by Section 8-27-302, *Tennessee Code Annotated*, 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 healthcare benefits. Subsequent to age 65, members who are also in the state’s retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state’s website at <http://tn.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plan is 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 employer in the plan develops a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. During the year ended June 30, 2015, the discretely presented School Department contributed \$104,168 for postemployment health care.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan
	<hr/>
ARC	\$ 98,000
Interest on the NOPEBO	18,550
Adjustment to the ARC	18,073
	<hr/>
Annual OPEB cost	\$ 134,623
Amount of contribution	(104,168)
	<hr/>
Increase/decrease in NOPEBO	\$ 30,455
Net OPEB obligation, 7-1-14	463,757
	<hr/>
Net OPEB obligation, 6-30-15	<u>\$ 494,212</u>

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-13	Local Education Group	\$ 216,079	48	% \$ 487,758
6-30-14	"	95,503	125	463,757
6-30-15	"	134,623	77	494,212

Funded Status and Funding Progress

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

	<u>Local Education Group Plan</u>
Actuarial valuation date	7-1-13
Actuarial accrued liability (AAL)	\$ 812,000
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 812,000
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 8,991,380
UAAL as a % of covered payroll	9%

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

Actuarial Methods and Assumptions

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

In the July 1, 2013, actuarial valuation for the Local Education Plan, the projected unit credit actuarial cost method was used, and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of seven percent for fiscal year 2015. The trend rate will decrease to 6.5 percent in fiscal year 2016 and then be reduced by decrements to an ultimate rate of 4.7 percent by fiscal year 2044. Both rates include a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with July 1, 2007.

I. 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.

VI. OTHER NOTES – DISCRETELY PRESENTED CANNON COUNTY INDUSTRIAL DEVELOPMENT BOARD

A. Summary of Significant Accounting Policies

1. Reporting Entity

Cannon County Industrial Development Board (board) consists of members appointed by the county. As an agency for the county, the board has delegated the authority to develop, operate, and maintain industrial sites for the benefit of the community. The board is a component unit of Cannon County, Tennessee. In evaluating the board as a reporting entity, management follows all applicable GASB statements and has addressed all potential component units (traditionally separate reporting entities) for which the board may be financially accountable and, as such, should be included within the board's financial statements. The board (the primary government) is financially accountable if it appoints a voting majority of the

organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit or to impose specific financial burden on the board. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The board has no component units at year end.

The accounting policies of the board conform to generally accepted accounting principles as applicable to governments.

2. 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 financial activities of the board. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 or segment and (2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or segment.

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

The government-wide financial statements are reported using the economic resource measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Revenues 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 collectable within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded generally when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

The board reports the following major fund:

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

4. Cash and Cash Equivalents

Consist primarily of checking accounts and a money market account. When both restricted and unrestricted resources are available for use, it is the board’s policy to use restricted resources first, then unrestricted resources as they are needed. When unrestricted funds are used the board uses committed, assigned the unassigned fund.

5. Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure assets consisting of certain improvements other than buildings are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the board as assets with an individual cost of \$5,000 and an estimated useful life in excess of three years. Donated fixed assets are valued at their estimated fair value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciated is provided over the estimated useful lives using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	10-15
Buildings	25-40
Machinery and Equipment	5-10

6. Budgets and Budgetary Accounting

The board is not legally required to adopt a budget; therefore, no comparison is presented in these financial statement.

7. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the board’s policy to

consider restricted - net position to have been depleted before unrestricted – net position is applied.

8. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

10. Credit Risk

Financial instruments that potentially subject the board to significant concentrations of credit risk consist principally of cash and cash equivalents. The board places its cash with federally-insured financial institutions or institutions participating in the State collateral pool.

11. 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. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds and presented in the accompanying financial statements as other assets.

12. Net Position and Fund Balance

The board implemented GASB 54, which addresses issues related to how fund balances are reported. Fund balances are now reported in the following manner:

Nonspendable Fund Balance – amounts that are not in a spendable form.

Restricted Fund Balance – amounts constrained to specific purposes by their providers, provisions, or enabling legislation.

Committed Fund Balance – amounts constrained to specific purposes by a government itself at its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.

Assigned Fund Balance – amounts a government intends for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Unassigned Fund Balance – amounts that are available for any purpose; these amounts are reported only in the general fund. Only by board approval can fund balance amounts be classified as committed or assigned.

B. Cash and Cash Equivalents

The board is authorized to invest funds in federal treasury bills and notes, State of Tennessee Local Government Investment Pool and financial institution demand deposit accounts and certificates of deposit. Deposits in financial institutions are required by state statute to be collateralized by the institutions. The board has deposit policies to minimize custodial credit risks. The collateral must meet certain requirements and be deposited in an escrow account of a second bank for the benefit of the board and must total a minimum of 105 percent of the value of the deposits placed in the institutions less the amount protected by federal depository insurance. The board's deposits with financial institutions are fully insured or collateralized by securities held in the board's name.

C. Capital Assets

A summary of changes in capital assets in service is as follows:

	Balance 7-1-14	Increases	Balance 6-30-15
Capital Assets Not Depreciated:			
Land	\$ 372,500	\$ 0	\$ 372,500
Total Capital Assets Not Depreciated	<u>\$ 372,500</u>	<u>\$ 0</u>	<u>\$ 372,500</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 3,584,651	\$ 37,778	\$ 3,622,429
Other Capital Assets	5,200	0	5,200
Total Capital Assets Depreciated	<u>\$ 3,589,851</u>	<u>\$ 37,778</u>	<u>\$ 3,627,629</u>
Less Accumulated Depreciation	<u>\$ 1,803,336</u>	<u>\$ 96,852</u>	<u>\$ 1,900,188</u>
Total Capital Assets Depreciated, Net	<u>\$ 1,786,515</u>	<u>\$ (59,074)</u>	<u>\$ 1,727,441</u>
Governmental Activities Capital Assets, Net	<u>\$ 2,159,015</u>	<u>\$ (59,074)</u>	<u>\$ 2,099,941</u>

D. Long-term Debt

The following is a summary of changes in long-term debt:

	<u>Notes</u>
Balance, July 1, 2014	\$ 365,773
Reductions	<u>(42,062)</u>
Balance, June 30, 2015	<u>\$ 323,711</u>
Balance Due Within One Year	<u>\$ 48,988</u>

Future maturities of note principal are as follows:

Year Ending June 30	Note Principal
2016	\$ 48,988
2017	50,743
2018	52,544
2019	54,152
2020	34,409
2021-2025	<u>82,875</u>
Total	<u>\$ 323,711</u>

The board borrowed funds for the acquisition and construction of major capital facilities.

E. Commitments and Contingencies

There are no pending lawsuits in which the board is involved, which are material to the financial statements.

Amounts received from grantor agencies are subject to audit and adjustment by grantor agencies principally the federal government. Any disallowed claims including amounts already collected, could become a liability of the applicable fund.

VII. OTHER NOTES – DISCRETELY PRESENTED CANNON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

A. Summary of Significant Accounting Policies

1. Reporting Entity

Cannon County Emergency Communications District is a political subdivision established pursuant to Sections 7-87-101 through 7-86-117, *Tennessee Code Annotated*, and the provisions of Chapter 867 of the Public Acts of 1984 of the State of Tennessee. The powers of the district are vested in and exercised by a majority of the members of the board of directors, who are appointed by the county. The district is considered a political subdivision and is exempt from federal and state income taxes. The district is considered a component unit of Cannon County. The county appoints the board of directors, and the County Commission may adjust service fees and must approve bonded debt. As a result, the Cannon County Commission indirectly imposes its will on the district.

2. **Basis of Accounting**

The accompanying financial statements of the district have been prepared on the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when incurred. Expenditures are recognized in the accounting period in which the liability is incurred and is measurable. The district uses the economic resources measurement focus in these financial statements.

3. **Cash and Cash Equivalents**

The district considers all highly liquid debt instruments with maturities of 60 days or less to be cash equivalents.

4. **Supply Inventory**

Supply inventory is valued at the lower of cost (first-in, first-out) or market. Inventory items are considered expenditures when used (consumption method).

5. **Net Position Flow Assumption**

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

6. **Capital Assets**

Capital assets of the district are recorded at cost. Depreciation is computed over the estimated life of the assets using the straight-line method. The estimated life for capital assets in service is from three to ten years. The district capitalizes interest incurred on construction projects.

7. **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

8. Budgets and Budgetary Accounting

Formal budgets are adopted and approved by the board on an annual basis. These budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). The board has the ability to change line-item amounts without a formal vote if the change does not increase the amounts budgeted. The Accounting and Financial Reporting Manual for Tennessee Emergency Communications Districts establishes the legal budget level of control at the line-item level.

9. Operating Revenues and Operating Expenses

The district recognizes operating revenues and operating expenses resulting from providing services and producing goods to its customers. All other revenues and services are deemed nonoperating.

B. Cash and Certificates of Deposit

The district is authorized to invest funds in financial institutions and direct obligations of the federal government. During the year, the district invested funds that were not immediately needed in deposit accounts. The district has deposit policies to minimize custodial credit risks. Deposits in financial institutions are required by state statute to be collateralized by the institutions. The collateral must meet certain requirements and be deposited in an escrow account of a second bank for the benefit of the district and must total a minimum of 105 percent of the value of the deposits placed in the institutions less the amount protected by federal depository insurance. The district's deposits with financial institutions are fully insured or collateralized by securities held in the government's name.

C. Capital Assets

A summary of changes in capital assets in service is as follows:

	Balance 7-1-14	Increases	Balance 6-30-15
Capital Assets Not Depreciated:			
Land	\$ 20,000	\$ 0	\$ 20,000
Total Capital Assets Not Depreciated	<u>\$ 20,000</u>	<u>\$ 0</u>	<u>\$ 20,000</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 277,129	\$ 14,394	\$ 291,523
Other Capital Assets	636,843	124,137	760,980
Total Capital Assets Depreciated	<u>\$ 913,972</u>	<u>\$ 138,531</u>	<u>\$ 1,052,503</u>
Less Accumulated Depreciation	<u>\$ 275,712</u>	<u>\$ 90,554</u>	<u>\$ 366,266</u>
Total Capital Assets Depreciated, Net	<u>\$ 638,260</u>	<u>\$ 47,977</u>	<u>\$ 686,237</u>
Governmental Activities Capital Assets, Net	<u>\$ 658,260</u>	<u>\$ 47,977</u>	<u>\$ 706,237</u>

D. Long-term Debt

The district constructed a new facility for its operations using an advance from Cannon County totaling \$100,000.

The following is a summary of changes in long-term debt:

	<u>Notes</u>
Balance, July 1, 2014	\$ 85,652
Reductions	<u>(5,541)</u>
Balance, June 30, 2015	<u>\$ 80,111</u>
Balance Due Within One Year	<u>\$ 5,541</u>

Future maturities of note principal are as follows:

Year Ending June 30	Note Principal
2016	\$ 5,541
2017	5,541
2018	5,541
2019	5,541
2020	5,541
2021-2025	27,705
2026-2030	<u>24,701</u>
Total	<u>\$ 80,111</u>

This loan is payable to Cannon County and bears no interest. The building of the district is pledged as collateral on the indebtedness until the existing principal is paid in full.

E. Risk Management

The district is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The district purchases commercial financial bonded insurance for its treasurer and chairman. For all other risks, the district has decided to self-insure. There have been no claims during the last three years.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit E-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

	<u>2014</u>
Total Pension Liability (Asset)	
Service Cost	\$ 348,558
Interest	827,397
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	(205,229)
Changes in Assumptions	0
Benefit Payments, Including Refunds of Employee Contributions	(444,221)
Net Change in Total Pension Liability (Asset)	<u>\$ 526,505</u>
Total Pension Liability (Asset), Beginning	<u>10,905,517</u>
 Total Pension Liability (Asset), Ending (a)	 <u>\$ 11,432,022</u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 413,808
Contributions - Employee	223,235
Net Investment Income	1,708,609
Benefit Payments, Including Refunds of Employee Contributions	(444,221)
Administrative Expense	(6,699)
Net Change in Plan Fiduciary Net Position	<u>\$ 1,894,732</u>
Plan Fiduciary Net Position, Beginning	<u>10,224,017</u>
 Plan Fiduciary Net Position, Ending (b)	 <u>\$ 12,118,749</u>
 Net Pension Liability (Asset), Ending (a - b)	 <u><u>\$ (686,727)</u></u>
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	 106.01%
Covered Employee Payroll	\$ 4,288,165
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	16.01%

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

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

Exhibit E-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

	<u>2014</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 413,808	\$ 419,059
Less Contributions in Relation to the Actuarially Determined Contribution	(413,808)	(419,059)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered Employee Payroll	\$ 4,288,165	\$ 4,653,007
Contributions as a Percentage of Covered Employee Payroll	9.65%	8.55%

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

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

Exhibit E-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

	<u>2015</u>
Actuarially Determined Contribution	\$ (9,692)
Less Contributions in Relation to the Actuarially Determined Contribution	<u>7,754</u>
Contribution Deficiency (Excess)	<u><u>(1,938)</u></u>
Covered Employee Payroll	\$ 193,839
Contributions as a Percentage of Covered Employee Payroll	4.00%

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

Exhibit E-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

	<u>2014</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 688,431	\$ 668,617
Less Contributions in Relation to the Actuarially Determined Contribution	(688,431)	(668,617)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
 Covered Employee Payroll	 \$ 7,752,599	 \$ 7,396,208
Contributions as a Percentage of Covered Employee Payroll	8.88%	9.04%

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

Exhibit E-5

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 *

	<u>2014</u>
School Department's Proportion of the Net Pension Asset	0.197519%
School Department's Proportionate Share of the Net Pension Asset	\$ 32,096
Covered Employee Payroll	\$ 7,752,599
School Department's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Employee Payroll	0.41%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%

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

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

Exhibit E-6

Cannon County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plan
Discretely Presented Cannon County School Department
June 30, 2015

(Dollar amounts in thousands)

Plan	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)
Local Education Group	7-1-10	\$ 0	\$ 1,546	\$ 1,546	0 %	\$ 9,502	16 %
"	7-1-11	0	1,822	1,822	0	9,185	20
"	7-1-13	0	812	812	0	8,991	9

CANNON COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2015

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Frozen Initial Liability
Amortization Method	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization Period	3 Years
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 Fund

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

General Capital Projects Fund – The General Capital Projects Fund accounts for debt issued and the accompanying transactions related to the construction of an ambulance service building.

Exhibit F-1

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

	Special Revenue Funds				
	Solid Waste / Sanitation	Drug Control	REACH Program	Constitu - tional Officers - Fees	Total
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 153	\$ 10,306	\$ 10,459
Equity in Pooled Cash and Investments	34,530	68,571	2,729	0	105,830
Accounts Receivable	854	0	0	5,900	6,754
Due from Other Governments	40,801	0	2,222	0	43,023
Property Taxes Receivable	365,457	0	0	0	365,457
Allowance for Uncollectible Property Taxes	(8,996)	0	0	0	(8,996)
Total Assets	\$ 432,646	\$ 68,571	\$ 5,104	\$ 16,206	\$ 522,527
<u>LIABILITIES</u>					
Accounts Payable	\$ 36,627	\$ 1,615	\$ 0	\$ 0	\$ 38,242
Due to Other Funds	0	0	18,007	95	18,102
Total Liabilities	\$ 36,627	\$ 1,615	\$ 18,007	\$ 95	\$ 56,344
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 344,472	\$ 0	\$ 0	\$ 0	\$ 344,472
Deferred Delinquent Property Taxes	10,291	0	0	0	10,291
Other Deferred/Unavailable Revenue	6,614	0	0	0	6,614
Total Deferred Inflows of Resources	\$ 361,377	\$ 0	\$ 0	\$ 0	\$ 361,377

(Continued)

Exhibit F-1

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

	Special Revenue Funds				Total
	Solid Waste / Sanitation	Drug Control	REACH Program	Constitu - tional Officers - Fees	
<u>FUND BALANCES</u>					
Restricted:					
Restricted for Public Safety	\$ 0	\$ 66,956	\$ 0	\$ 0	\$ 66,956
Restricted for Public Health and Welfare	34,642	0	0	0	34,642
Restricted for Capital Outlay	0	0	0	0	0
Committed:					
Committed for Finance	0	0	0	16,111	16,111
Unassigned	0	0	(12,903)	0	(12,903)
Total Fund Balances	<u>\$ 34,642</u>	<u>\$ 66,956</u>	<u>\$ (12,903)</u>	<u>\$ 16,111</u>	<u>\$ 104,806</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 432,646</u>	<u>\$ 68,571</u>	<u>\$ 5,104</u>	<u>\$ 16,206</u>	<u>\$ 522,527</u>

(Continued)

Exhibit F-1

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

	<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<u>ASSETS</u>		
Cash	\$ 0	\$ 10,459
Equity in Pooled Cash and Investments	45,911	151,741
Accounts Receivable	0	6,754
Due from Other Governments	0	43,023
Property Taxes Receivable	0	365,457
Allowance for Uncollectible Property Taxes	0	(8,996)
	<hr/>	<hr/>
Total Assets	<u>\$ 45,911</u>	<u>\$ 568,438</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 0	\$ 38,242
Due to Other Funds	0	18,102
Total Liabilities	<hr/>	<hr/>
	<u>\$ 0</u>	<u>\$ 56,344</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 0	\$ 344,472
Deferred Delinquent Property Taxes	0	10,291
Other Deferred/Unavailable Revenue	0	6,614
Total Deferred Inflows of Resources	<hr/>	<hr/>
	<u>\$ 0</u>	<u>\$ 361,377</u>

(Continued)

Exhibit F-1

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

FUND BALANCES

Restricted:

- Restricted for Public Safety
- Restricted for Public Health and Welfare
- Restricted for Capital Outlay

Committed:

- Committed for Finance

Unassigned

Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

	<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	\$ 0	\$ 66,956
	0	34,642
	45,911	45,911
	0	16,111
	0	(12,903)
	<u>\$ 45,911</u>	<u>\$ 150,717</u>
	<u>\$ 45,911</u>	<u>\$ 568,438</u>

Exhibit F-2

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

	Special Revenue Funds				Total
	Solid Waste / Sanitation	Drug Control	REACH Program	Constituti - onal Officers - Fees	
<u>Revenues</u>					
Local Taxes	\$ 454,106	\$ 0	\$ 0	\$ 0	\$ 454,106
Fines, Forfeitures, and Penalties	0	40,673	0	0	40,673
Charges for Current Services	22,496	0	15,058	138,495	176,049
State of Tennessee	25,241	0	148,033	0	173,274
Federal Government	0	0	5,812	0	5,812
Other Governments and Citizens Groups	40,000	0	1,609	0	41,609
Total Revenues	<u>\$ 541,843</u>	<u>\$ 40,673</u>	<u>\$ 170,512</u>	<u>\$ 138,495</u>	<u>\$ 891,523</u>
<u>Expenditures</u>					
Current:					
Finance	\$ 0	\$ 0	\$ 0	\$ 138,079	\$ 138,079
Public Safety	0	57,416	0	0	57,416
Public Health and Welfare	551,510	0	0	0	551,510
Social, Cultural, and Recreational Services	0	0	196,263	0	196,263
Capital Outlay	0	0	0	0	0
Total Expenditures	<u>\$ 551,510</u>	<u>\$ 57,416</u>	<u>\$ 196,263</u>	<u>\$ 138,079</u>	<u>\$ 943,268</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (9,667)</u>	<u>\$ (16,743)</u>	<u>\$ (25,751)</u>	<u>\$ 416</u>	<u>\$ (51,745)</u>
<u>Other Financing Sources (Uses)</u>					
Notes Issued	\$ 20,000	\$ 0	\$ 0	\$ 0	\$ 20,000
Other Loans Issued	0	0	0	0	0
Transfers In	12,000	0	0	0	12,000
Total Other Financing Sources (Uses)	<u>\$ 32,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 32,000</u>
Net Change in Fund Balances	<u>\$ 22,333</u>	<u>\$ (16,743)</u>	<u>\$ (25,751)</u>	<u>\$ 416</u>	<u>\$ (19,745)</u>
Fund Balance, July 1, 2014	<u>12,309</u>	<u>83,699</u>	<u>12,848</u>	<u>15,695</u>	<u>124,551</u>
Fund Balance, June 30, 2015	<u>\$ 34,642</u>	<u>\$ 66,956</u>	<u>\$ (12,903)</u>	<u>\$ 16,111</u>	<u>\$ 104,806</u>

(Continued)

Exhibit F-2

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

	<u>Capital Projects Fund</u>	Total Nonmajor Governmental Funds
	General Capital Projects	
<hr/>		
<u>Revenues</u>		
Local Taxes	\$ 0	\$ 454,106
Fines, Forfeitures, and Penalties	0	40,673
Charges for Current Services	0	176,049
State of Tennessee	0	173,274
Federal Government	288,701	294,513
Other Governments and Citizens Groups	0	41,609
Total Revenues	<u>\$ 288,701</u>	<u>\$ 1,180,224</u>
<u>Expenditures</u>		
Current:		
Finance	\$ 0	\$ 138,079
Public Safety	0	57,416
Public Health and Welfare	0	551,510
Social, Cultural, and Recreational Services	0	196,263
Capital Outlay	560,290	560,290
Total Expenditures	<u>\$ 560,290</u>	<u>\$ 1,503,558</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (271,589)</u>	<u>\$ (323,334)</u>
<u>Other Financing Sources (Uses)</u>		
Notes Issued	\$ 52,500	\$ 72,500
Other Loans Issued	265,000	265,000
Transfers In	0	12,000
Total Other Financing Sources (Uses)	<u>\$ 317,500</u>	<u>\$ 349,500</u>
Net Change in Fund Balances	\$ 45,911	\$ 26,166
Fund Balance, July 1, 2014	0	124,551
Fund Balance, June 30, 2015	<u>\$ 45,911</u>	<u>\$ 150,717</u>

Exhibit F-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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 454,106	\$ 444,612	\$ 444,612	\$ 9,494
Charges for Current Services	22,496	24,500	24,500	(2,004)
State of Tennessee	25,241	2,200	25,251	(10)
Other Governments and Citizens Groups	40,000	40,000	40,000	0
Total Revenues	<u>\$ 541,843</u>	<u>\$ 511,312</u>	<u>\$ 534,363</u>	<u>\$ 7,480</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Sanitation Management	\$ 551,510	\$ 511,208	\$ 557,621	\$ 6,111
Total Expenditures	<u>\$ 551,510</u>	<u>\$ 511,208</u>	<u>\$ 557,621</u>	<u>\$ 6,111</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ (9,667)	\$ 104	\$ (23,258)	\$ 13,591
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 20,000	\$ 0	\$ 0	\$ 20,000
Transfers In	12,000	0	12,000	0
Total Other Financing Sources	<u>\$ 32,000</u>	<u>\$ 0</u>	<u>\$ 12,000</u>	<u>\$ 20,000</u>
Net Change in Fund Balance	\$ 22,333	\$ 104	\$ (11,258)	\$ 33,591
Fund Balance, July 1, 2014	12,309	13,125	13,125	(816)
Fund Balance, June 30, 2015	<u>\$ 34,642</u>	<u>\$ 13,229</u>	<u>\$ 1,867</u>	<u>\$ 32,775</u>

Exhibit F-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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 40,673	\$ 23,800	\$ 23,800	\$ 16,873
Other Local Revenues	0	200	200	(200)
Total Revenues	\$ 40,673	\$ 24,000	\$ 24,000	\$ 16,673
<u>Expenditures</u>				
<u>Public Safety</u>				
Sheriff's Department	\$ 57,416	\$ 55,150	\$ 78,329	\$ 20,913
Total Expenditures	\$ 57,416	\$ 55,150	\$ 78,329	\$ 20,913
Excess (Deficiency) of Revenues Over Expenditures	\$ (16,743)	\$ (31,150)	\$ (54,329)	\$ 37,586
Net Change in Fund Balance	\$ (16,743)	\$ (31,150)	\$ (54,329)	\$ 37,586
Fund Balance, July 1, 2014	83,699	83,699	83,699	0
Fund Balance, June 30, 2015	\$ 66,956	\$ 52,549	\$ 29,370	\$ 37,586

Exhibit F-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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 15,058	\$ 16,155	\$ 16,155	\$ (1,097)
State of Tennessee	148,033	54,000	150,000	(1,967)
Federal Government	5,812	113,000	113,000	(107,188)
Other Governments and Citizens Groups	1,609	6,105	6,105	(4,496)
Total Revenues	<u>\$ 170,512</u>	<u>\$ 189,260</u>	<u>\$ 285,260</u>	<u>\$ (114,748)</u>
<u>Expenditures</u>				
<u>Social, Cultural, and Recreational Services</u>				
Other Social, Cultural, and Recreational	\$ 196,263	\$ 189,260	\$ 284,760	\$ 88,497
Total Expenditures	<u>\$ 196,263</u>	<u>\$ 189,260</u>	<u>\$ 284,760</u>	<u>\$ 88,497</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (25,751)</u>	<u>\$ 0</u>	<u>\$ 500</u>	<u>\$ (26,251)</u>
Net Change in Fund Balance	\$ (25,751)	\$ 0	\$ 500	\$ (26,251)
Fund Balance, July 1, 2014	<u>12,848</u>	<u>5,469</u>	<u>5,469</u>	<u>7,379</u>
Fund Balance, June 30, 2015	<u><u>\$ (12,903)</u></u>	<u><u>\$ 5,469</u></u>	<u><u>\$ 5,969</u></u>	<u><u>\$ (18,872)</u></u>

Major Governmental Fund

General Debt Service Fund

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

Exhibit G

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 780,319	\$ 756,960	\$ 756,960	\$ 23,359
Other Governments and Citizens Groups	250,000	250,000	250,000	0
Total Revenues	\$ 1,030,319	\$ 1,006,960	\$ 1,006,960	\$ 23,359
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 291,581	\$ 340,000	\$ 337,000	\$ 45,419
Education	561,000	561,000	561,000	0
<u>Interest on Debt</u>				
General Government	18,860	17,100	20,100	1,240
Education	16,740	21,000	21,000	4,260
<u>Other Debt Service</u>				
General Government	12,246	13,000	13,000	754
Education	53,391	57,500	57,500	4,109
Total Expenditures	\$ 953,818	\$ 1,009,600	\$ 1,009,600	\$ 55,782
Excess (Deficiency) of Revenues Over Expenditures	\$ 76,501	\$ (2,640)	\$ (2,640)	\$ 79,141
Net Change in Fund Balance	\$ 76,501	\$ (2,640)	\$ (2,640)	\$ 79,141
Fund Balance, July 1, 2014	2,914,383	2,890,253	2,890,253	24,130
Fund Balance, June 30, 2015	\$ 2,990,884	\$ 2,887,613	\$ 2,887,613	\$ 103,271

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 H-1

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

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 948,192	\$ 948,192
Investments	0	85,337	85,337
Due from Other Governments	67,650	0	67,650
Total Assets	<u>\$ 67,650</u>	<u>\$ 1,033,529</u>	<u>\$ 1,101,179</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 67,650	\$ 0	\$ 67,650
Due to Litigants, Heirs, and Others	0	1,033,529	1,033,529
Total Liabilities	<u>\$ 67,650</u>	<u>\$ 1,033,529</u>	<u>\$ 1,101,179</u>

Exhibit H-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 391,711	\$ 391,711	\$ 0
Due from Other Governments	69,108	67,650	69,108	67,650
Total Assets	\$ 69,108	\$ 459,361	\$ 460,819	\$ 67,650
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 69,108	\$ 459,361	\$ 460,819	\$ 67,650
Total Liabilities	\$ 69,108	\$ 459,361	\$ 460,819	\$ 67,650
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,006,374	\$ 4,892,822	\$ 4,951,004	\$ 948,192
Investments	74,197	11,140	0	85,337
Accounts Receivable	4,269	0	4,269	0
Due from Other Funds	9,406	0	9,406	0
Total Assets	\$ 1,094,246	\$ 4,903,962	\$ 4,964,679	\$ 1,033,529
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,094,246	\$ 4,903,962	\$ 4,964,679	\$ 1,033,529
Total Liabilities	\$ 1,094,246	\$ 4,903,962	\$ 4,964,679	\$ 1,033,529
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,006,374	\$ 4,892,822	\$ 4,951,004	\$ 948,192
Equity in Pooled Cash and Investments	0	391,711	391,711	0
Investments	74,197	11,140	0	85,337
Accounts Receivable	4,269	0	4,269	0
Due from Other Governments	69,108	67,650	69,108	67,650
Due from Other Funds	9,406	0	9,406	0
Total Assets	\$ 1,163,354	\$ 5,363,323	\$ 5,425,498	\$ 1,101,179
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 69,108	\$ 459,361	\$ 460,819	\$ 67,650
Due to Litigants, Heirs, and Others	1,094,246	4,903,962	4,964,679	1,033,529
Total Liabilities	\$ 1,163,354	\$ 5,363,323	\$ 5,425,498	\$ 1,101,179

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 I-1

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

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	\$ 9,459,784	\$ 13,800	\$ 767,413	\$ (8,678,571)
Support Services	4,692,529	23,700	186,871	(4,481,958)
Operation of Non-instructional Services	1,441,705	268,890	731,266	(441,549)
Total Governmental Activities	<u>\$ 15,594,018</u>	<u>\$ 306,390</u>	<u>\$ 1,685,550</u>	<u>\$ (13,602,078)</u>
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 1,934,500
Local Option Sales Taxes				602,225
Other Local Taxes				1,356
Grants and Contributions Not Restricted to Specific Programs				12,015,313
Unrestricted Investment Earnings				94
Miscellaneous				83,790
Pension Income				50,691
Total General Revenues				<u>\$ 14,687,969</u>
Change in Net Position				\$ 1,085,891
Net Position, July 1, 2014				13,604,618
Restatement - Pension Liability (see Note I.D.8)				<u>(2,707,468)</u>
Net Position, June 30, 2015				<u>\$ 11,983,041</u>

Exhibit I-2

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

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	<u>General</u>	<u>Other</u>	<u>Total</u>
	<u>Purpose</u>	<u>Gov-</u>	<u>Governmental</u>
	<u>School</u>	<u>ern-</u>	<u>Governmental</u>
		<u>mental</u>	<u>Funds</u>
		<u>Funds</u>	<u>Funds</u>
<u>ASSETS</u>			
Cash	\$ 0	\$ 100	\$ 100
Equity in Pooled Cash and Investments	3,733,177	175,726	3,908,903
Accounts Receivable	288	0	288
Due from Other Governments	226,075	88,359	314,434
Due from Other Funds	53,585	0	53,585
Property Taxes Receivable	2,010,012	0	2,010,012
Allowance for Uncollectible Property Taxes	(49,480)	0	(49,480)
Total Assets	<u>\$ 5,973,657</u>	<u>\$ 264,185</u>	<u>\$ 6,237,842</u>
<u>LIABILITIES</u>			
Due to Other Funds	\$ 0	\$ 53,585	\$ 53,585
Due to State of Tennessee	0	361	361
Total Liabilities	<u>\$ 0</u>	<u>\$ 53,946</u>	<u>\$ 53,946</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 1,894,598	\$ 0	\$ 1,894,598
Deferred Delinquent Property Taxes	56,601	0	56,601
Other Deferred/Unavailable Revenue	55,025	0	55,025
Total Deferred Inflows of Resources	<u>\$ 2,006,224</u>	<u>\$ 0</u>	<u>\$ 2,006,224</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 0	\$ 175,847	\$ 175,847
Committed:			
Committed for Education	1,842,193	0	1,842,193
Assigned:			
Assigned for Education	531,352	34,392	565,744
Unassigned	1,593,888	0	1,593,888
Total Fund Balances	<u>\$ 3,967,433</u>	<u>\$ 210,239</u>	<u>\$ 4,177,672</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 5,973,657</u>	<u>\$ 264,185</u>	<u>\$ 6,237,842</u>

Exhibit I-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, 2015

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$	4,177,672
(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		9,342,239	
Add: other capital assets net of accumulated depreciation		<u>590,935</u>	10,104,053
(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	\$	(79,811)	
Less: other postemployment benefits liability		<u>(494,212)</u>	(574,023)
(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	\$	906,101	
Less: deferred inflows of resources related to pensions		<u>(3,170,657)</u>	(2,264,556)
(4) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.			
Add: net pension assets - agent plan	\$	396,173	
Add: net pension assets - cost-sharing plan		<u>32,096</u>	428,269
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>111,626</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>11,983,041</u></u>

Exhibit I-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, 2015

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General	Other	Total
	Purpose	Govern- mental	Governmental
	School	Funds	Funds
<u>Revenues</u>			
Local Taxes	\$ 2,544,069	\$ 0	\$ 2,544,069
Licenses and Permits	660	0	660
Charges for Current Services	37,500	268,890	306,390
Other Local Revenues	82,450	1,934	84,384
State of Tennessee	11,865,291	10,329	11,875,620
Federal Government	11,000	1,801,082	1,812,082
Total Revenues	<u>\$ 14,540,970</u>	<u>\$ 2,082,235</u>	<u>\$ 16,623,205</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 8,503,361	\$ 891,077	\$ 9,394,438
Support Services	4,676,252	181,820	4,858,072
Operation of Non-instructional Services	399,230	1,038,172	1,437,402
Capital Outlay	287,410	0	287,410
Debt Service:			
Other Debt Service	250,000	0	250,000
Total Expenditures	<u>\$ 14,116,253</u>	<u>\$ 2,111,069</u>	<u>\$ 16,227,322</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 424,717</u>	<u>\$ (28,834)</u>	<u>\$ 395,883</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 7,507	\$ 0	\$ 7,507
Transfers Out	0	(7,507)	(7,507)
Total Other Financing Sources (Uses)	<u>\$ 7,507</u>	<u>\$ (7,507)</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 432,224	\$ (36,341)	\$ 395,883
Fund Balance, July 1, 2014	3,535,209	246,580	3,781,789
Fund Balance, June 30, 2015	<u>\$ 3,967,433</u>	<u>\$ 210,239</u>	<u>\$ 4,177,672</u>

Exhibit I-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, 2015

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

Net change in fund balances - total governmental funds (Exhibit I-4)		\$	395,883
(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	\$	370,308	
Less: current-year depreciation expense		<u>(522,784)</u>	(152,476)
(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, 2015	\$	111,626	
Less: deferred delinquent property taxes and other deferred June 30, 2014		<u>(105,613)</u>	6,013
(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	\$	(4,255)	
Change in other postemployment benefits liability		(30,455)	
Change in net pension liability/asset		3,135,737	
Change in deferred outflows related to pensions		906,101	
Change in deferred inflows related to pensions		<u>(3,170,657)</u>	<u>836,471</u>
Change in net position of governmental activities (Exhibit B)			<u>\$ 1,085,891</u>

Exhibit I-6

Cannon County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Cannon County School Department
June 30, 2015

	<u>Special Revenue Funds</u>		
	School Federal Projects	Central Cafeteria	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 100	\$ 100
Equity in Pooled Cash and Investments	9,172	166,554	175,726
Due from Other Governments	88,359	0	88,359
Total Assets	<u>\$ 97,531</u>	<u>\$ 166,654</u>	<u>\$ 264,185</u>
<u>LIABILITIES</u>			
Due to Other Funds	\$ 53,585	\$ 0	\$ 53,585
Due to State of Tennessee	0	361	361
Total Liabilities	<u>\$ 53,585</u>	<u>\$ 361</u>	<u>\$ 53,946</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 9,554	\$ 166,293	\$ 175,847
Assigned:			
Assigned for Education	34,392	0	34,392
Total Fund Balances	<u>\$ 43,946</u>	<u>\$ 166,293</u>	<u>\$ 210,239</u>
Total Liabilities and Fund Balances	<u>\$ 97,531</u>	<u>\$ 166,654</u>	<u>\$ 264,185</u>

Exhibit I-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, 2015

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 268,890	\$ 268,890
Other Local Revenues	0	1,934	1,934
State of Tennessee	500	9,829	10,329
Federal Government	1,079,645	721,437	1,801,082
Total Revenues	<u>\$ 1,080,145</u>	<u>\$ 1,002,090</u>	<u>\$ 2,082,235</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 891,077	\$ 0	\$ 891,077
Support Services	181,820	0	181,820
Operation of Non-instructional Services	0	1,038,172	1,038,172
Total Expenditures	<u>\$ 1,072,897</u>	<u>\$ 1,038,172</u>	<u>\$ 2,111,069</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 7,248</u>	<u>\$ (36,082)</u>	<u>\$ (28,834)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (7,507)	\$ 0	\$ (7,507)
Total Other Financing Sources (Uses)	<u>\$ (7,507)</u>	<u>\$ 0</u>	<u>\$ (7,507)</u>
Net Change in Fund Balances	\$ (259)	\$ (36,082)	\$ (36,341)
Fund Balance, July 1, 2014	44,205	202,375	246,580
Fund Balance, June 30, 2015	<u>\$ 43,946</u>	<u>\$ 166,293</u>	<u>\$ 210,239</u>

Exhibit I-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, 2015

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 2,544,069	\$ 0	\$ 0	\$ 2,544,069	\$ 2,551,016	\$ 2,551,016	\$ (6,947)
Licenses and Permits	660	0	0	660	400	400	260
Charges for Current Services	37,500	0	0	37,500	45,000	45,000	(7,500)
Other Local Revenues	82,450	0	0	82,450	63,100	63,100	19,350
State of Tennessee	11,865,291	0	0	11,865,291	11,708,312	11,745,382	119,909
Federal Government	11,000	0	0	11,000	11,000	11,000	0
Total Revenues	\$ 14,540,970	\$ 0	\$ 0	\$ 14,540,970	\$ 14,378,828	\$ 14,415,898	\$ 125,072
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 6,805,684	\$ (161,684)	\$ 239,500	\$ 6,883,500	\$ 7,104,296	\$ 7,104,296	\$ 220,796
Alternative Instruction Program	55,288	0	0	55,288	55,755	55,755	467
Special Education Program	1,123,509	(8,203)	7,633	1,122,939	1,198,484	1,122,940	1
Vocational Education Program	518,880	(430)	130	518,580	528,608	528,608	10,028
<u>Support Services</u>							
Attendance	63,980	0	0	63,980	61,913	63,980	0
Health Services	181,864	(10,606)	7,888	179,146	189,686	189,686	10,540
Other Student Support	234,886	0	320	235,206	254,827	254,827	19,621
Regular Instruction Program	586,390	(5,900)	570	581,060	607,343	605,276	24,216
Special Education Program	110,724	0	0	110,724	113,181	110,724	0
Vocational Education Program	6,609	0	0	6,609	6,615	6,615	6
Other Programs	37,070	0	0	37,070	0	37,070	0
Board of Education	254,435	(6,200)	5,950	254,185	251,250	256,130	1,945
Director of Schools	144,827	(5,240)	6,826	146,413	147,846	147,846	1,433
Office of the Principal	1,049,950	(845)	420	1,049,525	1,114,510	1,109,629	60,104
Fiscal Services	180,762	(11,027)	14,538	184,273	184,419	184,419	146
Operation of Plant	968,479	(15,300)	9,000	962,179	1,085,182	1,085,182	123,003
Maintenance of Plant	173,606	(10,430)	21,465	184,641	236,333	236,333	51,692
Transportation	682,670	(89,072)	172,872	766,470	734,429	812,429	45,959

(Continued)

Exhibit I-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 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Operation of Non-Instructional Services</u>							
Early Childhood Education	\$ 399,230	\$ (15,546)	\$ 28,890	\$ 412,574	\$ 413,651	\$ 413,652	\$ 1,078
<u>Capital Outlay</u>							
Regular Capital Outlay	287,410	(70,202)	15,350	232,558	350,000	350,000	117,442
<u>Other Debt Service</u>							
Education	250,000	0	0	250,000	250,000	250,000	0
Total Expenditures	\$ 14,116,253	\$ (410,685)	\$ 531,352	\$ 14,236,920	\$ 14,888,328	\$ 14,925,397	\$ 688,477
Excess (Deficiency) of Revenues Over Expenditures	\$ 424,717	\$ 410,685	\$ (531,352)	\$ 304,050	\$ (509,500)	\$ (509,499)	\$ 813,549
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 7,507	\$ 0	\$ 0	\$ 7,507	\$ 15,000	\$ 15,000	\$ (7,493)
Total Other Financing Sources	\$ 7,507	\$ 0	\$ 0	\$ 7,507	\$ 15,000	\$ 15,000	\$ (7,493)
Net Change in Fund Balance	\$ 432,224	\$ 410,685	\$ (531,352)	\$ 311,557	\$ (494,500)	\$ (494,499)	\$ 806,056
Fund Balance, July 1, 2014	3,535,209	(410,685)	0	3,124,524	2,530,728	2,530,728	593,796
Fund Balance, June 30, 2015	\$ 3,967,433	\$ 0	\$ (531,352)	\$ 3,436,081	\$ 2,036,228	\$ 2,036,229	\$ 1,399,852

Exhibit I-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, 2015

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
State of Tennessee	\$ 500	\$ 0	\$ 0	\$ 500	\$ 750	\$ 0	\$ 500
Federal Government	1,079,645	0	0	1,079,645	1,310,639	1,397,912	(318,267)
Total Revenues	\$ 1,080,145	\$ 0	\$ 0	\$ 1,080,145	\$ 1,311,389	\$ 1,397,912	\$ (317,767)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 464,181	\$ (3,927)	\$ 23,431	\$ 483,685	\$ 553,722	\$ 573,395	\$ 89,710
Special Education Program	402,594	(45)	3,248	405,797	422,863	484,540	78,743
Vocational Education Program	24,302	(10,339)	3,512	17,475	19,654	17,746	271
<u>Support Services</u>							
Other Student Support	13,305	0	451	13,756	77,839	48,171	34,415
Regular Instruction Program	81,511	(2,998)	3,750	82,263	138,325	169,025	86,762
Special Education Program	63,557	0	0	63,557	60,749	66,748	3,191
Vocational Education Program	1,513	0	0	1,513	1,480	1,515	2
Transportation	21,934	0	0	21,934	27,664	27,663	5,729
Total Expenditures	\$ 1,072,897	\$ (17,309)	\$ 34,392	\$ 1,089,980	\$ 1,302,296	\$ 1,388,803	\$ 298,823
Excess (Deficiency) of Revenues Over Expenditures	\$ 7,248	\$ 17,309	\$ (34,392)	\$ (9,835)	\$ 9,093	\$ 9,109	\$ (18,944)
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (7,507)	\$ 0	\$ 0	\$ (7,507)	\$ (9,089)	\$ (9,106)	\$ 1,599
Total Other Financing Sources	\$ (7,507)	\$ 0	\$ 0	\$ (7,507)	\$ (9,089)	\$ (9,106)	\$ 1,599
Net Change in Fund Balance	\$ (259)	\$ 17,309	\$ (34,392)	\$ (17,342)	\$ 4	\$ 3	\$ (17,345)
Fund Balance, July 1, 2014	44,205	(17,309)	0	26,896	0	0	26,896
Fund Balance, June 30, 2015	\$ 43,946	\$ 0	\$ (34,392)	\$ 9,554	\$ 4	\$ 3	\$ 9,551

Exhibit I-10

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 268,890	\$ 335,000	\$ 335,000	\$ (66,110)
Other Local Revenues	1,934	200	200	1,734
State of Tennessee	9,829	11,000	11,000	(1,171)
Federal Government	721,437	835,000	835,000	(113,563)
Total Revenues	<u>\$ 1,002,090</u>	<u>\$ 1,181,200</u>	<u>\$ 1,181,200</u>	<u>\$ (179,110)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,038,172	\$ 1,202,497	\$ 1,202,497	\$ 164,325
Total Expenditures	<u>\$ 1,038,172</u>	<u>\$ 1,202,497</u>	<u>\$ 1,202,497</u>	<u>\$ 164,325</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (36,082)</u>	<u>\$ (21,297)</u>	<u>\$ (21,297)</u>	<u>\$ (14,785)</u>
Net Change in Fund Balance	\$ (36,082)	\$ (21,297)	\$ (21,297)	\$ (14,785)
Fund Balance, July 1, 2014	<u>202,375</u>	<u>190,852</u>	<u>190,852</u>	<u>11,523</u>
Fund Balance, June 30, 2015	<u>\$ 166,293</u>	<u>\$ 169,555</u>	<u>\$ 169,555</u>	<u>\$ (3,262)</u>

MISCELLANEOUS SCHEDULES

Exhibit J-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-14	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-15
NOTES PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Ambulance Building	\$ 52,500	2.75	% 1-16-15	1-16-18	\$ 0	\$ 52,500	\$ 0	\$ 52,500
Sheriff Department Software	50,000	2.28	12-19-14	12-19-17	0	50,000	0	50,000
Ambulance Building Furniture	15,000	2.75	2-19-15	2-19-16	0	15,000	0	15,000
Ambulance	110,000	2.19	11-10-14	11-10-17	0	110,000	0	110,000
Solid Waste Equipment	20,000	2.75	5-29-15	5-29-16	0	20,000	0	20,000
Jail Renovation	225,000	3.95	8-1-11	7-1-23	189,300	0	16,000	173,300
Ambulance	75,883	2.18	2-14-13	2-14-16	51,132	0	25,290	25,842
Sheriff Department Vehicles	150,000	2.25	11-8-12	11-8-15	100,000	0	50,000	50,000
Fire Truck	130,000	1.98	8-28-12	8-28-15	87,513	0	43,328	44,185
Ambulance Service - Heart Monitors	80,000	2.17	5-21-13	5-21-16	53,903	0	26,663	27,240
Ambulance Service - Land	8,500	2.2	2-24-14	2-24-15	8,500	0	8,500	0
Lighting - Ball Parks	16,800	2	3-6-14	2-1-15	16,800	0	16,800	0
Total Payable through General Debt Service Fund					\$ 507,148	\$ 247,500	\$ 186,581	\$ 568,067
<u>Payable through Highway/Public Works Fund</u>								
Tractor and Mower	68,000	2.43	10-19-12	10-19-15	\$ 45,875	\$ 0	\$ 22,662	\$ 23,213
Tractor and Mower	87,000	2.15	10-6-14	10-6-17	0	87,000	0	87,000
Total Payable through Highway/Public Works Fund					\$ 45,875	\$ 87,000	\$ 22,662	\$ 110,213
Total Notes Payable					\$ 553,023	\$ 334,500	\$ 209,243	\$ 678,280
OTHER LOANS PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Ambulance Service Building Construction	265,000	3.28	11-24-14	11-1-24	\$ 0	\$ 265,000	\$ 0	\$ 265,000
School Construction/Improvements - High School	1,642,000	Variable	9-17-99	5-25-19	574,000	0	104,000	470,000
School Construction/Improvements - Elementary	11,400,000	Variable	5-25-02	5-25-26	7,277,000	0	457,000	6,820,000
Jail Construction Bond Refunding	1,420,000	Variable	7-18-02	5-25-18	444,000	0	105,000	339,000
Total Other Loans Payable					\$ 8,295,000	\$ 265,000	\$ 666,000	\$ 7,894,000

Exhibit J-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2016	\$ 320,065	\$ 16,547	\$ 336,612
2017	117,808	9,913	127,721
2018	120,107	7,284	127,391
2019	19,000	4,602	23,602
2020	20,000	3,832	23,832
2021	21,000	3,022	24,022
2022	21,000	2,192	23,192
2023	22,000	1,343	23,343
2024	17,300	454	17,754
Total	\$ 678,280	\$ 49,189	\$ 727,469

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2016	\$ 722,000	\$ 20,705	\$ 52,649	\$ 795,354
2017	756,000	26,340	48,105	830,445
2018	789,000	23,554	43,347	855,901
2019	707,000	20,660	37,355	765,015
2020	610,000	17,945	31,902	659,847
2021	640,000	15,499	28,106	683,605
2022	671,000	12,941	24,121	708,062
2023	704,000	10,271	19,942	734,213
2024	738,000	7,497	15,554	761,051
2025	775,000	4,615	10,946	790,561
2026	782,000	2,111	6,100	790,211
Total	\$ 7,894,000	\$ 162,138	\$ 318,127	\$ 8,374,265

Exhibit J-3

Cannon County, Tennessee
Schedule of Investments
June 30, 2015

<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 Annuity	\$ 37,934
Farm Bureau Annuity	37,934
Edward Jones Mutual Funds	<u>9,469</u>
Total Investments	<u><u>\$ 85,337</u></u>

Exhibit J-4

Cannon County, Tennessee
Schedule of Notes Receivable
For the Year Ended June 30, 2015

Description	Debtor	Original Amount of Note	Date of Issue	Date of Maturity	Interest Rate	Balance 6-30-15
<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	6-30-47	0 %	<u>\$ 80,111</u>
Total Notes Receivable						<u>\$ 80,111</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 J-5

Cannon County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Cannon County School Department
For the Year Ended June 30, 2015

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	Solid Waste/Sanitation	Operations	<u>\$ 12,000</u>
Total Transfers Primary Government			<u><u>\$ 12,000</u></u>
<u>DISCRETELY PRESENTED CANNON COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect Costs	<u>\$ 7,507</u>
Total Transfers Discretely Presented Cannon County School Department			<u><u>\$ 7,507</u></u>

Exhibit J-6

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, 2015

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Executive	Section 8-24-102, <i>TCA</i>	\$ 73,738	\$ 100,000	Auto Owners Insurance Company
Road Supervisor	Section 8-24-102, <i>TCA</i>	70,228	100,000	"
Director of Schools	State Board of Education and Cannon County Board of Education	96,446 (1)	(2)	"
Trustee:				
Wayne Prater (7-1-14 through 8-31-14)	Section 8-24-102, <i>TCA</i>	11,050	587,700	"
Norma Knox (9-1-14 through 6-30-15)	Section 8-24-102, <i>TCA</i>	52,793	596,422	"
Assessor of Property	Section 8-24-102, <i>TCA</i>	63,843	50,000	"
County Clerk	Section 8-24-102, <i>TCA</i>	63,843	50,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, <i>TCA</i>	63,843	50,000	"
Clerk and Master:				
William Bryson (7-1-14 through 2-25-15)	Section 8-24-102, <i>TCA</i>	40,416	25,000	"
Nathan Nichols (2-26-15 through 6-30-15)	Section 8-24-102, <i>TCA</i>	23,427	25,000	"
Register of Deeds:				
Deborah Morris (7-1-14 through 8-31-14)	Section 8-24-102, <i>TCA</i>	11,050	15,000	"
Sandy Hollandsworth (9-1-14 through 6-30-15)	Section 8-24-102, <i>TCA</i>	52,793	50,000	"
Sheriff	Section 8-24-102, <i>TCA</i>	70,228	100,000	"
Employee Blanket Bonds:				
Public Employee Dishonesty - County Employees			150,000	Tennessee Risk Management Trust
Public Employee Dishonesty - School Employees			150,000	"

(1) Includes a chief executive officer training supplement of \$2,000.

(2) The director of schools is covered under the school employee dishonesty bond.

Exhibit J-7

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	REACH Program
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 2,432,584	\$ 308,899	\$ 386,123	\$ 0	\$ 0
Trustee's Collections - Prior Year	106,194	11,850	16,626	0	0
Circuit/Clerk and Master Collections - Prior Years	39,083	4,306	6,106	0	0
Interest and Penalty	19,998	2,257	3,135	0	0
Payments in-Lieu-of Taxes - Local Utilities	178,682	22,690	28,362	0	0
Payments in-Lieu-of Taxes - Other	3,527	0	0	0	0
<u>County Local Option Taxes</u>					
Local Option Sales Tax	103,216	101,332	0	0	0
Hotel/Motel Tax	2,333	0	0	0	0
Wheel Tax	0	0	0	0	0
Litigation Tax - General	49,244	0	0	0	0
Litigation Tax - Special Purpose	33,107	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	15,477	0	0	0	0
Business Tax	47,443	0	0	0	0
Mineral Severance Tax	0	0	0	0	0
<u>Statutory Local Taxes</u>					
Bank Excise Tax	17,183	2,182	2,727	0	0
Wholesale Beer Tax	55,048	0	0	0	0
Interstate Telecommunications Tax	540	590	0	0	0
Total Local Taxes	\$ 3,103,659	\$ 454,106	\$ 443,079	\$ 0	\$ 0
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 616	\$ 0	\$ 0	\$ 0	\$ 0
Total Licenses and Permits	\$ 616	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit J-7

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	REACH Program
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 25,359	\$ 0	\$ 0	\$ 0	0
Drug Control Fines	0	0	0	12,793	0
DUI Treatment Fines	694	0	0	0	0
Data Entry Fee - Circuit Court	534	0	0	0	0
<u>General Sessions Court</u>					
Fines	58,289	0	0	0	0
Officers Costs	290	0	0	0	0
Game and Fish Fines	385	0	0	0	0
Drug Control Fines	0	0	0	7,077	0
DUI Treatment Fines	3,498	0	0	0	0
Data Entry Fee - General Sessions Court	7,033	0	0	0	0
Courtroom Security Fee	306	0	0	0	0
<u>Juvenile Court</u>					
Jail Fees	975	0	0	0	0
Victims Assistance Assessments	814	0	0	0	0
<u>Chancery Court</u>					
Officers Costs	832	0	0	0	0
Data Entry Fee - Chancery Court	756	0	0	0	0
<u>Other Courts - In-county</u>					
Fines	8,417	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	2,580	0	0	20,803	0
Total Fines, Forfeitures, and Penalties	\$ 110,762	\$ 0	\$ 0	\$ 40,673	\$ 0

(Continued)

Exhibit J-7

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	REACH Program
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Commercial and Industrial Waste Collection Charge	\$ 0	\$ 22,496	\$ 0	\$ 0	0
Patient Charges	534	0	529,286	0	0
Other General Service Charges	2,185	0	0	0	0
Service Charges	210	0	0	0	0
<u>Fees</u>					
Copy Fees	245	0	0	0	0
Library Fees	54,794	0	0	0	0
Archives and Records Management Fee - County Clerk	89	0	0	0	0
Telephone Commissions	31,820	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0
Data Processing Fee - Register	4,518	0	0	0	0
Data Processing Fee - Sheriff	2,240	0	0	0	0
Sexual Offender Registration Fee - Sheriff	2,100	0	0	0	0
Data Processing Fee - County Clerk	4,764	0	0	0	0
<u>Education Charges</u>					
Community Service Fees - Children	0	0	0	0	15,058
Total Charges for Current Services	\$ 103,499	\$ 22,496	\$ 529,286	\$ 0	15,058
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 24,358	\$ 0	\$ 0	\$ 0	0
Lease/Rentals	30,750	0	0	0	0
Commissary Sales	20,416	0	0	0	0
Sale of Gasoline	0	0	0	0	0
Miscellaneous Refunds	4,072	0	80	0	0

(Continued)

Exhibit J-7

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	REACH Program
<u>Other Local Revenues (Cont.)</u>					
<u>Nonrecurring Items</u>					
Damages Recovered from Individuals	\$ 420	\$ 0	\$ 0	\$ 0	0
Contributions and Gifts	41,850	0	0	0	0
Total Other Local Revenues	\$ 121,866	\$ 0	\$ 80	\$ 0	0
<u>Fees Received from County Officials</u>					
<u>Fees in-Lieu-of Salary</u>					
Circuit Court Clerk	\$ 36,402	\$ 0	\$ 0	\$ 0	0
General Sessions Court Clerk	128,183	0	0	0	0
Clerk and Master	26,879	0	0	0	0
Register	47,439	0	0	0	0
Sheriff	8,549	0	0	0	0
Trustee	176,960	0	0	0	0
Total Fees Received from County Officials	\$ 424,412	\$ 0	\$ 0	\$ 0	0
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	0
Solid Waste Grants	0	1,710	0	0	0
<u>Health and Welfare Grants</u>					
Health Department Programs	41,864	0	0	0	0
<u>Public Works Grants</u>					
Bridge Program	0	0	0	0	0
State Aid Program	0	0	0	0	0
Litter Program	30,740	0	0	0	0

(Continued)

Exhibit J-7

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	REACH Program
<u>State of Tennessee (Cont.)</u>					
<u>Other State Revenues</u>					
Income Tax	\$ 15,549	\$ 0	\$ 0	\$ 0	\$ 0
Beer Tax	18,055	0	0	0	0
Alcoholic Beverage Tax	31,028	0	0	0	0
Contracted Prisoner Boarding	122,238	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0
Registrar's Salary Supplement	15,164	0	0	0	0
Other State Grants	10,149	23,531	0	0	148,033
Other State Revenues	116,392	0	0	0	0
Total State of Tennessee	\$ 410,179	\$ 25,241	\$ 0	\$ 0	\$ 148,033
<u>Federal Government</u>					
<u>Federal Through State</u>					
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Homeland Security Grants	27,395	0	0	0	0
Medicaid	5,200	0	0	0	0
Other Federal through State	10,054	0	0	0	5,812
Total Federal Government	\$ 42,649	\$ 0	\$ 0	\$ 0	\$ 5,812
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 40,000	\$ 0	\$ 0	\$ 0
Contracted Services	256,873	0	0	0	0
<u>Citizens Groups</u>					
Donations	0	0	0	0	1,609
Total Other Governments and Citizens Groups	\$ 256,873	\$ 40,000	\$ 0	\$ 0	\$ 1,609
Total	\$ 4,574,515	\$ 541,843	\$ 972,445	\$ 40,673	\$ 170,512

(Continued)

Exhibit J-7

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

	Special Revenue Funds (Cont.)		Debt Service Fund	Capital Projects Fund	Total
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 0	\$ 0	\$ 57,920	\$ 0	\$ 3,185,526
Trustee's Collections - Prior Year	0	0	2,494	0	137,164
Circuit/Clerk and Master Collections - Prior Years	0	0	488	0	49,983
Interest and Penalty	0	0	470	0	25,860
Payments in-Lieu-of Taxes - Local Utilities	0	0	4,254	0	233,988
Payments in-Lieu-of Taxes - Other	0	0	0	0	3,527
<u>County Local Option Taxes</u>					
Local Option Sales Tax	0	0	0	0	204,548
Hotel/Motel Tax	0	0	0	0	2,333
Wheel Tax	0	0	658,997	0	658,997
Litigation Tax - General	0	0	0	0	49,244
Litigation Tax - Special Purpose	0	0	0	0	33,107
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	55,287	0	70,764
Business Tax	0	1,500	0	0	48,943
Mineral Severance Tax	0	57,149	0	0	57,149
<u>Statutory Local Taxes</u>					
Bank Excise Tax	0	0	409	0	22,501
Wholesale Beer Tax	0	0	0	0	55,048
Interstate Telecommunications Tax	0	0	0	0	1,130
Total Local Taxes	\$ 0	\$ 58,649	\$ 780,319	\$ 0	\$ 4,839,812
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 0	\$ 0	\$ 0	\$ 0	\$ 616
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 616

(Continued)

Exhibit J-7

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

	<u>Special Revenue Funds (Cont.)</u>		<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	
	<u>Constitutional Officers - Fees</u>	<u>Highway / Public Works</u>	<u>General Debt Service</u>	<u>General Capital Projects</u>	<u>Total</u>
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 0	\$ 0	\$ 0	\$ 0	25,359
Drug Control Fines	0	0	0	0	12,793
DUI Treatment Fines	0	0	0	0	694
Data Entry Fee - Circuit Court	0	0	0	0	534
<u>General Sessions Court</u>					
Fines	0	0	0	0	58,289
Officers Costs	0	0	0	0	290
Game and Fish Fines	0	0	0	0	385
Drug Control Fines	0	0	0	0	7,077
DUI Treatment Fines	0	0	0	0	3,498
Data Entry Fee - General Sessions Court	0	0	0	0	7,033
Courtroom Security Fee	0	0	0	0	306
<u>Juvenile Court</u>					
Jail Fees	0	0	0	0	975
Victims Assistance Assessments	0	0	0	0	814
<u>Chancery Court</u>					
Officers Costs	0	0	0	0	832
Data Entry Fee - Chancery Court	0	0	0	0	756
<u>Other Courts - In-county</u>					
Fines	0	0	0	0	8,417
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	0	0	0	0	23,383
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	151,435

(Continued)

Exhibit J-7

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

	Special Revenue Funds (Cont.)		Debt Service Fund	Capital Projects Fund	Total
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Commercial and Industrial Waste Collection Charge	\$ 0	\$ 0	\$ 0	\$ 0	22,496
Patient Charges	0	0	0	0	529,820
Other General Service Charges	0	0	0	0	2,185
Service Charges	0	0	0	0	210
<u>Fees</u>					
Copy Fees	0	0	0	0	245
Library Fees	0	0	0	0	54,794
Archives and Records Management Fee - County Clerk	0	0	0	0	89
Telephone Commissions	0	0	0	0	31,820
Constitutional Officers' Fees and Commissions	138,495	0	0	0	138,495
Data Processing Fee - Register	0	0	0	0	4,518
Data Processing Fee - Sheriff	0	0	0	0	2,240
Sexual Offender Registration Fee - Sheriff	0	0	0	0	2,100
Data Processing Fee - County Clerk	0	0	0	0	4,764
<u>Education Charges</u>					
Community Service Fees - Children	0	0	0	0	15,058
Total Charges for Current Services	\$ 138,495	\$ 0	\$ 0	\$ 0	808,834
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	24,358
Lease/Rentals	0	0	0	0	30,750
Commissary Sales	0	0	0	0	20,416
Sale of Gasoline	0	52,846	0	0	52,846
Miscellaneous Refunds	0	29,525	0	0	33,677

(Continued)

Exhibit J-7

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

	Special Revenue Funds (Cont.)		Debt Service Fund	Capital Projects Fund	Total
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	
<u>Other Local Revenues (Cont.)</u>					
<u>Nonrecurring Items</u>					
Damages Recovered from Individuals	\$ 0	\$ 0	\$ 0	\$ 0	420
Contributions and Gifts	0	0	0	0	41,850
Total Other Local Revenues	\$ 0	\$ 82,371	\$ 0	\$ 0	204,317
<u>Fees Received from County Officials</u>					
<u>Fees in-Lieu-of Salary</u>					
Circuit Court Clerk	\$ 0	\$ 0	\$ 0	\$ 0	36,402
General Sessions Court Clerk	0	0	0	0	128,183
Clerk and Master	0	0	0	0	26,879
Register	0	0	0	0	47,439
Sheriff	0	0	0	0	8,549
Trustee	0	0	0	0	176,960
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	424,412
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	9,000
Solid Waste Grants	0	0	0	0	1,710
<u>Health and Welfare Grants</u>					
Health Department Programs	0	0	0	0	41,864
<u>Public Works Grants</u>					
Bridge Program	0	725,590	0	0	725,590
State Aid Program	0	127,767	0	0	127,767
Litter Program	0	0	0	0	30,740

(Continued)

Exhibit J-7

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

	Special Revenue Funds (Cont.)		Debt Service Fund	Capital Projects Fund	
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Total
<u>State of Tennessee (Cont.)</u>					
<u>Other State Revenues</u>					
Income Tax	\$ 0	\$ 0	\$ 0	\$ 0	15,549
Beer Tax	0	0	0	0	18,055
Alcoholic Beverage Tax	0	0	0	0	31,028
Contracted Prisoner Boarding	0	0	0	0	122,238
Gasoline and Motor Fuel Tax	0	1,408,268	0	0	1,408,268
Petroleum Special Tax	0	9,958	0	0	9,958
Registrar's Salary Supplement	0	0	0	0	15,164
Other State Grants	0	0	0	0	181,713
Other State Revenues	0	0	0	0	116,392
Total State of Tennessee	\$ 0	\$ 2,271,583	\$ 0	\$ 0	\$ 2,855,036
<u>Federal Government</u>					
<u>Federal Through State</u>					
Community Development	\$ 0	\$ 0	\$ 0	288,701	\$ 288,701
Homeland Security Grants	0	0	0	0	27,395
Medicaid	0	0	0	0	5,200
Other Federal through State	0	0	0	0	15,866
Total Federal Government	\$ 0	\$ 0	\$ 0	288,701	\$ 337,162
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	250,000	\$ 0	\$ 290,000
Contracted Services	0	0	0	0	256,873
<u>Citizens Groups</u>					
Donations	0	0	0	0	1,609
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 250,000	\$ 0	\$ 548,482
Total	\$ 138,495	\$ 2,412,603	\$ 1,030,319	\$ 288,701	\$ 10,170,106

Exhibit J-8

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

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 1,698,120	\$ 0	\$ 0	\$ 1,698,120
Trustee's Collections - Prior Year	73,927	0	0	73,927
Circuit/Clerk and Master Collections - Prior Years	26,986	0	0	26,986
Interest and Penalty	13,521	0	0	13,521
Payments in-Lieu-of Taxes - Local Utilities	124,794	0	0	124,794
<u>County Local Option Taxes</u>				
Local Option Sales Tax	593,364	0	0	593,364
<u>Statutory Local Taxes</u>				
Bank Excise Tax	12,001	0	0	12,001
Interstate Telecommunications Tax	1,356	0	0	1,356
Total Local Taxes	<u>\$ 2,544,069</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,544,069</u>
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 660	\$ 0	\$ 0	\$ 660
Total Licenses and Permits	<u>\$ 660</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 660</u>
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Other	\$ 13,800	\$ 0	\$ 0	\$ 13,800
Lunch Payments - Children	0	0	122,411	122,411
Lunch Payments - Adults	0	0	33,254	33,254
Income from Breakfast	0	0	71,293	71,293
A la carte Sales	0	0	41,932	41,932
Receipts from Individual Schools	17,655	0	0	17,655

(Continued)

Exhibit J-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>Other Charges for Services</u>				
Other Charges for Services	\$ 6,045	\$ 0	\$ 0	\$ 6,045
Total Charges for Current Services	<u>\$ 37,500</u>	<u>\$ 0</u>	<u>\$ 268,890</u>	<u>\$ 306,390</u>
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 94	\$ 94
E-Rate Funding	36,714	0	0	36,714
Miscellaneous Refunds	45,177	0	1,840	47,017
<u>Nonrecurring Items</u>				
Contributions and Gifts	500	0	0	500
<u>Other Local Revenues</u>				
Other Local Revenues	59	0	0	59
Total Other Local Revenues	<u>\$ 82,450</u>	<u>\$ 0</u>	<u>\$ 1,934</u>	<u>\$ 84,384</u>
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-behalf Contributions for OPEB	\$ 37,070	\$ 0	\$ 0	\$ 37,070
<u>State Education Funds</u>				
Basic Education Program	10,778,657	0	0	10,778,657
Early Childhood Education	412,912	0	0	412,912
School Food Service	0	0	9,829	9,829
Energy Efficient School Initiative	1,050	0	0	1,050
Other State Education Funds	161,419	0	0	161,419
Career Ladder Program	65,697	0	0	65,697

(Continued)

Exhibit J-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>State of Tennessee (Cont.)</u>				
<u>State Education Funds (Cont.)</u>				
Career Ladder - Extended Contract	\$ 13,570	\$ 0	\$ 0	\$ 13,570
Other Vocational	0	500	0	500
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	380,464	0	0	380,464
Other State Grants	1,832	0	0	1,832
Safe Schools	12,620	0	0	12,620
Total State of Tennessee	<u>\$ 11,865,291</u>	<u>\$ 500</u>	<u>\$ 9,829</u>	<u>\$ 11,875,620</u>
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 469,686	\$ 469,686
USDA - Commodities	0	0	57,217	57,217
Breakfast	0	0	192,340	192,340
USDA - Other	0	0	2,194	2,194
Vocational Education - Basic Grants to States	0	30,337	0	30,337
Title I Grants to Local Education Agencies	0	391,999	0	391,999
Special Education - Grants to States	0	466,423	0	466,423
Special Education Preschool Grants	0	16,247	0	16,247
English Language Acquisition Grants	0	235	0	235
Rural Education	0	7,074	0	7,074
Eisenhower Professional Development State Grants	0	94,133	0	94,133
Job Training Partnership Act	11,000	0	0	11,000
Race to the Top - ARRA	0	73,197	0	73,197
Total Federal Government	<u>\$ 11,000</u>	<u>\$ 1,079,645</u>	<u>\$ 721,437</u>	<u>\$ 1,812,082</u>
Total	<u>\$ 14,540,970</u>	<u>\$ 1,080,145</u>	<u>\$ 1,002,090</u>	<u>\$ 16,623,205</u>

Exhibit J-9

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

General Fund

General Government

County Commission

In-service Training	\$	332	
Other Per Diem and Fees		3,705	
Social Security		226	
Employer Medicare		53	
Legal Notices, Recording, and Court Costs		448	
Total County Commission			\$ 4,764

Other Boards and Committees

Consultants	\$	312	
Total Other Boards and Committees			312

County Mayor/Executive

County Official/Administrative Officer	\$	73,738	
Accountants/Bookkeepers		32,209	
Secretary(ies)		19,672	
Part-time Personnel		1,088	
In-service Training		195	
Social Security		6,849	
Pensions		9,817	
Employer Medicare		1,829	
Audit Services		4,140	
Communication		5,175	
Contracts with Government Agencies		10,750	
Contracts with Other Public Agencies		7,100	
Legal Services		2,612	
Legal Notices, Recording, and Court Costs		784	
Maintenance and Repair Services - Office Equipment		1,100	
Postal Charges		451	
Travel		326	
Office Supplies		2,220	
Other Charges		200	
Total County Mayor/Executive			180,255

Election Commission

County Official/Administrative Officer	\$	61,657	
Clerical Personnel		21,261	
Election Commission		4,576	
Election Workers		29,597	
In-service Training		2,604	
Social Security		5,683	
Pensions		1,824	
Employee and Dependent Insurance		14,411	
Employer Medicare		1,329	
Communication		3,519	
Legal Notices, Recording, and Court Costs		4,954	
Maintenance Agreements		21,889	
Maintenance and Repair Services - Office Equipment		701	

(Continued)

Exhibit J-9

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Postal Charges	\$	500	
Printing, Stationery, and Forms		2,244	
Travel		2,992	
Office Supplies		2,285	
Office Equipment		1,213	
Total Election Commission			\$ 183,239

Register of Deeds

County Official/Administrative Officer	\$	63,843	
Secretary(ies)		22,400	
Social Security		4,902	
Pensions		5,772	
Employee and Dependent Insurance		548	
Employer Medicare		1,178	
Communication		1,767	
Data Processing Services		5,566	
Dues and Memberships		115	
Postal Charges		196	
Printing, Stationery, and Forms		1,361	
Office Supplies		452	
Total Register of Deeds			108,100

County Buildings

Maintenance Personnel	\$	25,000	
Social Security		2,503	
Pensions		2,137	
Employer Medicare		585	
Communication		2,234	
Contracts with Private Agencies		200	
Janitorial Services		15,436	
Maintenance Agreements		911	
Maintenance and Repair Services - Buildings		40,077	
Maintenance and Repair Services - Vehicles		1,560	
Custodial Supplies		2,689	
Utilities		116,550	
Total County Buildings			209,882

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	63,843	
Secretary(ies)		22,948	
Other Salaries and Wages		1,031	
Board and Committee Members Fees		1,550	
Social Security		5,494	
Pensions		7,467	
Employee and Dependent Insurance		16,632	
Employer Medicare		1,292	

(Continued)

Exhibit J-9

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Audit Services	\$	2,519	
Communication		1,004	
Data Processing Services		2,591	
Dues and Memberships		660	
Legal Notices, Recording, and Court Costs		90	
Postal Charges		557	
Travel		265	
Office Supplies		694	
Total Property Assessor's Office			\$ 128,637

County Trustee's Office

County Official/Administrative Officer	\$	63,843	
Deputy(ies)		26,950	
Part-time Personnel		20,526	
In-service Training		390	
Social Security		6,876	
Pensions		8,051	
Employer Medicare		1,608	
Communication		1,866	
Data Processing Services		3,306	
Maintenance Agreements		7,218	
Postal Charges		2,361	
Travel		248	
Office Supplies		1,892	
Total County Trustee's Office			145,135

County Clerk's Office

Secretary(ies)	\$	9,020	
Board and Committee Members Fees		262	
Social Security		9,080	
Pensions		11,495	
Employee and Dependent Insurance		8,166	
Employer Medicare		2,123	
Communication		1,102	
Postal Charges		2,990	
Printing, Stationery, and Forms		1,799	
Office Supplies		812	
Data Processing Equipment		3,000	
Total County Clerk's Office			49,849

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	63,843	
Clerical Personnel		88,853	
Jury and Witness Expense		2,331	
Social Security		9,467	
Pensions		12,604	

(Continued)

Exhibit J-9

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Employee and Dependent Insurance	\$	5,757	
Employer Medicare		2,214	
Communication		3,532	
Contracts with Other Public Agencies		12,439	
Dues and Memberships		260	
Legal Notices, Recording, and Court Costs		158	
Maintenance and Repair Services - Office Equipment		1,518	
Postal Charges		1,570	
Printing, Stationery, and Forms		1,744	
Other Contracted Services		724	
Office Supplies		2,843	
Total Circuit Court	\$		209,857

General Sessions Court

Judge(s)	\$	86,260	
Social Security		5,348	
Pensions		7,375	
Employee and Dependent Insurance		7,615	
Employer Medicare		1,251	
Communication		1,382	
Other Contracted Services		1,500	
Total General Sessions Court			110,731

Chancery Court

County Official/Administrative Officer	\$	63,843	
Deputy(ies)		22,400	
Jury and Witness Expense		140	
Social Security		5,347	
Pensions		3,955	
Employee and Dependent Insurance		2,878	
Employer Medicare		1,251	
Communication		2,350	
Contracts with Other Public Agencies		3,750	
Dues and Memberships		80	
Postal Charges		400	
Printing, Stationery, and Forms		2,849	
Office Supplies		2,828	
Total Chancery Court			112,071

Juvenile Court

Other Salaries and Wages	\$	20,353	
Social Security		1,262	
Pensions		1,740	
Employer Medicare		295	
Contracts with Other Public Agencies		1,400	
Office Supplies		63	
Total Juvenile Court			25,113

(Continued)

Exhibit J-9

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

General Fund (Cont.)

Administration of Justice (Cont.)

Judicial Commissioners

Other Salaries and Wages	\$	20,651	
Social Security		1,280	
Pensions		747	
Employer Medicare		299	
Communication		1,290	
Dues and Memberships		225	
Travel		364	
Total Judicial Commissioners	\$		24,856

Victim Assistance Programs

Other Charges	\$	755	
Total Victim Assistance Programs			755

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	70,228	
Deputy(ies)		260,754	
Investigator(s)		66,859	
Captain(s)		38,073	
Sergeant(s)		56,681	
Accountants/Bookkeepers		26,661	
Dispatchers/Radio Operators		23,075	
Clerical Personnel		6,814	
School Resource Officer		63,242	
Overtime Pay		11,469	
Other Salaries and Wages		19,815	
In-service Training		4,941	
Social Security		38,745	
Pensions		80,189	
Employee and Dependent Insurance		138,496	
Employer Medicare		9,305	
Advertising		263	
Communication		11,500	
Dues and Memberships		2,035	
Legal Services		153	
Maintenance and Repair Services - Equipment		8,107	
Maintenance and Repair Services - Vehicles		32,070	
Postal Charges		588	
Gasoline		70,401	
Office Supplies		4,903	
Uniforms		5,759	
Vehicle and Equipment Insurance		22,893	
Communication Equipment		26,071	
Law Enforcement Equipment		5,967	
Motor Vehicles		10,835	
Total Sheriff's Department			1,116,892

(Continued)

Exhibit J-9

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

General Fund (Cont.)

Public Safety (Cont.)

Administration of the Sexual Offender Registry

Fines, Assessments, and Penalties	\$	750	
Total Administration of the Sexual Offender Registry			\$ 750

Jail

Assistant(s)	\$	27,539	
Supervisor/Director		26,417	
Truck Drivers		47,754	
Guards		253,923	
Cafeteria Personnel		50,808	
Maintenance Personnel		26,417	
Social Security		27,545	
Employer Medicare		6,442	
Maintenance and Repair Services - Buildings		13,213	
Medical and Dental Services		245,086	
Travel		392	
Other Contracted Services		1,815	
Custodial Supplies		20,581	
Food Supplies		70,777	
Utilities		45,181	
Other Supplies and Materials		1,962	
Food Service Equipment		1,038	
Office Equipment		105	
Total Jail			866,995

Fire Prevention and Control

In-service Training	\$	447	
Communication		7,124	
Consultants		1,200	
Contracts with Other Public Agencies		10,000	
Maintenance and Repair Services - Equipment		2,281	
Maintenance and Repair Services - Vehicles		9,899	
Gasoline		6,069	
Office Supplies		154	
Uniforms		29,974	
Other Supplies and Materials		700	
Vehicle and Equipment Insurance		2,473	
Other Charges		769	
Communication Equipment		8,615	
Other Equipment		1,688	
Total Fire Prevention and Control			81,393

Rescue Squad

In-service Training	\$	667	
Communication		417	
Maintenance and Repair Services - Equipment		1,183	
Uniforms		2,191	
Communication Equipment		1,395	
Other Equipment		7,500	
Total Rescue Squad			13,353

(Continued)

Exhibit J-9

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

General Fund (Cont.)

Public Safety (Cont.)

Other Emergency Management

In-service Training	\$	245	
Communication		5,656	
Gasoline		118	
Other Supplies and Materials		1,100	
Communication Equipment		914	
Total Other Emergency Management	\$		8,033

County Coroner/Medical Examiner

Contracts with Private Agencies	\$	13,080	
Other Contracted Services		5,000	
Office Supplies		180	
Other Charges		1,500	
Total County Coroner/Medical Examiner			19,760

Public Safety Grants Programs

Supervisor/Director	\$	42,200	
Dispatchers/Radio Operators		207,643	
Overtime Pay		43,187	
Social Security		18,124	
Pensions		22,847	
Employee and Dependent Insurance		33,152	
Employer Medicare		4,239	
Total Public Safety Grants Programs			371,392

Other Public Safety

In-service Training	\$	6,221	
Legal Notices, Recording, and Court Costs		392	
Other Charges		97	
Communication Equipment		16,560	
Office Equipment		4,050	
Total Other Public Safety			27,320

Public Health and Welfare

Local Health Center

Communication	\$	2,299	
Contracts with Government Agencies		16,414	
Dues and Memberships		200	
Janitorial Services		6,240	
Maintenance and Repair Services - Buildings		1,789	
Custodial Supplies		217	
Office Supplies		505	
Utilities		2,909	
Total Local Health Center			30,573

Other Local Health Services

Other Charges	\$	12,661	
Total Other Local Health Services			12,661

(Continued)

Exhibit J-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	\$	25,054	
Social Security		1,553	
Employer Medicare		363	
Travel		258	
Total Regional Mental Health Center			\$ 27,228

General Welfare Assistance

Contributions	\$	12,293	
Other Contracted Services		500	
Total General Welfare Assistance			12,793

Sanitation Management

Accountants/Bookkeepers	\$	4,000	
Laborers		18,349	
Social Security		1,382	
Pensions		1,569	
Employer Medicare		323	
Instructional Supplies and Materials		8,066	
Total Sanitation Management			33,689

Social, Cultural, and Recreational Services

Libraries

Assistant(s)	\$	75,275	
Supervisor/Director		28,644	
In-service Training		1,053	
Social Security		6,431	
Pensions		5,685	
Employee and Dependent Insurance		7,876	
Employer Medicare		1,504	
Advertising		780	
Communication		7,566	
Contributions		26,873	
Maintenance Agreements		3,031	
Postal Charges		329	
Remittance of Revenue Collected		2,156	
Data Processing Supplies		3,162	
Instructional Supplies and Materials		2,451	
Library Books/Media		10,278	
Office Supplies		3,038	
Utilities		11,161	
Other Supplies and Materials		750	
Other Charges		1,784	
Office Equipment		550	
Total Libraries			200,377

Parks and Fair Boards

Assistant(s)	\$	6,259	
--------------	----	-------	--

(Continued)

Exhibit J-9

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Parks and Fair Boards (Cont.)

Supervisor/Director	\$	21,748	
Other Salaries and Wages		5,166	
In-service Training		450	
Social Security		2,056	
Pensions		1,860	
Employer Medicare		481	
Communication		627	
Dues and Memberships		340	
Maintenance and Repair Services - Buildings		2,761	
Maintenance and Repair Services - Equipment		34	
Travel		98	
Gasoline		136	
Office Supplies		234	
Other Supplies and Materials		3,328	
Total Parks and Fair Boards			\$ 45,578

Agriculture and Natural Resources

Agricultural Extension Service

Salary Supplements	\$	41,688	
Other Fringe Benefits		9,886	
Communication		3,346	
Maintenance and Repair Services - Buildings		2,244	
Office Supplies		1,029	
Other Charges		626	
Total Agricultural Extension Service			58,819

Other Agriculture and Natural Resources

Advertising	\$	994	
Total Other Agriculture and Natural Resources			994

Other Operations

Veterans' Services

Other Salaries and Wages	\$	11,140	
Social Security		691	
Employer Medicare		162	
Communication		2,474	
Dues and Memberships		25	
Postal Charges		49	
Travel		367	
Other Contracted Services		144	
Office Supplies		667	
Office Equipment		592	
Total Veterans' Services			16,311

Other Charges

Building and Contents Insurance	\$	59,806	
Premiums on Corporate Surety Bonds		11,327	

(Continued)

Exhibit J-9

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

General Fund (Cont.)

Other Operations (Cont.)

Other Charges (Cont.)

Trustee's Commission	\$	61,175	
Workers' Compensation Insurance		132,225	
Other Charges		1,394	
Total Other Charges			\$ 265,927

Contributions to Other Agencies

Contributions	\$	36,939	
Total Contributions to Other Agencies			36,939

Employee Benefits

Employee and Dependent Insurance	\$	8,220	
Unemployment Compensation		15,595	
Total Employee Benefits			23,815

Miscellaneous

Gasoline	\$	11,478	
Other Charges		25,147	
Total Miscellaneous			36,625

Capital Outlay

Regular Capital Outlay

Other Capital Outlay	\$	49,795	
Total Regular Capital Outlay			49,795

Capital Projects

Agriculture and Natural Resources Projects

Other Charges	\$	10,655	
Total Agriculture and Natural Resources Projects			10,655

Total General Fund

\$ 4,862,223

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Laborers	\$	56,767	
Overtime Pay		311	
In-service Training		1,113	
Social Security		3,568	
Pensions		4,831	
Employee and Dependent Insurance		11,326	
Employer Medicare		834	
Communication		561	
Contracts with Other Public Agencies		399,687	
Dues and Memberships		100	
Legal Notices, Recording, and Court Costs		270	
Maintenance Agreements		1,500	
Maintenance and Repair Services - Equipment		14,608	

(Continued)

Exhibit J-9

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Sanitation Management (Cont.)

Maintenance and Repair Services - Vehicles	\$	11,101	
Gasoline		1,677	
Utilities		2,812	
Other Supplies and Materials		2,276	
Trustee's Commission		7,958	
Other Charges		30,210	
Total Sanitation Management			\$ 551,510

Total Solid Waste/Sanitation Fund \$ 551,510

Ambulance Service Fund

Public Health and Welfare

Ambulance/Emergency Medical Services

Supervisor/Director	\$	46,416	
Medical Personnel		539,860	
Overtime Pay		8,682	
In-service Training		1,036	
Social Security		36,456	
Pensions		46,418	
Employee and Dependent Insurance		97,995	
Employer Medicare		8,526	
Communication		7,429	
Contracts with Private Agencies		28,638	
Dues and Memberships		1,710	
Maintenance Agreements		1,126	
Maintenance and Repair Services - Vehicles		8,417	
Postal Charges		110	
Custodial Supplies		2,989	
Drugs and Medical Supplies		21,441	
Gasoline		20,447	
Office Supplies		2,162	
Tires and Tubes		2,227	
Uniforms		5,925	
Utilities		117	
Other Supplies and Materials		10,839	
Trustee's Commission		13,717	
Vehicle and Equipment Insurance		12,975	
Total Ambulance/Emergency Medical Services			\$ 925,658

Capital Outlay

Regular Capital Outlay

Motor Vehicles	\$	110,000	
Other Capital Outlay		14,999	
Total Regular Capital Outlay			124,999

Total Ambulance Service Fund 1,050,657

(Continued)

Exhibit J-9

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

Drug Control Fund

Public Safety

Sheriff's Department

Confidential Drug Enforcement Payments	\$	2,500	
Veterinary Services		257	
Trustee's Commission		407	
Other Charges		167	
Law Enforcement Equipment		1,615	
Motor Vehicles		49,458	
Other Equipment		3,012	
Total Sheriff's Department			\$ 57,416

Total Drug Control Fund \$ 57,416

REACH Program Fund

Social, Cultural, and Recreational Services

Other Social, Cultural, and Recreational

Supervisor/Director	\$	47,200	
Educational Assistants		61,390	
Social Security		6,392	
Pensions		4,702	
Employee and Dependent Insurance		22,188	
Employer Medicare		1,495	
Communication		2,839	
Travel		371	
Other Contracted Services		17,282	
Other Supplies and Materials		29,425	
Trustee's Commission		150	
Other Equipment		2,829	
Total Other Social, Cultural, and Recreational			\$ 196,263

Total REACH Program Fund 196,263

Constitutional Officers - Fees Fund

Finance

County Clerk's Office

Constitutional Officers' Operating Expenses	\$	138,079	
Total County Clerk's Office			\$ 138,079

Total Constitutional Officers - Fees Fund 138,079

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	70,228	
Accountants/Bookkeepers		34,840	
Board and Committee Members Fees		1,150	
Social Security		6,489	
Pensions		9,253	
Employer Medicare		1,524	

(Continued)

Exhibit J-9

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Communication	\$	10,404	
Data Processing Services		4,714	
Dues and Memberships		2,198	
Legal Notices, Recording, and Court Costs		1,499	
Postal Charges		492	
Printing, Stationery, and Forms		1,229	
Electricity		4,483	
Natural Gas		6,499	
Water and Sewer		200	
Other Supplies and Materials		481	
Total Administration			\$ 155,683

Highway and Bridge Maintenance

Equipment Operators	\$	169,845	
Truck Drivers		67,276	
Laborers		50,346	
Social Security		16,437	
Pensions		16,631	
Employer Medicare		3,844	
Other Contracted Services		22,936	
Asphalt		68,153	
Asphalt - Cold Mix		22,534	
Asphalt - Liquid		187,633	
Concrete		5,504	
Crushed Stone		177,916	
Pipe - Metal		15,000	
Road Signs		5,999	
Structural Steel		4,000	
Other Supplies and Materials		2,864	
Total Highway and Bridge Maintenance			836,918

Operation and Maintenance of Equipment

Mechanic(s)	\$	24,664	
Social Security		1,624	
Pensions		1,499	
Employer Medicare		327	
Maintenance and Repair Services - Equipment		1,999	
Other Contracted Services		125	
Diesel Fuel		126,348	
Equipment and Machinery Parts		35,000	
Garage Supplies		10,649	
Gasoline		19,858	
Lubricants		3,974	
Tires and Tubes		15,590	
Other Supplies and Materials		500	
Total Operation and Maintenance of Equipment			242,157

(Continued)

Exhibit J-9

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Other Charges

Liability Insurance	\$	3,816	
Trustee's Commission		14,576	
Vehicle and Equipment Insurance		34,352	
Workers' Compensation Insurance		33,055	
Total Other Charges			\$ 85,799

Employee Benefits

Medical Insurance	\$	103,592	
Unemployment Compensation		3,678	
Other Charges		5,000	
Total Employee Benefits			112,270

Capital Outlay

Engineering Services	\$	57,947	
Bridge Construction		633,383	
Highway Equipment		129,765	
State Aid Projects		172,977	
Total Capital Outlay			994,072

Principal on Debt

Highways and Streets

Principal on Notes	\$	22,662	
Total Highways and Streets			22,662

Interest on Debt

Highways and Streets

Interest on Notes	\$	1,115	
Total Highways and Streets			1,115

Total Highway/Public Works Fund \$ 2,450,676

General Debt Service Fund

Principal on Debt

General Government

Principal on Notes	\$	186,581	
Principal on Other Loans		105,000	
Total General Government			\$ 291,581

Education

Principal on Other Loans	\$	561,000	
Total Education			561,000

Interest on Debt

General Government

Interest on Notes	\$	17,953	
Interest on Other Loans		907	
Total General Government			18,860

(Continued)

Exhibit J-9

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

<u>General Debt Service Fund (Cont.)</u>			
<u>Interest on Debt (Cont.)</u>			
<u>Education</u>			
Interest on Other Loans	\$	16,740	
Total Education			\$ 16,740
<u>Other Debt Service</u>			
<u>General Government</u>			
Trustee's Commission	\$	8,362	
Other Debt Service		3,884	
Total General Government			12,246
<u>Education</u>			
Other Debt Service	\$	53,391	
Total Education			<u>53,391</u>
Total General Debt Service Fund			\$ 953,818
<u>General Capital Projects Fund</u>			
<u>Capital Outlay</u>			
<u>Regular Capital Outlay</u>			
Accounting Services	\$	500	
Engineering Services		58,297	
Other Contracted Services		11,500	
Other Capital Outlay		489,993	
Total Regular Capital Outlay			<u>\$ 560,290</u>
Total General Capital Projects Fund			<u>560,290</u>
Total Governmental Funds - Primary Government			<u>\$ 10,820,932</u>

Exhibit J-10

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

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	4,657,050	
Career Ladder Program		39,000	
Career Ladder Extended Contracts		9,380	
Homebound Teachers		23,957	
Educational Assistants		102,847	
Certified Substitute Teachers		6,572	
Non-certified Substitute Teachers		77,356	
Social Security		288,807	
Pensions		434,265	
Medical Insurance		643,643	
Unemployment Compensation		4,236	
Employer Medicare		67,592	
Tuition		5,800	
Other Contracted Services		2,812	
Instructional Supplies and Materials		67,112	
Textbooks		156,217	
Other Supplies and Materials		518	
Regular Instruction Equipment		218,520	
Total Regular Instruction Program			\$ 6,805,684

Alternative Instruction Program

Teachers	\$	42,296	
Social Security		2,590	
Pensions		3,824	
Medical Insurance		5,972	
Employer Medicare		606	
Total Alternative Instruction Program			55,288

Special Education Program

Teachers	\$	655,735	
Career Ladder Program		3,800	
Educational Assistants		50,095	
Speech Pathologist		86,773	
Social Security		46,662	
Pensions		71,423	
Medical Insurance		102,216	
Employer Medicare		10,913	
Other Contracted Services		95,892	
Total Special Education Program			1,123,509

Vocational Education Program

Teachers	\$	343,300	
Career Ladder Program		3,000	
Educational Assistants		13,570	
Other Salaries and Wages		23,956	
Social Security		22,204	

(Continued)

Exhibit J-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.)

Vocational Education Program (Cont.)

Pensions	\$	34,613	
Medical Insurance		58,083	
Employer Medicare		5,193	
Instructional Supplies and Materials		14,961	
Total Vocational Education Program			\$ 518,880

Support Services

Attendance

Supervisor/Director	\$	33,323	
Other Salaries and Wages		7,584	
Social Security		2,308	
Pensions		3,661	
Medical Insurance		5,226	
Employer Medicare		540	
Travel		1,426	
Other Supplies and Materials		9,912	
Total Attendance			63,980

Health Services

Supervisor/Director	\$	33,323	
Career Ladder Extended Contracts		2,025	
Medical Personnel		79,037	
Educational Assistants		6,723	
Non-certified Substitute Teachers		275	
Social Security		6,907	
Pensions		10,524	
Medical Insurance		15,962	
Employer Medicare		1,615	
Communication		1,180	
Travel		6,578	
Drugs and Medical Supplies		389	
Other Supplies and Materials		17,326	
Total Health Services			181,864

Other Student Support

Career Ladder Program	\$	1,000	
Guidance Personnel		173,998	
Career Ladder Extended Contracts		1,900	
Social Security		10,642	
Pensions		15,992	
Medical Insurance		19,092	
Employer Medicare		2,489	
Evaluation and Testing		9,773	
Total Other Student Support			234,886

(Continued)

Exhibit J-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

Supervisor/Director	\$	75,132	
Career Ladder Program		3,000	
Librarians		178,932	
Instructional Computer Personnel		163,603	
Educational Assistants		15,210	
Social Security		25,784	
Pensions		37,227	
Medical Insurance		44,927	
Employer Medicare		6,030	
Travel		9,233	
Library Books/Media		21,412	
In Service/Staff Development		5,900	
Total Regular Instruction Program			\$ 586,390

Special Education Program

Supervisor/Director	\$	32,813	
Career Ladder Program		1,000	
Psychological Personnel		52,884	
Social Security		4,943	
Pensions		7,837	
Medical Insurance		9,443	
Employer Medicare		1,156	
Communication		590	
Travel		58	
Total Special Education Program			110,724

Vocational Education Program

Supervisor/Director	\$	5,230	
Social Security		295	
Pensions		473	
Employer Medicare		69	
Travel		542	
Total Vocational Education Program			6,609

Other Programs

On-behalf Payments to OPEB	\$	37,070	
Total Other Programs			37,070

Board of Education

Board and Committee Members Fees	\$	6,000	
Social Security		372	
Employer Medicare		87	
Audit Services		5,800	
Dues and Memberships		6,909	
Legal Services		4,752	
Travel		1,114	

(Continued)

Exhibit J-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.)

Board of Education (Cont.)

Building and Contents Insurance	\$	63,312	
Liability Insurance		25,849	
Trustee's Commission		66,698	
Workers' Compensation Insurance		64,486	
Criminal Investigation of Applicants - TBI		84	
Other Charges		8,972	
Total Board of Education	\$		254,435

Director of Schools

County Official/Administrative Officer	\$	94,446	
Career Ladder Program		2,000	
Social Security		5,589	
Pensions		8,719	
Medical Insurance		10,742	
Employer Medicare		1,307	
Communication		11,049	
Dues and Memberships		154	
Postal Charges		5,015	
Travel		4,442	
Office Supplies		1,364	
Total Director of Schools			144,827

Office of the Principal

Principals	\$	449,576	
Career Ladder Program		5,000	
Assistant Principals		59,535	
Secretary(ies)		214,448	
Social Security		41,707	
Pensions		64,011	
Medical Insurance		105,152	
Employer Medicare		9,754	
Communication		85,457	
Travel		3,754	
Other Contracted Services		50	
Office Supplies		2,027	
Other Charges		3,101	
Administration Equipment		6,378	
Total Office of the Principal			1,049,950

Fiscal Services

Accountants/Bookkeepers	\$	44,064	
Secretary(ies)		32,304	
Clerical Personnel		43,324	
Social Security		6,901	
Pensions		10,165	
Medical Insurance		16,711	

(Continued)

Exhibit J-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.)

Fiscal Services (Cont.)

Employer Medicare	\$	1,626	
Data Processing Services		9,360	
Travel		995	
Other Contracted Services		9,995	
Office Supplies		5,317	
Total Fiscal Services			\$ 180,762

Operation of Plant

Custodial Personnel	\$	196,523	
Social Security		11,527	
Pensions		15,815	
Medical Insurance		46,106	
Employer Medicare		2,696	
Other Contracted Services		46,613	
Electricity		442,884	
Natural Gas		74,723	
Water and Sewer		58,578	
Other Supplies and Materials		68,003	
Boiler Insurance		4,126	
Plant Operation Equipment		885	
Total Operation of Plant			968,479

Maintenance of Plant

Maintenance Personnel	\$	62,045	
Social Security		3,618	
Pensions		5,305	
Medical Insurance		15,936	
Employer Medicare		846	
Communication		1,399	
Other Contracted Services		63,542	
Other Supplies and Materials		20,203	
Other Charges		712	
Total Maintenance of Plant			173,606

Transportation

Supervisor/Director	\$	7,538	
Bus Drivers		161,730	
Other Salaries and Wages		18,584	
Social Security		11,535	
Pensions		12,408	
Employer Medicare		2,698	
Communication		1,707	
Contracts with Parents		72	
Contracts with Vehicle Owners		223,312	
Travel		911	
Gasoline		60,682	

(Continued)

Exhibit J-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 (Cont.)

Tires and Tubes	\$	7,683	
Vehicle Parts		68,147	
Vehicle and Equipment Insurance		15,960	
Other Charges		3,566	
Transportation Equipment		86,137	
Total Transportation			\$ 682,670

Operation of Non-Instructional Services

Early Childhood Education

Supervisor/Director	\$	37,499	
Teachers		146,618	
Clerical Personnel		11,120	
Educational Assistants		63,630	
Non-certified Substitute Teachers		2,008	
Social Security		15,758	
Pensions		22,143	
Medical Insurance		35,023	
Employer Medicare		3,686	
Communication		3,003	
Travel		4,235	
Other Contracted Services		10,953	
Food Supplies		141	
Instructional Supplies and Materials		29,261	
Other Supplies and Materials		12,863	
In Service/Staff Development		1,289	
Total Early Childhood Education			399,230

Capital Outlay

Regular Capital Outlay

Architects	\$	4,859	
Building Improvements		278,502	
Data Processing Equipment		4,049	
Total Regular Capital Outlay			287,410

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	250,000	
Total Education			250,000

Total General Purpose School Fund \$ 14,116,253

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	245,913	
Educational Assistants		17,540	

(Continued)

Exhibit J-10

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

Other Salaries and Wages	\$	2,000	
Non-certified Substitute Teachers		1,650	
Social Security		14,909	
Pensions		23,874	
Medical Insurance		46,736	
Unemployment Compensation		953	
Employer Medicare		3,487	
Other Contracted Services		41,666	
Instructional Supplies and Materials		54,655	
Other Supplies and Materials		92	
Other Charges		7,540	
Regular Instruction Equipment		3,166	
Total Regular Instruction Program			\$ 464,181

Special Education Program

Homebound Teachers	\$	11,370	
Educational Assistants		141,968	
Non-certified Substitute Teachers		605	
Social Security		8,193	
Pensions		8,913	
Medical Insurance		57,684	
Unemployment Compensation		1,098	
Employer Medicare		1,918	
Other Contracted Services		108,944	
Instructional Supplies and Materials		2,591	
Other Supplies and Materials		7,524	
Special Education Equipment		51,786	
Total Special Education Program			402,594

Vocational Education Program

Instructional Supplies and Materials	\$	3,200	
Vocational Instruction Equipment		21,102	
Total Vocational Education Program			24,302

Support Services

Other Student Support

Travel	\$	10,878	
Other Supplies and Materials		1,513	
Other Charges		914	
Total Other Student Support			13,305

Regular Instruction Program

Supervisor/Director	\$	37,499	
Social Security		2,140	
Pensions		3,390	
Medical Insurance		4,137	

(Continued)

Exhibit J-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.)

Regular Instruction Program (Cont.)

Unemployment Compensation	\$	72	
Employer Medicare		501	
Communication		95	
Consultants		6,652	
Travel		9,027	
Other Supplies and Materials		486	
In Service/Staff Development		17,512	
Total Regular Instruction Program			\$ 81,511

Special Education Program

Supervisor/Director	\$	32,813	
Social Security		1,820	
Pensions		2,966	
Medical Insurance		4,047	
Unemployment Compensation		72	
Employer Medicare		426	
Maintenance and Repair Services - Equipment		1,477	
Travel		6,378	
Other Supplies and Materials		9,508	
In Service/Staff Development		4,050	
Total Special Education Program			63,557

Vocational Education Program

Supervisor/Director	\$	1,288	
Social Security		80	
Pensions		116	
Unemployment Compensation		10	
Employer Medicare		19	
Total Vocational Education Program			1,513

Transportation

Other Salaries and Wages	\$	17,458	
Social Security		1,082	
Unemployment Compensation		140	
Employer Medicare		253	
Maintenance and Repair Services - Vehicles		2,591	
Gasoline		410	
Total Transportation			21,934

Total School Federal Projects Fund \$ 1,072,897

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	43,065	
Accountants/Bookkeepers		21,536	

(Continued)

Exhibit J-10

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

<u>Central Cafeteria Fund (Cont.)</u>		
<u>Operation of Non-Instructional Services (Cont.)</u>		
<u>Food Service (Cont.)</u>		
Cafeteria Personnel	\$	320,320
Social Security		22,559
Pensions		30,600
Medical Insurance		86,534
Unemployment Compensation		1,024
Employer Medicare		5,276
Communication		2,196
Data Processing Services		2,859
Maintenance and Repair Services - Equipment		19,878
Travel		23
Other Contracted Services		3,048
Food Supplies		364,502
Office Supplies		1,655
USDA - Commodities		57,217
Other Supplies and Materials		54,331
Other Charges		1,549
Total Food Service		<u>\$ 1,038,172</u>
Total Central Cafeteria Fund		<u>\$ 1,038,172</u>
Total Governmental Funds - Cannon County School Department		<u><u>\$ 16,227,322</u></u>

Exhibit J-11

Cannon County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2015

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 391,711
	<hr/>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 387,794
Trustee's Commission	3,917
Total Cash Disbursements	<hr/> \$ 391,711 <hr/>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0
Cash Balance, July 1, 2014	<hr/> 0 <hr/>
Cash Balance, June 30, 2015	<hr/> \$ 0 <hr/> <hr/>

SINGLE AUDIT SECTION



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

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

Independent Auditor's Report

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, 2015, 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 25, 2016. Our report includes a reference to other auditors who audited the financial statements of the discretely presented Cannon County Industrial Development Board and the discretely presented Cannon County Emergency Communications District, as described in our report on Cannon County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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. 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 deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses: 2015-001 and 2015-004.

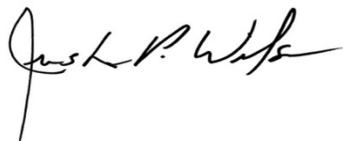
Compliance and Other Matters

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: 2015-002 and 2015-003.

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 25, 2016

JPW/kp



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

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

Independent Auditor's Report

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, 2015. 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 OMB Circular A-133, *Audits of States, Local Governments, and*

Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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, 2015.

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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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

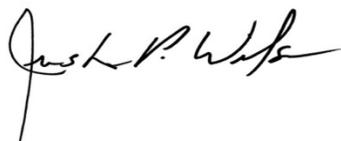
consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cannon County, Tennessee, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Cannon County's basic financial statements. We issued our report thereon dated January 25, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

January 25, 2016

JPW/kp

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	\$ 192,340
National School Lunch Program	10.555	N/A	471,880 (3)
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	57,217 (3)
Total U.S. Department of Agriculture			<u>\$ 721,437</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development::			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	(2)	<u>\$ 288,701</u>
U.S. Department of Labor:			
Passed-through Upper Cumberland Human Resource Agency:			
WIA Youth Activities	17.259	(2)	<u>\$ 11,000</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Open Container Requirements	20.607	Z-14-GHS048	<u>\$ 10,054</u>
U.S. Department of Energy:			
Passed-through Upper Cumberland Development District:			
Energy Efficiency and Conservation Block Grant Program, Recovery Act	81.128	(2)	<u>\$ 1,050</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 428,977
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	475,785
Special Education - Preschool Grants	84.173	N/A	15,635
Career and Technical Education - Basic Grants to States	84.048	N/A	36,911
Twenty-first Century Community Learning Centers	84.287	DG1338219	5,812
Rural Education	84.358	N/A	7,089
English Language Acquisition Grants	84.365	N/A	235
Improving Teacher Quality State Grants	84.367	N/A	44,330
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	85.395	(2)	22,541
Total U.S. Department of Education			<u>\$ 1,037,315</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Homeland Security Grant Program	97.067	2010-SSTO-0027	<u>\$ 27,395</u>
Total Expenditures of Federal Awards			<u>\$ 2,096,952</u>

(Continued)

Cannon County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1) (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	(2)	\$ 9,000
Litter Program - State Department of Transportation	N/A	(2)	30,740
Recycle Equipment Grant - State Department of Environment and Conservation	N/A	(2)	23,531
Tennessee Agricultural Enhancement Program - State Department of Agriculture	N/A	DG-1338296	10,149
Local Health Services - State Department of Health	N/A	GG1437396	27,229
Three Star Program - State Department of Economic and Community Development	N/A	(2)	23,393
Lottery for Education Afterschool Programs (LEAPs) - State Department of Education	N/A	(2)	148,033
Internet Connectivity - State Department of Education	N/A	(2)	5,863
Student Ticket Subsidy Grant (STS) - State Arts Commission	N/A	(2)	1,832
Coordinated School Health - State Department of Education	N/A	(2)	89,999
Safe Schools - State Department of Education	N/A	(2)	12,620
ACT Explore/Plan Testing - State Department of Education	N/A	(2)	5,642
Used Oil Grant - State Department of Environment and Conservation	N/A	(2)	1,710
High Schools That Work - State Department of Education	N/A	(2)	0
Total State Grants			\$ 389,741

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) Number not available.
- (3) Total for CFDA No. 10.555 is \$529,097.

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

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below is a finding from the Annual Financial Report for Cannon County, Tennessee, for the year ended June 30, 2014, which has not been corrected.

OFFICE OF COUNTY EXECUTIVE

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2014-002	149	Expenditures exceeded appropriations

CANNON COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2015

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Cannon County is unmodified.
2. The audit of the financial statements of Cannon County reported two deficiencies in internal control. Both deficiencies reported are considered to be material weaknesses.
3. The audit disclosed no instances of noncompliance that were material to the financial statements of Cannon County.
4. The audit reported no significant deficiencies in internal control over major programs.
5. An unmodified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555), and the Title I Grants to Local Educational Agencies (CFDA No. 84.010) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Cannon County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response; however, management did not provide responses for inclusion in this report.

OFFICE OF COUNTY EXECUTIVE

FINDING 2015-001

THE GENERAL AND REACH PROGRAM FUNDS HAD DEFICITS IN UNASSIGNED FUND BALANCE

(Internal Control – Material Weakness Under *Government Auditing Standards*)

The General and REACH Program funds had deficits in unassigned fund balance of \$197,239 and \$12,903, respectively, at June 30, 2015. These deficits resulted from a lack of management oversight, which allowed expenditures to exceed available funds. Sound business practices dictate that expenditures should be held within available funding.

RECOMMENDATION

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

FINDING 2015-002

EXPENDITURES EXCEEDED APPROPRIATIONS

(Noncompliance Under *Government Auditing Standards*)

Expenditures exceeded appropriations approved by the County Commission in the Sheriff's Department (\$17,674), and Administration of the Sexual Offender Registry (\$50) major appropriation categories of the General Fund. 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." This deficiency exists because management failed to hold spending to the limits authorized by the County Commission, which resulted in unauthorized expenditures, and management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

Expenditures should be held within appropriations approved by the County Commission.

FINDING 2015-003

THE COUNTY HAS NOT PROPERLY COMPLIED WITH LOCAL LEGISLATION REGARDING WHEEL TAX COLLECTIONS

(Noncompliance Under *Government Auditing Standards*)

Cannon County collects a wheel tax from its citizens based on a private act originally adopted in 1975 that enacted a tax of \$10 per vehicle. The County Commission, by resolution, set an additional \$40 per vehicle in 1999. Both pieces of legislation required the funds collected from the wheel tax to be used for school related construction, renovation, or related debt incurred for such activities. Proceeds from the wheel tax are deposited in the county's General Debt Service Fund and constitute the primary revenue source for that fund. Our examination revealed that these funds are being used to retire school debt; however, for several years, these funds have also been used to retire general county debt. This practice appears to have resulted in the county not restricting the use of the wheel tax funds according to the legislation that established the tax. This deficiency is a result of a lack of management oversight.

RECOMMENDATION

Management should consult with its legal counsel to confirm the intent of the private act and commission resolution regarding the collection and use of wheel tax funds and should compare annual wheel tax collections with allowable expenditures to ensure compliance with the provisions of the legislation. If any errors are discovered, a plan should be developed and implemented immediately to correct the issue.

OFFICE OF ROAD SUPERVISOR

FINDING 2015-004

THE HIGHWAY/PUBLIC WORKS FUND REQUIRED MATERIAL AUDIT ADJUSTMENTS FOR PROPER FINANCIAL STATEMENT PRESENTATION

(Internal Control – Material Weakness Under *Government Auditing Standards*)

At June 30, 2015, certain general ledger account balances in the Highway/Public Works Fund were not materially correct, and audit adjustments totaling \$369,328 were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require the Highway Department to have adequate controls over the maintenance of its accounting records. Material audit adjustments were required because the department's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the department has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. These deficiencies are the result of a lack of management oversight. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

Cannon County should have appropriate processes in place to ensure that its general ledgers are materially correct.

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

There were no findings and questioned costs for federal awards.

BEST PRACTICE

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

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

**CANNON COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2015**

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