

ANNUAL FINANCIAL REPORT

CANNON COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2018



DIVISION OF LOCAL GOVERNMENT AUDIT



**ANNUAL FINANCIAL REPORT
CANNON COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2018**

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

***DIVISION OF LOCAL GOVERNMENT AUDIT
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This financial report is available at www.comptroller.tn.gov

CANNON COUNTY, TENNESSEE

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Summary of Audit Findings

Annual Financial Report
Cannon County, Tennessee
For the Year Ended June 30, 2018

Scope

We have audited the basic financial statements of Cannon County as of and for the year ended June 30, 2018.

Results

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

Our audit resulted in one finding and recommendation, which we have reviewed with Cannon County management. The detailed finding, recommendation, and management's response are included in the Single Audit section of this report.

Findings

The following is a summary of the audit finding:

OFFICE OF COUNTY EXECUTIVE

- ◆ Expenditures exceeded appropriations in the Solid Waste/Sanitation Fund.

INTRODUCTORY SECTION

Cannon County Officials

June 30, 2018

Officials

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

Board of County Commissioners

Mike Gannon, Chairman	
Karen Ashford	Adam Melton
Mark Barker	Greg Mitchell
Brent Bush	Kristy Nokes
Jim Bush	Russell Reed
Richie Hunter	Glenn Steakley

Highway Commission

Doyle Duke, Chairman	
Terry Horn	Jimmy Williams

Board of Education

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

Audit Committee

Sue Conley, Chairman	
Ronnie Mahaffey	Ed Shirley
William Motlow	Vacant

FINANCIAL SECTION



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Chief of Staff

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, 2018, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes

evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cannon County, Tennessee, as of June 30, 2018, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General, Ambulance Service, and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note V.B., Cannon County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Emphasis of Matter

We draw attention to Note I.D.9. to the financial statements, which describes a restatement reducing the beginning net position of the discretely presented Cannon County School Department by \$695,134, on the Government-wide Statement of Activities. This restatement was necessary because of the transitional requirements of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

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 school changes in the total OPEB liability and related ratios on pages 90-97 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 combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service and Education Debt Service funds, combining and individual fund financial statements of the Cannon County School Department (a discretely presented component unit), miscellaneous schedules, and the other information such as the introductory section and management's corrective action plans are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is also presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service and Education Debt Service funds, combining and individual fund financial statements of the Cannon County School Department (a discretely presented component unit), schedule of expenditures of federal awards, and miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements,

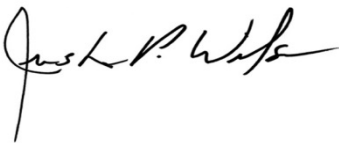
budgetary comparison schedules of nonmajor governmental funds and the General Debt Service and Education Debt Service funds, combining and individual fund financial statements of the Cannon County School Department (a discretely presented component unit), schedule of expenditures of federal awards, and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

The introductory section and management's corrective action plans have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2018, on our consideration of Cannon County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Cannon County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cannon County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

December 20, 2018

JPW/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

Cannon County, Tennessee
Statement of Net Position
June 30, 2018

		Component Unit
	Primary Government Governmental Activities	Cannon County School Department
<u>ASSETS</u>		
Cash	\$ 25,011	\$ 200
Equity in Pooled Cash and Investments	5,744,250	4,052,767
Accounts Receivable	1,035,844	0
Allowance for Uncollectibles	(808,228)	0
Due from Other Governments	1,380,752	636,105
Property Taxes Receivable	4,649,420	1,937,258
Allowance for Uncollectible Property Taxes	(78,143)	(32,559)
Notes Receivable - Long-term	63,488	0
Net Pension Asset - Agent Plan	428,211	229,766
Net Pension Asset - Teacher Retirement Plan	0	36,960
Net Pension Asset - Teacher Legacy Retirement Plan	0	65,837
Capital Assets:		
Assets Not Depreciated:		
Land	279,849	170,879
Construction in Progress	53,728	0
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	3,193,001	7,980,701
Infrastructure	11,500,785	0
Other Capital Assets	938,088	679,618
Total Assets	<u>\$ 28,406,056</u>	<u>\$ 15,757,532</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Pension Changes in Experience	\$ 57,025	\$ 71,584
Pension Changes in Assumptions	203,142	669,843
Pension Changes in Investment Earnings	0	9,994
Pension Changes in Other Deferrals	0	25,690
Pension Changes in Contributions after Measurement Date	270,061	842,452
OPEB Contributions after Measurement Date	0	45,209
Total Deferred Outflows of Resources	<u>\$ 530,228</u>	<u>\$ 1,664,772</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 892,416	\$ 537
Accrued Interest Payable	8,075	22,577
Contracts Payable	254,459	0
Due to State of Tennessee	0	557
Noncurrent Liabilities:		
Due Within One Year	647,315	56,452
Due in More Than One Year	5,157,426	1,272,175
Total Liabilities	<u>\$ 6,959,691</u>	<u>\$ 1,352,298</u>

(Continued)

Exhibit A

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

		<u>Component Unit</u>
	<u>Primary Government Governmental Activities</u>	<u>Cannon County School Department</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Revenue - Current Property Taxes	\$ 4,441,014	\$ 1,850,423
Pension Changes in Experience	109,988	1,421,010
Pension Changes in Investment Earnings	5,152	4,754
Pension Changes in Other Deferrals	0	4,584
OPEB Changes in Assumptions	0	55,298
Total Deferred Inflows of Resources	<u>\$ 4,556,154</u>	<u>\$ 3,336,069</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 15,882,798	\$ 8,831,198
Restricted for:		
General Government	3,642	0
Finance	635	0
Administration of Justice	50,468	0
Public Safety	608,578	0
Public Health and Welfare	92,278	0
Highway/Public Works	1,401,686	0
Education	0	78,264
Debt Service	3,234,136	0
Capital Outlay	2,899	0
Pensions	428,211	332,563
Unrestricted	<u>(4,284,892)</u>	<u>3,491,912</u>
Total Net Position	<u>\$ 17,420,439</u>	<u>\$ 12,733,937</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, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Total Governmental Activities	Component Unit
						Cannon County School Department
Primary Government:						
Governmental Activities:						
General Government	\$ 609,067	\$ 135,040	\$ 57,867	\$ 0	\$ (416,160)	\$ 0
Finance	551,504	348,526	0	0	(202,978)	0
Administration of Justice	532,596	574,918	9,260	0	51,582	0
Public Safety	2,583,014	227,180	338,147	0	(2,017,687)	0
Public Health and Welfare	2,209,087	558,812	133,112	395,080	(1,122,083)	0
Social, Cultural, and Recreational Services	212,586	30,723	5,036	0	(176,827)	0
Agriculture and Natural Resources	75,288	0	725	0	(74,563)	0
Highways/Public Works	3,033,698	46,868	1,800,916	1,204,849	18,935	0
Education	39,165	0	0	0	(39,165)	0
Interest on Long-term Debt	96,035	0	0	0	(96,035)	0
Total Governmental Activities	\$ 9,942,040	\$ 1,922,067	\$ 2,345,063	\$ 1,599,929	\$ (4,074,981)	\$ 0
Total Primary Government	\$ 9,942,040	\$ 1,922,067	\$ 2,345,063	\$ 1,599,929	\$ (4,074,981)	\$ 0
Component Unit:						
School Department	\$ 17,145,758	\$ 311,362	\$ 2,175,210	\$ 119,928	\$ 0	\$ (14,539,258)
Total Component Units	\$ 17,145,758	\$ 311,362	\$ 2,175,210	\$ 119,928	\$ 0	\$ (14,539,258)

(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	Component Unit	
					Primary Government Total Governmental Activities	Cannon County School Department
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					\$ 4,162,553	\$ 1,881,983
Property Taxes Levied for Debt Service					398,066	0
Local Option Sales Taxes					280,504	694,900
Wheel Tax					701,672	0
Litigation Tax					165,351	0
Business Tax					67,611	0
Wholesale Beer Tax					62,322	0
Mineral Severance Tax					72,827	0
Other Local Taxes					42,108	0
Grants and Contributions Not Restricted to Specific Programs					220,428	12,205,864
Unrestricted Investment Earnings					41,011	63
Miscellaneous					70,660	24,926
Total General Revenues					<u>\$ 6,285,113</u>	<u>\$ 14,807,736</u>
Change in Net Position					\$ 2,210,132	\$ 268,478
Net Position, July 1, 2017					15,210,307	13,160,593
Restatement - See Note I.D.9.					<u>0</u>	<u>(695,134)</u>
Net Position, June 30, 2018					<u><u>\$ 17,420,439</u></u>	<u><u>\$ 12,733,937</u></u>

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

Exhibit C-1

Cannon County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2018

	Major Funds				
	General	Ambulance Service	Highway / Public Works	General Debt Service	Education Debt Service
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Equity in Pooled Cash and Investments	720,009	101,946	1,122,388	694,481	2,536,236
Accounts Receivable	2,337	1,021,404	0	0	0
Allowance for Uncollectibles	0	(808,228)	0	0	0
Due from Other Governments	62,370	0	1,292,517	0	0
Due from Other Funds	7,764	0	0	0	0
Property Taxes Receivable	3,540,399	601,618	0	68,278	0
Allowance for Uncollectible Property Taxes	(59,072)	(8,563)	0	(3,915)	0
Notes Receivable - Long-term	0	0	0	63,488	0
Total Assets	<u>\$ 4,273,807</u>	<u>\$ 908,177</u>	<u>\$ 2,414,905</u>	<u>\$ 822,332</u>	<u>\$ 2,536,236</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 42,847	\$ 8,012	\$ 782,810	\$ 0	\$ 0
Contracts Payable	0	0	230,409	0	0
Due to Other Funds	0	0	0	0	0
Total Liabilities	<u>\$ 42,847</u>	<u>\$ 8,012</u>	<u>\$ 1,013,219</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 3,383,630	\$ 581,561	\$ 0	\$ 52,869	\$ 0
Deferred Delinquent Property Taxes	87,404	9,712	0	9,712	0
Other Deferred/Unavailable Revenue	20,737	173,306	157,606	0	0
Total Deferred Inflows of Resources	<u>\$ 3,491,771</u>	<u>\$ 764,579</u>	<u>\$ 157,606</u>	<u>\$ 62,581</u>	<u>\$ 0</u>

(Continued)

Exhibit C-1

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

	Major Funds				
	General	Ambulance Service	Highway / Public Works	General Debt Service	Education Debt Service
<u>FUND BALANCES</u>					
Restricted:					
Restricted for General Government	\$ 3,642	\$ 0	\$ 0	\$ 0	\$ 0
Restricted for Finance	635	0	0	0	0
Restricted for Administration of Justice	50,468	0	0	0	0
Restricted for Public Safety	265,572	0	0	0	0
Restricted for Public Health and Welfare	92,278	0	0	0	0
Restricted for Highways/Public Works	0	0	1,244,080	0	0
Restricted for Capital Outlay	0	0	0	0	0
Restricted for Debt Service	0	0	0	696,263	2,536,236
Committed:					
Committed for Finance	0	0	0	0	0
Committed for Public Safety	29,378	0	0	0	0
Committed for Public Health and Welfare	0	135,586	0	0	0
Committed for Social, Cultural, and Recreational Services	12,446	0	0	0	0
Committed for Capital Projects	0	0	0	0	0
Assigned:					
Assigned for Debt Service	0	0	0	63,488	0
Unassigned	284,770	0	0	0	0
Total Fund Balances	<u>\$ 739,189</u>	<u>\$ 135,586</u>	<u>\$ 1,244,080</u>	<u>\$ 759,751</u>	<u>\$ 2,536,236</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 4,273,807</u>	<u>\$ 908,177</u>	<u>\$ 2,414,905</u>	<u>\$ 822,332</u>	<u>\$ 2,536,236</u>

(Continued)

Exhibit C-1

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

	Nonmajor Funds		Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash	\$	25,011	\$	25,011
Equity in Pooled Cash and Investments		569,190		5,744,250
Accounts Receivable		12,103		1,035,844
Allowance for Uncollectibles		0		(808,228)
Due from Other Governments		25,865		1,380,752
Due from Other Funds		0		7,764
Property Taxes Receivable		439,125		4,649,420
Allowance for Uncollectible Property Taxes		(6,593)		(78,143)
Notes Receivable - Long-term		0		63,488
Total Assets	\$	1,064,701	\$	12,020,158
<u>LIABILITIES</u>				
Accounts Payable	\$	58,747	\$	892,416
Contracts Payable		24,050		254,459
Due to Other Funds		7,764		7,764
Total Liabilities	\$	90,561	\$	1,154,639
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$	422,954	\$	4,441,014
Deferred Delinquent Property Taxes		8,093		114,921
Other Deferred/Unavailable Revenue		12,973		364,622
Total Deferred Inflows of Resources	\$	444,020	\$	4,920,557

(Continued)

Exhibit C-1

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

	Nonmajor Funds	
	Other Govern- mental Funds	Total Governmental Funds
<u>FUND BALANCES</u>		
Restricted:		
Restricted for General Government	\$ 0	\$ 3,642
Restricted for Finance	0	635
Restricted for Administration of Justice	0	50,468
Restricted for Public Safety	343,006	608,578
Restricted for Public Health and Welfare	13,313	105,591
Restricted for Highways/Public Works	0	1,244,080
Restricted for Capital Outlay	2,899	2,899
Restricted for Debt Service	0	3,232,499
Committed:		
Committed for Finance	27,191	27,191
Committed for Public Safety	0	29,378
Committed for Public Health and Welfare	0	135,586
Committed for Social, Cultural, and Recreational Services	0	12,446
Committed for Capital Projects	143,711	143,711
Assigned:		
Assigned for Debt Service	0	63,488
Unassigned	0	284,770
Total Fund Balances	<u>\$ 530,120</u>	<u>\$ 5,944,962</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,064,701</u>	<u>\$ 12,020,158</u>

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, 2018

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 5,944,962
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 279,849	
Add: construction in progress	53,728	
Add: buildings and improvements net of accumulated depreciation	3,193,001	
Add: other capital assets net of accumulated depreciation	938,088	
Add: infrastructure net of accumulated depreciation	<u>11,500,785</u>	15,965,451
(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	\$ (120,300)	
Less: other loans payable	(5,501,000)	
Less: capital leases payable	(136,262)	
Less: compensated absences payable	(47,179)	
Less: accrued interest on notes, other loans, and capital leases	<u>(8,075)</u>	(5,812,816)
(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	\$ 530,228	
Less: deferred inflows of resources related to pensions	<u>(115,140)</u>	415,088
(4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.		428,211
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>479,543</u>
Net position of governmental activities (Exhibit A)		<u><u>\$ 17,420,439</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, 2018

	Major Funds				
	General	Ambulance Service	Highway / Public Works	General Debt Service	Education Debt Service
<u>Revenues</u>					
Local Taxes	\$ 3,845,757	\$ 448,997	\$ 74,327	\$ 462,407	\$ 701,672
Licenses and Permits	1,130	0	0	0	0
Fines, Forfeitures, and Penalties	84,045	0	0	0	0
Charges for Current Services	179,458	518,741	0	0	0
Other Local Revenues	144,459	931	68,112	1,026	0
Fees Received From County Officials	475,860	0	0	0	0
State of Tennessee	349,427	0	2,983,010	0	0
Federal Government	43,903	0	0	0	0
Other Governments and Citizens Groups	251,017	0	0	0	0
Total Revenues	<u>\$ 5,375,056</u>	<u>\$ 968,669</u>	<u>\$ 3,125,449</u>	<u>\$ 463,433</u>	<u>\$ 701,672</u>
<u>Expenditures</u>					
Current:					
General Government	\$ 685,220	\$ 0	\$ 0	\$ 0	\$ 0
Finance	314,261	0	0	0	0
Administration of Justice	564,902	0	0	0	0
Public Safety	2,534,402	0	0	0	0
Public Health and Welfare	149,887	996,879	0	0	0
Social, Cultural, and Recreational Services	189,463	0	0	0	0
Agriculture and Natural Resources	68,788	0	0	0	0
Other Operations	395,290	0	0	0	0
Highways	0	0	3,126,020	0	0
Capital Outlay	0	0	0	0	0
Debt Service:					
Principal on Debt	0	0	33,297	230,487	529,000
Interest on Debt	0	0	1,100	15,061	78,194

(Continued)

Exhibit C-3

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

	Major Funds				
	General	Ambulance Service	Highway / Public Works	General Debt Service	Education Debt Service
<u>Expenditures (Cont.)</u>					
Debt Service (Cont.)					
Other Debt Service	\$ 0	\$ 0	\$ 0	\$ 10,180	\$ 46,250
Total Expenditures	\$ 4,902,213	\$ 996,879	\$ 3,160,417	\$ 255,728	\$ 653,444
Excess (Deficiency) of Revenues Over Expenditures	\$ 472,843	\$ (28,210)	\$ (34,968)	\$ 207,705	\$ 48,228
<u>Other Financing Sources (Uses)</u>					
Capital Leases Issued	\$ 0	\$ 0	\$ 139,929	\$ 0	\$ 0
Transfers In	0	0	0	0	100,000
Transfers Out	(25,000)	0	0	(100,000)	0
Total Other Financing Sources (Uses)	\$ (25,000)	\$ 0	\$ 139,929	\$ (100,000)	\$ 100,000
Net Change in Fund Balances	\$ 447,843	\$ (28,210)	\$ 104,961	\$ 107,705	\$ 148,228
Fund Balance, July 1, 2017	291,346	163,796	1,139,119	652,046	2,388,008
Fund Balance, June 30, 2018	\$ 739,189	\$ 135,586	\$ 1,244,080	\$ 759,751	\$ 2,536,236

(Continued)

Exhibit C-3

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

	Nonmajor Funds		Total Governmental Funds
	Other Govern- mental Funds		
<u>Revenues</u>			
Local Taxes	\$ 474,883	\$	6,008,043
Licenses and Permits	0		1,130
Fines, Forfeitures, and Penalties	211,944		295,989
Charges for Current Services	175,947		874,146
Other Local Revenues	45,250		259,778
Fees Received From County Officials	0		475,860
State of Tennessee	24,118		3,356,555
Federal Government	576,569		620,472
Other Governments and Citizens Groups	40,000		291,017
Total Revenues	\$ 1,548,711	\$	12,182,990
<u>Expenditures</u>			
Current:			
General Government	\$ 0	\$	685,220
Finance	153,575		467,836
Administration of Justice	0		564,902
Public Safety	25,145		2,559,547
Public Health and Welfare	550,921		1,697,687
Social, Cultural, and Recreational Services	0		189,463
Agriculture and Natural Resources	0		68,788
Other Operations	0		395,290
Highways	0		3,126,020
Capital Outlay	715,445		715,445
Debt Service:			
Principal on Debt	0		792,784
Interest on Debt	0		94,355

(Continued)

Exhibit C-3

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

	Nonmajor Funds	Other Govern- mental Funds	Total Governmental Funds
<u>Expenditures (Cont.)</u>			
Debt Service (Cont.)			
Other Debt Service	\$	0	\$ 56,430
Total Expenditures	\$	1,445,086	\$ 11,413,767
Excess (Deficiency) of Revenues Over Expenditures	\$	103,625	\$ 769,223
<u>Other Financing Sources (Uses)</u>			
Capital Leases Issued	\$	0	\$ 139,929
Transfers In		25,000	125,000
Transfers Out		0	(125,000)
Total Other Financing Sources (Uses)	\$	25,000	\$ 139,929
Net Change in Fund Balances	\$	128,625	\$ 909,152
Fund Balance, July 1, 2017		401,495	5,035,810
Fund Balance, June 30, 2018	\$	530,120	\$ 5,944,962

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, 2018

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)		\$ 909,152
(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	\$ 1,576,367	
Less: current-year depreciation expense	<u>(919,495)</u>	656,872
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.		
Less: book value of capital assets disposed		(285,595)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2018	\$ 479,543	
Less: deferred delinquent property taxes and other deferred June 30, 2017	<u>(444,796)</u>	34,747
(4) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:		
Add: principal payments on notes	\$ 120,117	
Add: principal payments on other loans	669,000	
Add: principal payments on capital leases	3,667	
Less: capital lease proceeds	<u>(139,929)</u>	652,855
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$ (1,680)	
Change in compensated absences payable	4,589	
Change in net pension asset	244,543	
Change in deferred outflows related to pensions	(47,140)	
Change in deferred inflows related to pensions	<u>41,789</u>	242,101
Change in net position of governmental activities (Exhibit B)		<u>\$ 2,210,132</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, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 3,845,757	\$ 3,837,235	\$ 3,843,382	\$ 2,375
Licenses and Permits	1,130	900	900	230
Fines, Forfeitures, and Penalties	84,045	83,803	84,003	42
Charges for Current Services	179,458	155,735	162,190	17,268
Other Local Revenues	144,459	92,256	133,522	10,937
Fees Received From County Officials	475,860	446,850	455,600	20,260
State of Tennessee	349,427	356,920	403,646	(54,219)
Federal Government	43,903	31,000	123,112	(79,209)
Other Governments and Citizens Groups	251,017	245,317	248,488	2,529
Total Revenues	\$ 5,375,056	\$ 5,250,016	\$ 5,454,843	\$ (79,787)
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 12,270	\$ 6,869	\$ 12,529	\$ 259
Other Boards and Committees	11	34	34	23
County Mayor/Executive	170,632	176,791	176,791	6,159
Election Commission	171,555	176,465	216,465	44,910
Register of Deeds	112,880	112,132	113,132	252
Planning	10,750	10,583	10,750	0
County Buildings	207,122	200,389	208,389	1,267
<u>Finance</u>				
Property Assessor's Office	135,354	153,736	153,736	18,382
County Trustee's Office	144,017	150,814	150,814	6,797
County Clerk's Office	34,890	29,724	35,632	742
<u>Administration of Justice</u>				
Circuit Court	216,748	211,154	216,877	129
General Sessions Court	113,082	113,277	113,277	195
Chancery Court	116,657	116,658	116,658	1
Juvenile Court	22,773	24,131	24,131	1,358
Judicial Commissioners	24,138	24,540	24,540	402
Probation Services	70,540	67,298	71,619	1,079
Victim Assistance Programs	964	788	988	24
<u>Public Safety</u>				
Sheriff's Department	1,152,168	1,191,298	1,241,233	89,065
Administration of the Sexual Offender Registry	250	1,477	1,477	1,227
Jail	806,821	949,776	929,324	122,503
Fire Prevention and Control	90,535	86,429	91,429	894
Rescue Squad	20,457	12,353	20,553	96
Other Emergency Management	13,763	18,429	110,541	96,778
County Coroner/Medical Examiner	8,558	18,477	18,477	9,919
Public Safety Grants Program	413,487	410,317	413,488	1
Other Public Safety	28,363	29,266	29,266	903
<u>Public Health and Welfare</u>				
Local Health Center	29,103	28,513	30,464	1,361
Other Local Health Services	3,435	3,955	3,955	520
Regional Mental Health Center	37,300	42,100	47,100	9,800
General Welfare Assistance	26,294	22,506	27,542	1,248
Sanitation Management	43,885	44,200	44,200	315

(Continued)

Exhibit C-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Health and Welfare (Cont.)</u>				
Other Waste Collection	\$ 9,870	\$ 18,265	\$ 18,265	\$ 8,395
<u>Social, Cultural, and Recreational Services</u>				
Libraries	180,437	179,958	182,092	1,655
Parks and Fair Boards	9,026	9,442	9,063	37
<u>Agriculture and Natural Resources</u>				
Agricultural Extension Service	68,063	63,618	68,066	3
Other Agriculture and Natural Resources	725	1,000	1,000	275
<u>Other Operations</u>				
Veterans' Services	1,468	1,650	1,475	7
Other Charges	300,898	274,196	300,963	65
Contributions to Other Agencies	35,466	35,366	35,466	0
Employee Benefits	22,443	7,980	22,812	369
Miscellaneous	35,015	14,633	38,930	3,915
<u>Capital Outlay</u>				
Regular Capital Outlay	0	130,000	121,800	121,800
Total Expenditures	<u>\$ 4,902,213</u>	<u>\$ 5,170,587</u>	<u>\$ 5,455,343</u>	<u>\$ 553,130</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>\$ 472,843</u>	<u>\$ 79,429</u>	<u>\$ (500)</u>	<u>\$ 473,343</u>
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 0	\$ 130,000	\$ 130,000	\$ (130,000)
Transfers Out	(25,000)	0	(25,000)	0
Total Other Financing Sources	<u>\$ (25,000)</u>	<u>\$ 130,000</u>	<u>\$ 105,000</u>	<u>\$ (130,000)</u>
Net Change in Fund Balance	\$ 447,843	\$ 209,429	\$ 104,500	\$ 343,343
Fund Balance, July 1, 2017	<u>291,346</u>	<u>315,537</u>	<u>315,537</u>	<u>(24,191)</u>
Fund Balance, June 30, 2018	<u>\$ 739,189</u>	<u>\$ 524,966</u>	<u>\$ 420,037</u>	<u>\$ 319,152</u>

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, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 448,997	\$ 422,630	\$ 423,502	\$ 25,495
Charges for Current Services	518,741	562,050	562,050	(43,309)
Other Local Revenues	931	0	0	931
Total Revenues	<u>\$ 968,669</u>	<u>\$ 984,680</u>	<u>\$ 985,552</u>	<u>\$ (16,883)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Ambulance/Emergency Medical Services	\$ 996,879	\$ 998,655	\$ 1,001,027	\$ 4,148
<u>Capital Outlay</u>				
Regular Capital Outlay	0	261,000	261,000	261,000
Total Expenditures	<u>\$ 996,879</u>	<u>\$ 1,259,655</u>	<u>\$ 1,262,027</u>	<u>\$ 265,148</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (28,210)</u>	<u>\$ (274,975)</u>	<u>\$ (276,475)</u>	<u>\$ 248,265</u>
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 0	\$ 261,000	\$ 261,000	\$ (261,000)
Total Other Financing Sources	<u>\$ 0</u>	<u>\$ 261,000</u>	<u>\$ 261,000</u>	<u>\$ (261,000)</u>
Net Change in Fund Balance	\$ (28,210)	\$ (13,975)	\$ (15,475)	\$ (12,735)
Fund Balance, July 1, 2017	<u>163,796</u>	<u>195,934</u>	<u>195,934</u>	<u>(32,138)</u>
Fund Balance, June 30, 2018	<u><u>\$ 135,586</u></u>	<u><u>\$ 181,959</u></u>	<u><u>\$ 180,459</u></u>	<u><u>\$ (44,873)</u></u>

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

Exhibit C-7

Cannon County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2018

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 74,327	\$ 0	\$ 74,327	\$ 79,500	\$ 104,500	\$ (30,173)
Other Local Revenues	68,112	0	68,112	65,000	85,000	(16,888)
State of Tennessee	2,983,010	0	2,983,010	3,558,735	3,565,735	(582,725)
Federal Government	0	0	0	50,000	50,000	(50,000)
Total Revenues	\$ 3,125,449	\$ 0	\$ 3,125,449	\$ 3,753,235	\$ 3,805,235	\$ (679,786)
<u>Expenditures</u>						
<u>Highways</u>						
Administration	\$ 165,003	\$ 0	\$ 165,003	\$ 171,145	\$ 171,145	\$ 6,142
Highway and Bridge Maintenance	852,523	0	852,523	1,114,209	1,107,534	255,011
Operation and Maintenance of Equipment	288,405	0	288,405	249,978	304,978	16,573
Other Charges	95,998	0	95,998	93,890	96,890	892
Employee Benefits	116,283	0	116,283	136,863	136,863	20,580
Capital Outlay	1,607,808	150,324	1,758,132	1,904,232	2,071,731	313,599
<u>Principal on Debt</u>						
Highways and Streets	33,297	0	33,297	30,257	33,924	627
<u>Interest on Debt</u>						
Highways and Streets	1,100	0	1,100	637	1,100	0
Total Expenditures	\$ 3,160,417	\$ 150,324	\$ 3,310,741	\$ 3,701,211	\$ 3,924,165	\$ 613,424
Excess (Deficiency) of Revenues Over Expenditures	\$ (34,968)	\$ (150,324)	\$ (185,292)	\$ 52,024	\$ (118,930)	\$ (66,362)
<u>Other Financing Sources (Uses)</u>						
Capital Leases Issued	\$ 139,929	\$ 0	\$ 139,929	\$ 0	\$ 139,929	\$ 0
Total Other Financing Sources	\$ 139,929	\$ 0	\$ 139,929	\$ 0	\$ 139,929	\$ 0

(Continued)

Exhibit C-7

Cannon County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Highway/Public Works Fund (Cont.)

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
Net Change in Fund Balance	\$ 104,961	\$ (150,324)	\$ (45,363)	\$ 52,024	\$ 20,999	\$ (66,362)
Fund Balance, July 1, 2017	1,139,119	0	1,139,119	925,538	925,538	213,581
Fund Balance, June 30, 2018	\$ 1,244,080	\$ (150,324)	\$ 1,093,756	\$ 977,562	\$ 946,537	\$ 147,219

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

Exhibit D-1

Cannon County, Tennessee
Statement of Net Position
Proprietary Fund
June 30, 2018

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

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

Exhibit D-2

Cannon County, Tennessee
Statement of Revenues, Expenses, and
Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2018

	Governmental Activities - Internal Service Fund <u>Self-Insurance Fund</u>
<u>Operating Revenues</u>	
Self-Insurance Premiums/Contributions	\$ 64,950
Total Operating Revenues	<u>\$ 64,950</u>
<u>Operating Expenses</u>	
Medical Insurance	\$ 64,950
Total Operating Expenses	<u>\$ 64,950</u>
Operating Income (Loss)	<u>\$ 0</u>
Change in Net Position	\$ 0
Net Position, July 1, 2017	<u>10,000</u>
Net Position, June 30, 2018	<u><u>\$ 10,000</u></u>

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

Exhibit D-3

Cannon County, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2018

	Governmental Activities - Internal Service Fund Self-Insurance Fund
<u>Cash Flows from Operating Activities</u>	
Self-Insurance Premiums/Contributions	\$ 64,950
Medical Insurance	(64,950)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 0</u>
Net Increase (Decrease) in Cash	\$ 0
Cash, July 1, 2017	<u>10,000</u>
Cash, June 30, 2018	<u><u>\$ 10,000</u></u>
<u>Reconciliation of Net Operating Income to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ 0
Adjustments to Reconcile Net Operating Income to Net Cash Provided By (Used In) Operating Activities:	
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	0
Increase (Decrease) in Accounts Payable	<u>0</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ 0</u></u>

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

Exhibit E

Cannon County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2018

	<u>Agency Funds</u>
 <u>ASSETS</u>	
Cash	\$ 318,231
Investments	90,755
Due from Other Governments	<u>72,208</u>
Total Assets	<u>\$ 481,194</u>
 <u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 72,208
Due to Litigants, Heirs, and Others	<u>408,986</u>
Total Liabilities	<u>\$ 481,194</u>

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

CANNON COUNTY, TENNESSEE

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CANNON COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cannon County's financial statements are presented in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments.

The following are the more significant accounting policies of Cannon County:

A. Reporting Entity

Cannon County is a public municipal corporation governed by an elected ten-member board. As required by GAAP, these financial statements present Cannon County (the primary government) and its component units. In addition, the financial statements of the Cannon County Industrial Development Board and the Cannon County Emergency Communications District, component units requiring discrete presentation, were excluded from this report due to materiality calculations; therefore, the effect of this omission did not affect the independent auditor's opinion thereon. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

Discretely Presented Component Units – The following entities meet the criteria for discretely presented component units of the county. They are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the county.

The Cannon County School Department operates the public school system in the county, and the voters of Cannon County elect its board. The School Department is fiscally dependent on the county because it may not issue debt and its budget and property tax levy are subject to the county commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

The Cannon County Industrial Development Board provides assistance in industrial recruitment in Cannon County, and the Cannon County Commission appoints its seven-member board. The board is fiscally dependent on the county because its budget is subject to the county commission's approval. The board is funded primarily through lease payments collected from industries that lease buildings from the Industrial Development Board. The financial statements of the Cannon County Industrial Development Board were not material to the component units' opinion unit and therefore have been omitted from this report.

The Cannon County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Cannon County, and the Cannon County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County Commission's approval. The financial statements of the Cannon County Emergency Communications District were not material to the component units' opinion unit and therefore have been omitted from this report.

The Cannon County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of contents. Complete financial statements of the Cannon County Industrial Development Board and the Cannon County Emergency Communications District can be obtained from their administrative offices at the following addresses:

Administrative Offices:

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

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

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. However, when applicable, interfund services provided and used between functions are not eliminated in the process of consolidation in the Statement of Activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. However, the primary government of Cannon County does not have any business-type activities to report. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Cannon County School Department component unit only reports governmental activities in the government-wide financial statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Cannon County issues all debt for the discretely presented Cannon County School Department. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2018.

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

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

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

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

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

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

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

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

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

Cannon County reports the following major governmental funds:

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

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

Highway/Public Works Fund – This special revenue fund accounts for transactions of the county’s Highway Department. Local and state gasoline/fuel taxes are the foundational revenues of this fund.

General Debt Service Fund – This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

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

Additionally, Cannon County reports the following fund types:

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

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

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

The discretely presented Cannon County School Department reports the following major governmental fund:

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

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

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

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

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

1. Deposits and Investments

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

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Cannon County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Fund. Cannon County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost. Investments in the State Treasurer's Investment Pool are reported at amortized cost using a stable net asset value. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value.

2. Receivables and Payables

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

All ambulance and property taxes receivables are shown with an allowance for uncollectibles. Ambulance receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to .87 percent of total taxes levied.

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

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

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

Property taxes are levied as of the first Monday in October. Taxes become delinquent and begin accumulating interest and penalty the following March 1. Suit must be filed in Chancery Court between the following February 1 to April 1 for any remaining unpaid taxes. Additional costs attach to delinquent taxes after a court suit has been filed.

Most payables are disaggregated on the face of the financial statements.

3. Capital Assets

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$10,000 or more and an estimated useful life of more than three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	20 - 40
Other Capital Assets	5 - 40
Infrastructure	20 - 50

4. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These items are for pension changes in experience, pension changes in assumptions, pension changes in investment earnings, pension changes in proportionate share of contribution, and employer contributions made to the pension and OPEB plans 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, pension changes in investment earnings, pension changes in proportionate share of contributions, OPEB changes in assumptions, and various receivables for revenues, which do not meet the availability criteria in governmental funds. These amounts are deferred and recognized as inflows of resources in the period that the amounts become available.

5. Compensated Absences

The general policy of Cannon County (except for the Highway Department, which does not allow for the accumulation of unused vacation leave beyond year-end) is to permit employees to accumulate a limited amount of vacation benefits, which will be paid to employees upon separation from service with the government. The county's policy also permits the unlimited accumulation of unused sick leave days for county employees and up to 60 days for ambulance service employees.

The granting of sick leave has no guaranteed payment attached and therefore is not required to be accrued or recorded.

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

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

6. Long-term Obligations

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

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

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

7. Net Position and Fund Balance

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

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

As of June 30, 2018, Cannon County had \$5,307,000 in outstanding debt for capital purposes for the discretely presented Cannon County School Department. This debt is a liability of Cannon County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Cannon County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

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

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

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

Restricted Fund Balance – includes amounts that have constraints placed on the use of the resources that are either

(a) externally imposed by creditors, grantors, contributors or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

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

Assigned Fund Balance – includes amounts that are constrained by the county’s intent to be used for specific purposes but are neither restricted nor committed (excluding stabilization arrangements). The County Commission has by resolution authorized the county’s Budget/Finance Committee to make assignments for the general government. The Board of Education makes assignments for the School Department.

Unassigned Fund Balance – the residual classification of the General and General Purpose School funds. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General and General Purpose School funds.

8. **Minimum Fund Balance Policy**

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

General Fund – 25 percent of current-year appropriations.

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

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

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

Cannon County has not yet met all these goals and continues to work toward them. The minimum fund balance policy states that the county would like to meet these policy goals within “five years from the 2016-2017 budget year.”

9. Restatement

In prior years, the government was required to recognize a liability for its other postemployment benefits plans under Governmental Accounting Standards Board (GASB) Statement No. 45. As of July 1, 2017, Cannon County has adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. A restatement reducing the beginning net position of the Governmental Activities of the discretely presented Cannon County School Department by \$695,134, has been recognized to account for the transitional requirements.

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.

F. Other Postemployment Benefit (OPEB) Plans

Discretely Presented Cannon County School Department

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, have been determined on the same basis as they are reported by the discretely presented Cannon County School Department. For this purpose,

the School Department recognizes benefit payments when due and payable in accordance with benefit terms. The School Department's OPEB plan is not administered through a trust.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

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

Discretely Presented Cannon County School Department

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

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

Primary Government

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

Discretely Presented Cannon County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

At June 30, 2018, Cannon County and the Cannon County School Department reported the following significant encumbrances:

Funds	Amount
Primary Government:	
Highway/Public Works	\$ 150,324
Total	<u>150,324</u>
Discretely Presented School Department:	
General Purpose School	566,443
Nonmajor Governmental	8,675
Total	<u>575,118</u>

B. Expenditures Exceeded Appropriations

Expenditures exceeded total appropriations approved by the County Commission in the Solid Waste/Sanitation Fund by \$15,308. 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, 2018.

Investment Balances. As of June 30, 2018, Cannon County had the following investments, which were established by court orders requiring the funds to be held by the county clerk on behalf of litigants.

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

<u>Investment</u>	<u>Amounts</u>
Nonpooled:	
Constitutional Officers - Agency Fund:	
County Clerk:	
Farm Bureau - Annuities	\$ 78,749
Edward Jones - Mutual Funds	<u>12,006</u>
Total Nonpooled Investments	<u><u>\$ 90,755</u></u>

B. Notes Receivable

Notes receivable in the General Debt Service Fund resulted from the issuance of \$100,000 in capital outlay notes for a building on behalf of the Cannon County Emergency Communications District in prior years. This debt was retired by the county in 2012; however, the district is repaying the county in accordance with an agreed-upon payment schedule. Under the terms of this agreement, the loan bears no interest and matures in the fiscal year ending June 30, 2043. The district's building is pledged as collateral on the indebtedness until the existing principal is paid in full. The balance of the notes receivable is \$63,488 at June 30, 2018.

C. Capital Assets

Capital assets activity for the year ended June 30, 2018, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-17	Increases	Decreases	Balance 6-30-18
Capital Assets Not Depreciated:				
Land	\$ 279,849	\$ 0	\$ 0	\$ 279,849
Construction in Progress	285,594	53,729	(285,595)	53,728
Total Capital Assets Not Depreciated	<u>\$ 565,443</u>	<u>\$ 53,729</u>	<u>\$ (285,595)</u>	<u>\$ 333,577</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 6,737,239	\$ 904,994	\$ 0	\$ 7,642,233
Infrastructure	25,363,594	398,173	0	25,761,767
Other Capital Assets	2,640,891	219,471	(147,937)	2,712,425
Total Capital Assets Depreciated	<u>\$ 34,741,724</u>	<u>\$ 1,522,638</u>	<u>\$ (147,937)</u>	<u>\$ 36,116,425</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 4,304,632	\$ 144,600	\$ 0	\$ 4,449,232
Infrastructure	13,645,723	615,259	0	14,260,982
Other Capital Assets	1,762,638	159,636	(147,937)	1,774,337
Total Accumulated Depreciation	<u>\$ 19,712,993</u>	<u>\$ 919,495</u>	<u>\$ (147,937)</u>	<u>\$ 20,484,551</u>
Total Capital Assets Depreciated, Net	<u>\$ 15,028,731</u>	<u>\$ 603,143</u>	<u>\$ 0</u>	<u>\$ 15,631,874</u>
Governmental Activities Capital Assets, Net	<u>\$ 15,594,174</u>	<u>\$ 656,872</u>	<u>\$ (285,595)</u>	<u>\$ 15,965,451</u>

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

Governmental Activities:

General Government	\$	108,111
Public Safety		128,019
Public Health and Welfare		49,075
Social, Cultural, and Recreational Services		11,347
Highways/Public Works		<u>622,943</u>
Total Depreciation Expense - Governmental Activities	\$	<u>919,495</u>

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

	Balance 7-1-17	Increases	Balance 6-30-18
Capital Assets Not Depreciated:			
Land	\$ 170,879	\$ 0	\$ 170,879
Total Capital Assets Not Depreciated	<u>\$ 170,879</u>	<u>\$ 0</u>	<u>\$ 170,879</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 19,512,089	\$ 0	\$ 19,512,089
Other Capital Assets	1,355,026	76,388	1,431,414
Total Capital Assets Depreciated	<u>\$ 20,867,115</u>	<u>\$ 76,388</u>	<u>\$ 20,943,503</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 11,077,542	\$ 453,846	\$ 11,531,388
Other Capital Assets	669,684	82,112	751,796
Total Accumulated Depreciation	<u>\$ 11,747,226</u>	<u>\$ 535,958</u>	<u>\$ 12,283,184</u>
Total Capital Assets Depreciated, Net	<u>\$ 9,119,889</u>	<u>\$ (459,570)</u>	<u>\$ 8,660,319</u>
Governmental Activities Capital Assets, Net	<u>\$ 9,290,768</u>	<u>\$ (459,570)</u>	<u>\$ 8,831,198</u>

There were no decreases in capital assets to report during the year ended June 30, 2018.

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

Governmental Activities:

Instruction	\$ 463,779
Support Services	<u>72,179</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 535,958</u></u>

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2018, was as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government: General	Nonmajor governmental	\$ 7,764
Discretely Presented School Department: Nonmajor governmental	General Purpose School	418

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, 2018, consisted of the following amounts:

Primary Government

Transfer Out	<u>Transfer In</u>		
	Education Debt Service Fund	Nonmajor Governmental Fund	Purpose
General Debt Service Fund	\$ 100,000	\$ 0	Reimbursement
General Fund	0	25,000	Operations

Discretely Presented Cannon County School Department

Transfer Out	Transfer In		
	General Purpose School Fund	Nonmajor Governmental Fund	Purpose
Nonmajor governmental funds	\$ 13,029	\$ 0	Indirect Cost
General Purpose School Fund	0	50,000	Cash Flow

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

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

E. Construction Commitments

At June 30, 2018, the Highway Department had an uncompleted construction contract for Castle Point Bridge (\$150,324). Funding has been received for these future expenditures.

F. Capital Leases

On April 19, 2018, Cannon County entered into a three-year lease-purchase agreement for a road grader. The terms of the agreement require total lease payments of \$139,929 plus interest of 3.97 percent. Title to the equipment transfers to the Highway Department at the end of the lease period. The lease payments are made by the Highway/Public Works Fund.

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u> Primary Government
Machinery and Equipment	\$ 219,471
Less: Accumulated Depreciation	<u>(5,487)</u>
Total Book Value	<u>\$ 213,984</u>

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2018, were as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Governmental</u> <u>Funds</u>
2019	\$ 49,553
2020	49,554
2021	<u>45,425</u>
Total Minimum Lease Payments	\$ 144,532
Less: Amount Representing Interest	<u>(8,270)</u>
Present Value of Minimum Lease Payments	<u>\$ 136,262</u>

G. Long-term Obligations

Primary Government

Notes and Other Loans

Cannon County issues other loans to provide funds for the acquisition and construction of major capital facilities for the primary government and discretely presented School Department. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

Capital outlay notes and other loans are direct obligations and pledge the full faith and credit of the government. Capital outlay notes and other loans outstanding were issued for original terms of up to 12 years for notes and up to 24 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All capital outlay notes included in long-term debt as of June 30, 2018, will be retired from the General Debt Service. All other loans included in long-term debt as of June 30, 2018, will be retired from the General Debt Service and Education Debt Service funds.

Capital outlay notes and other loans outstanding, as of June 30, 2018, for governmental activities are as follows:

Type	Interest Rate		Final Maturity	Original Amount of Issue	Balance 6-30-18
Capital Outlay Note	3.95	%	7-1-23	\$ 225,000	\$ 120,300
Other Loans	Variable		5-25-26	11,400,000	5,307,000
Other Loans	3.28		11-1-24	265,000	194,000
Capital Lease	3.97		44,335	139,929	136,262

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, 2018:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-18	Interest Type	Interest Rate as of 6-30-18	Approximate Fee Rate as of 6-30-18
Elementary Schools	\$ 11,400,000	\$ 5,307,000	Variable	1.41 %	.66 %
Ambulance Building	265,000	194,000	Fixed	3.28	N/A

The annual requirements to amortize all notes and other loans outstanding as of June 30, 2018, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Notes		
	Principal	Interest	Total
2019	\$ 19,000	\$ 4,602	\$ 23,602
2020	20,000	3,832	23,832
2021	21,000	3,022	24,022
2022	21,000	2,193	23,193
2023	39,300	1,796	41,096
Total	\$ 120,300	\$ 15,445	\$ 135,745

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2019	\$ 581,000	\$ 80,783	\$ 35,939	\$ 697,722
2020	610,000	72,105	32,280	714,385
2021	640,000	63,002	28,438	731,440
2022	671,000	53,456	24,404	748,860
2023	2,999,000	109,493	53,138	3,161,631
Total	\$ 5,501,000	\$ 378,839	\$ 174,199	\$ 6,054,038

There is \$759,751 available in the General Debt Service Fund and \$2,536,236 available in the Education Debt Service Fund to service long-term debt. Total debt per capita, including notes, other loans, and capital leases totaled \$417, based on the 2010 federal census.

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2018, was as follows:

Governmental Activities:

	Notes	Other Loans	Capital Lease
Balance, July 1, 2017	\$ 240,417	\$ 6,170,000	\$ 0
Additions	0	0	139,929
Reductions	(120,117)	(669,000)	(3,667)
Balance, June 30, 2018	\$ 120,300	\$ 5,501,000	\$ 136,262
Balance Due Within One Year	\$ 19,000	\$ 581,000	\$ 44,956

Governmental Activities:

	Compensated Absences
Balance, July 1, 2017	\$ 51,768
Additions	70,064
Reductions	<u>(74,653)</u>
Balance, June 30, 2018	<u>\$ 47,179</u>
Balance Due Within One Year	<u>\$ 2,359</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2018	\$ 5,804,741
Less: Balance Due Within One Year	<u>(647,315)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 5,157,426</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, 2018, was as follows:

Governmental Activities:

	Compensated Absences	Other Postemployment Benefits *	Net Pension Liability - Teacher Legacy Plan #
Balance, July 1, 2017	\$ 61,613	\$ 1,225,961	\$ 1,242,162
Additions	60,121	118,956	12,376
Reductions	<u>(41,090)</u>	<u>(96,934)</u>	<u>(1,320,375)</u>
Balance, June 30, 2018	<u>\$ 80,644</u>	<u>\$ 1,247,983</u>	<u>\$ (65,837)</u>
Balance Due Within One Year	<u>\$ 56,452</u>	<u>\$ 0</u>	<u>\$ 0</u>

* Restated Beginning Balance – See Note I.D.9.

At June 30, 2018, the Teacher Legacy Plan had a net pension asset.

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2018	\$ 1,328,627
Less: Balance Due Within One Year	<u>(56,452)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 1,272,175</u>

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

H. 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 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, 2018, were \$11,824 and \$15,963, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

I. Short-term Debt

Cannon County issued tax/revenue anticipation notes in advance of property tax collections and deposited the proceeds in the General Fund (\$910,138), the Solid Waste/Sanitation Fund (\$100,000), and the Ambulance Service Fund (\$26,747). 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, 2018, was as follows:

	Balance 7-1-17	Issued	Paid	Balance 6-30-18
Tax/Revenue Anticipation Notes	\$ 0	\$ 1,036,885	\$ (1,036,885)	\$ 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. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*; Statement No. 81, *Irrevocable Split-Interest Agreements*; Statement No. 85, *Omnibus 2017*; and Statement No. 86, *Certain Debt Extinguishment Issues* became effective for the year ended June 30, 2018.

GASB Statement No. 75, establishes accounting and reporting requirements for postemployment benefits other than pensions (other postemployment benefits or OPEB), which are included in the general purpose financial reports of state and local governmental OPEB plans. This statement replaces GASB Statements No. 45 and No. 57. The scope of this statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

GASB Statement No. 81, establishes accounting and financial reporting guidance for irrevocable split-interest agreements in which a government is a beneficiary.

GASB Statement No. 85, addresses practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

GASB Statement No. 86, establishes guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also provides guidance for accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

C. Contingent Liabilities

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

D. Changes in Administration

On August 4, 2017, Nathan Nichols left the Office of Clerk and Master and was succeeded by Dana Davenport. On November 30, 2017, Barbara Parker left the Office of Director of Schools and was succeeded by William Curtis.

E. Joint Venture

Cannon County is a participant with Coffee, Rutherford, and Warren counties in a multi-county Municipal Solid Waste Planning Region. This entity was created to promote the preparation of municipal solid waste regional plans to effectively and efficiently manage solid waste. This entity is governed by a 13-member board comprising appointees from Cannon County (2), Coffee County (2), Rutherford County (3), Warren County (2), the City of Manchester (1), the City of McMinnville (1), the City of Murfreesboro (1), and the City of Woodbury (1). Funding is provided from member contributions and grants. There are no separately issued financial statements for the Municipal Solid Waste Planning Region. Rutherford County has been designated as the fiscal agent for the Planning Region and accounts for its activities through the Joint Venture Fund (agency fund), which is included in the financial statements reflected in Rutherford County's comprehensive

annual financial report. Cannon County does not have an equity interest in this joint venture.

F. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Employees of Cannon County 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 65.08 percent, the non-certified employees of the discretely presented School Department comprise 34.92 percent of the plan based on contribution data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

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

Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous

year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions plus any accumulated interest.

Employees Covered by Benefit Terms. At the measurement date of June 30, 2017, 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	234
Active Employees	200
Total	<u>535</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, 2018, the employer contribution for Cannon County was \$419,825 based on a rate of 8.55 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Cannon County's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contributions (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Cannon County's net pension liability (asset) was measured as of June 30, 2017, 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, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.46% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

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

The actuarial assumptions used in the June 30, 2017, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

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

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

Changes of Assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.0 percent to 2.5 percent; decreased the investment rate of return from 7.5 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.5 to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4 percent; and modified the mortality assumptions.

Discount Rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from 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 (Asset) (a)-(b)
Balance, July 1, 2016	\$ 12,886,939	\$ 13,182,701	\$ (295,762)
Changes for the Year:			
Service Cost	\$ 394,333	\$ 0	\$ 394,333
Interest	976,138	0	976,138
Differences Between Expected and Actual Experience	65,662	0	65,662
Changes in Assumptions	390,178	0	390,178
Contributions-Employer	0	443,053	(443,053)
Contributions-Employees		259,096	(259,096)
Net Investment Income		1,502,700	(1,502,700)
Benefit Payments, Including Refunds of Employee Contributions	(532,188)	(532,188)	0
Administrative Expense	0	(16,324)	16,324
Other Changes	0		0
Net Changes	\$ 1,294,123	\$ 1,656,337	\$ (362,214)
Balance, June 30, 2017	\$ 14,181,062	\$ 14,839,038	\$ (657,976)

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	65.08%	\$ 9,229,035	\$ 9,657,246	\$ (428,211)
School Department	34.92%	4,952,027	5,181,792	(229,765)
Total		\$ 14,181,062	\$ 14,839,038	\$ (657,976)

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 7.25 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Cannon County	6.25%	7.25%	8.25%

Net Pension Liability \$ 1,171,319 \$ 657,976 \$ (2,171,571)

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

Pension Expense or Negative Pension Expense. For the year ended June 30, 2018, Cannon County recognized pension expense of \$100,744.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2018, Cannon County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 87,622	\$ 169,005
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	7,917
Changes in Assumptions	312,142	0
Contributions Subsequent to the Measurement Date of June 30, 2017 (1)	419,825	N/A
Total	<u>\$ 819,589</u>	<u>\$ 176,922</u>

- (1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2017,” 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	\$ 530,227	\$ 115,140
School Department	289,362	61,782
Total	<u>\$ 819,589</u>	<u>\$ 176,922</u>

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

Year Ending June 30	Amount
2019	\$ (32,491)
2020	195,521
2021	70,293
2022	(10,479)
2023	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 65.08 percent and the non-certified employees of the discretely presented School Department comprise 34.92 percent of the plan based on contribution data.

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

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

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

benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers are required to contribute five percent of their salary to the plan. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2018, to the Teacher Retirement Plan were \$53,451, which is four percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liabilities (Assets). At June 30, 2018, the School Department reported a liability (asset) of (\$36,960) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2017, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The School Department's proportion of the net pension liability (asset) was based on the School Department's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2017, the School Department's proportion was .140085 percent. The proportion as of June 30, 2016, was .116333 percent.

Pension Expense. For the year ended June 30, 2018, the School Department recognized pension expense of \$16,498.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2018, the School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 1,295	\$ 2,780
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	1,989
Changes in Assumptions	3,247	0
Changes in Proportion of Net Pension Liability (Asset)	0	3,145
LEA's Contributions Subsequent to the Measurement Date of June 30, 2017 (1)	53,451	N/A
Total	<u>\$ 57,993</u>	<u>\$ 7,914</u>

The School Department's employer contributions of \$53,451 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase of net pension asset in the year ending June 30, 2019. 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
2019	\$ (443)
2020	(443)
2021	(557)
2022	(1,068)
2023	(131)
Thereafter	(728)

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, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.46% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

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

The actuarial assumptions used in the June 30, 2017, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

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

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

Changes of Assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.0 percent to 2.5 percent; decreased the investment rate of return from 7.5 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.5 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.0 percent; and modified the mortality assumptions.

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

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the School

Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what the School Department's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability	\$ 7,374	\$ (36,960)	\$ (69,478)

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

Teacher Legacy Pension Plan

General Information About the Pension Plan

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

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

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

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers are required to contribute five percent of their salaries. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Cannon County School Department for the year ended June 30, 2018, to the Teacher Legacy Pension Plan were \$639,237, which is 9.08 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liability (Assets). At June 30, 2018, the School Department reported a liability (asset) of (\$65,837) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The School Department's proportion of the net pension liability (asset) was based on the School

Department's long-term share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2017, the School Department's proportion was .201222 percent. The proportion measured at June 30, 2016, was .198764 percent.

Pension Expense. For the year ended June 30, 2018, the School Department recognized pension expense of \$12,375.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2018, the School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 39,691	\$ 1,359,213
Changes in Assumptions	557,596	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	9,994	0
Changes in Proportion of Net Pension Liability (Asset)	25,690	1,439
LEA's Contributions Subsequent to the Measurement Date of June 30, 2017	639,237	N/A
Total	<u>\$ 1,272,208</u>	<u>\$ 1,360,652</u>

The School Department's employer contributions of \$639,237 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a decrease in net pension liability in the year ending June 30, 2019. 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
2019	\$ (459,479)
2020	214,040
2021	(158,055)
2022	(324,188)
2023	0
Thereafter	0

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

Actuarial Assumptions. The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.46% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

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

The actuarial assumptions used in the June 30, 2017, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major class are summarized in the following table:

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

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

Changes of Assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.0 percent to 2.5 percent; decreased the investment rate of return from 7.5 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.5 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.0 percent; and modified the mortality assumptions.

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

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

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

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
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Net Pension Liability	\$ 5,907,407	\$ (65,837)	\$ (5,003,116)
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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 School Department are required to participate in a hybrid pension plan consisting of a defined benefit portion, which is detailed in the pensions footnote above and is managed by the Tennessee Consolidated Retirement System, and a defined contribution portion which is placed into the state's 401 (K) plan and is managed by the employee. The defined contribution portion of the plan requires that the School Department contribute five percent of each teacher's salary into their deferred compensation plan. In addition, teachers are required to contribute two percent of their salaries into this deferred compensation plan, unless they opt out of the employee portion. During the year the School Department contributed \$53,451 and teachers contributed \$66,814 to this deferred compensation pension plan.

G. **Other Postemployment Benefits (OPEB)**

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

Plan Description. Employees of the Cannon County School Department who were hired prior to July 1, 2015, are provided with pre-65 retiree health insurance benefits through the closed Local Education Plan (LEP) administered by the Tennessee Department of Finance and Administration.

All eligible pre-65 retired teachers, support staff, and disability participants of local education agencies, who choose coverage, participate in the LEP. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

Benefits Provided. The Cannon County School Department offers the LEP to provide health insurance coverage to eligible pre-65 retirees, support staff, and disabled participants of local education agencies. Retirees are required to discontinue coverage under the LEP upon obtaining Medicare eligibility. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-301 establishes and amends the benefit terms of the LEP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members of the LEP receive the same plan benefits as active employees at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for retiree premiums. Cannon County does not provide a direct subsidy and is only subject to the implicit subsidy. The state, as a governmental non-employer contributing entity, provides a direct subsidy for eligible retirees premiums based on years of service. Therefore, retirees with 30 or more years of service will receive 45%; 20 but less than 30 years, 35%; and less than 20 years, 20% of the scheduled premium. No subsidy is provided for enrollees of the health savings CDHP.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2017, the following employees were covered by the benefit terms:

	<u>School Department</u>
Inactive Employees or Beneficiaries Currently Receiving Benefits	6
Inactive Employees Entitled to But Not Yet Receiving Benefits	0
Active Employees	206
Total	<u><u>212</u></u>

A state insurance committee, created in accordance with TCA 8-27-301, establishes the required payments to the LEP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates.

Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the School Department paid \$45,209 to the LEP for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

	<u>Share of Collective Liability</u>		
	<u>Cannon County</u>	<u>State of</u>	<u>Total OPEB</u>
	<u>School Department</u>	<u>TN</u>	<u>Liability</u>
	<u>64.49%</u>	<u>35.51%</u>	
Balance July 1, 2016	\$ 1,225,961	\$ 675,101	\$ 1,901,062
Changes for the Year:			
Service Cost	\$ 81,303	\$ 44,772	\$ 126,075
Interest	37,652	20,734	58,386
Changes in			
Benefit Terms	0	0	0
Difference between			
Expected and Actuarial			
Experience	0	0	0
Changes in Assumption			
and Other Inputs	(61,308)	(33,761)	(95,069)
Benefit Payments	(35,625)	(19,618)	(55,243)
Net Changes	\$ 22,022	\$ 12,127	\$ 34,149
Balance June 30, 2017	\$ 1,247,983	\$ 687,228	\$ 1,935,211

The Cannon County School Department has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the LEP. The Cannon County School Department's proportionate share of the collective total OPEB liability was based on a projection of the employers long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The School Department recognized \$62,196 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the LEP for School Department retirees.

During the year, the Cannon County School Department's proportionate share of the collective OPEB liability was 64.49% and the State of Tennessee's share was 35.51%.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2018, the School Department recognized OPEB expense of \$175,141, including the state's share of the expense. At June 30, 2018, the School Department reported deferred

outflows of resources and deferred inflows of resources related to its proportionate share of OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 0
Changes of Assumptions/Inputs	0	55,298
Changes in Proportion and Differences Between Amounts Paid as Benefits Came Due and Proportionate Share Amounts Paid by the Employee and Nonemployer Contributors As Benefits Came Due	0	0
Benefits Paid After the Measurement Date	45,209	0
Total	<u>\$ 45,209</u>	<u>\$ 55,298</u>

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

Year Ending June 30	School Department
2019	\$ (6,010)
2020	(6,010)
2021	(6,010)
2022	(6,010)
2023	(6,010)
Thereafter	(25,248)

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

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

<u>Discount Rate</u>	1% Decrease 2.56%	Current Discount Rate 3.56%	1% Increase 4.56%
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Proportionate Share of the Collective Total OPEB Liability	\$ 1,344,468	\$ 1,247,983	\$ 1,155,494
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Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the School Department's proportionate share of the collective total OPEB liability related to the LEP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate.

<u>Healthcare Cost Trend Rate</u>	1% Decrease 6.5 to 2.71%	Current Rates 7.5 to 3.71%	1% Increase 8.5 to 4.71%
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Proportionate Share of the Collective Total OPEB Liability	\$ 1,090,929	\$ 1,247,983	\$ 1,435,199
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H. Purchasing Laws

Office of County Executive

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

Office of Road Supervisor

Purchasing procedures for the Highway Department are governed by Chapter 788, Private Acts of 1933, and provisions of the Uniform Road Law, Section 54-7-113, *TCA*. Provisions of the Private Act provide for the Highway Commission to make all purchases and to rent or lease equipment as necessary. Provisions of the County Uniform Road Law require that competitive bids be solicited through public advertisement on all purchases exceeding \$10,000.

Office of Director of Schools

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

I. Subsequent Events

On July 12, 2018, August 10, 2018, August 16, 2018, and September 4, 2018, Cannon County issued tax/revenue anticipation notes totaling \$1,113,599 for temporary operating funds from the Education Debt Service Fund to the General (\$1,000,000), Ambulance Service (\$59,922), and Solid Waste/Sanitation (\$53,677) funds.

On August 2, 2018, the citizens of Cannon County voted by referendum to implement the Financial Management Act of 1981.

County Executive Mike Gannon left office August 31, 2018, and was succeeded by Brent Bush.

County Clerk Bobby Smith left office August 31, 2018, and was succeeded by Lana Jones.

Circuit and General Sessions Courts Clerk Lynne Foster left office August 31, 2018, and was succeeded by Katina George.

On September 6, 2018, a resolution was approved authorizing an interfund loan of \$200,000 from the General Fund to the Solid Waste/Sanitation Fund. As of the date of this report, the loan has not been issued.

On September 18, 2018, the Financial Management Committee was appointed. Members include Brent Bush, County Executive, Wayne Hancock, Road Supervisor, William Curtis, Director of Schools, and County Commissioners Russell Reed, Jim Bush, Randy Gannon, and Ronnie Mahaffey.

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit F-1

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

	2014	2015	2016	2017
Total Pension Liability				
Service Cost	\$ 348,558	\$ 370,691	\$ 410,650	\$ 394,333
Interest	827,397	865,340	930,251	976,138
Differences Between Actual and Expected Experience	(205,229)	87,733	(213,266)	65,662
Changes in Assumptions	0	0	0	390,178
Benefit Payments, Including Refunds of Employee Contributions	(444,221)	(529,698)	(466,784)	(532,188)
Net Change in Total Pension Liability	\$ 526,505	\$ 794,066	\$ 660,851	\$ 1,294,123
Total Pension Liability, Beginning	10,905,517	11,432,022	12,226,088	12,886,939
Total Pension Liability, Ending (a)	\$ 11,432,022	\$ 12,226,088	\$ 12,886,939	\$ 14,181,062
Plan Fiduciary Net Position				
Contributions - Employer	\$ 413,808	\$ 418,337	\$ 438,698	\$ 443,053
Contributions - Employee	223,235	245,660	270,198	259,096
Net Investment Income	1,708,609	375,154	337,733	1,502,700
Benefit Payments, Including Refunds of Employee Contributions	(444,221)	(529,698)	(466,784)	(532,188)
Administrative Expense	(6,699)	(10,271)	(15,075)	(16,324)
Net Change in Plan Fiduciary Net Position	\$ 1,894,732	\$ 499,182	\$ 564,770	\$ 1,656,337
Plan Fiduciary Net Position, Beginning	10,224,017	12,118,749	12,617,931	13,182,701
Plan Fiduciary Net Position, Ending (b)	\$ 12,118,749	\$ 12,617,931	\$ 13,182,701	\$ 14,839,038
Net Pension Liability (Asset), Ending (a - b)	\$ (686,727)	\$ (391,843)	\$ (295,762)	\$ (657,976)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	106.01%	103.20%	102.30%	104.64%
Covered Payroll	\$ 4,288,165	\$ 4,892,826	\$ 5,130,974	\$ 4,970,589
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(16.01)%	(8.01)%	(5.76)%	(13.24)%

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

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

Exhibit F-2

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

	2014	2015	2016	2017	2018
Actuarially Determined Contribution	\$ 413,808	\$ 418,337	\$ 438,698	\$ 343,965	\$ 419,825
Less Contributions in Relation to the Actuarially Determined Contribution	(413,808)	(418,337)	(438,698)	(443,053)	(419,825)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ (99,088)	\$ 0
Covered Payroll	\$ 4,288,165	\$ 4,892,826	\$ 5,130,974	\$ 4,970,589	\$ 4,910,212
Contributions as a Percentage of Covered Payroll	9.65%	8.55%	8.55%	8.91%	8.55%

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

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

Exhibit F-3

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

	2015	2016	2017	2018
Contractually Required Contribution	\$ 8,173	\$ 20,475	\$ 36,777	\$ 53,451
Less Contributions in Relation to the Contractually Required Contribution	(8,173)	(20,475)	(36,777)	(53,451)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 204,315	\$ 511,869	\$ 919,431	\$ 1,336,278
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	4.00%	4.00%

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

Exhibit F-4

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

	2014	2015	2016	2017	2018
Contractually Required Contribution	\$ 688,431	\$ 667,670	\$ 648,617	\$ 643,024	\$ 639,237
Less Contributions in Relation to the Contractually Required Contribution	(688,431)	(667,670)	(648,617)	(643,024)	(639,237)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 7,752,601	\$ 7,385,732	\$ 7,174,965	\$ 7,113,092	\$ 7,040,046
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.04%	9.08%

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

Exhibit F-5

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

	2016	2017	2018
School Department's Proportion of the Net Pension Liability/Asset	0.096305%	0.116333%	0.140085%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (3,956)	\$ (12,111)	\$ (36,960)
Covered Payroll	\$ 204,315	\$ 511,869	\$ 919,431
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(1.94)%	(2.37)%	(4.02)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%	121.88%	126.81%

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

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

Exhibit F-6

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

	2015	2016	2017	2018
School Department's Proportion of the Net Pension Liability/Asset	0.197519%	0.197295%	0.198764%	0.201222%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (32,096)	\$ 80,819	\$ 1,242,163	\$ (65,837)
Covered Payroll	\$ 7,752,601	\$ 7,385,732	\$ 7,174,965	\$ 7,113,092
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(0.41)%	1.09%	17.31%	(0.93)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%	97.14%	100.14%

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

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

Exhibit F-7

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

	<u>2017</u>
Total OPEB Liability	
Service Cost	\$ 126,075
Interest	58,386
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	0
Changes in Assumptions or Other Inputs	(95,069)
Benefit Payments	<u>(55,243)</u>
Net Change in Total OPEB Liability	\$ 34,149
Total OPEB Liability, Beginning	<u>1,901,062</u>
 Total OPEB Liability, Ending	 <u><u>\$ 1,935,211</u></u>
 Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	 \$ 687,228
Employer Proportionate Share of the Total OPEB Liability	1,247,983
 Covered Employee Payroll	 \$ 9,755,232
Net OPEB Liability as a Percentage of Covered Employee Payroll	19.84%

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

Note 2: changes in assumptions. Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2017	2.92%
2018	3.56%

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

CANNON COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2018

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for fiscal year 2017 were calculated based on the June 30, 2016, actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization Period	Varies by Year
Asset Valuation	10-Year Smoothed Within a 20% Corridor to Market Value
Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation
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.

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

Capital Projects Funds

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

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

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

Exhibit G-1

Cannon County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	Special Revenue Funds				Capital Projects Funds
	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	General Capital Projects
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 25,011	\$ 25,011	\$ 0
Equity in Pooled Cash and Investments	55,524	343,006	0	398,530	26,949
Accounts Receivable	2,159	0	9,944	12,103	0
Due from Other Governments	25,865	0	0	25,865	0
Property Taxes Receivable	439,125	0	0	439,125	0
Allowance for Uncollectible Property Taxes	(6,593)	0	0	(6,593)	0
Total Assets	<u>\$ 516,080</u>	<u>\$ 343,006</u>	<u>\$ 34,955</u>	<u>\$ 894,041</u>	<u>\$ 26,949</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 58,747	\$ 0	\$ 0	\$ 58,747	\$ 0
Contracts Payable	0	0	0	0	24,050
Due to Other Funds	0	0	7,764	7,764	0
Total Liabilities	<u>\$ 58,747</u>	<u>\$ 0</u>	<u>\$ 7,764</u>	<u>\$ 66,511</u>	<u>\$ 24,050</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 422,954	\$ 0	\$ 0	\$ 422,954	\$ 0
Deferred Delinquent Property Taxes	8,093	0	0	8,093	0
Other Deferred/Unavailable Revenue	12,973	0	0	12,973	0
Total Deferred Inflows of Resources	<u>\$ 444,020</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 444,020</u>	<u>\$ 0</u>

(Continued)

Exhibit G-1

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

	Special Revenue Funds				Capital Projects Funds
	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	General Capital Projects
<u>FUND BALANCES</u>					
Restricted:					
Restricted for Public Safety	\$ 0	\$ 343,006	\$ 0	\$ 343,006	\$ 0
Restricted for Public Health and Welfare	13,313	0	0	13,313	0
Restricted for Capital Outlay	0	0	0	0	2,899
Committed:					
Committed for Finance	0	0	27,191	27,191	0
Committed for Capital Projects	0	0	0	0	0
Total Fund Balances	<u>\$ 13,313</u>	<u>\$ 343,006</u>	<u>\$ 27,191</u>	<u>\$ 383,510</u>	<u>\$ 2,899</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 516,080</u>	<u>\$ 343,006</u>	<u>\$ 34,955</u>	<u>\$ 894,041</u>	<u>\$ 26,949</u>

(Continued)

Exhibit G-1

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

	<u>Capital Projects Funds (Cont.)</u>		Total Nonmajor Governmental Funds
	Other Capital Projects	Total	
<u>ASSETS</u>			
Cash	\$ 0	\$ 0	\$ 25,011
Equity in Pooled Cash and Investments	143,711	170,660	569,190
Accounts Receivable	0	0	12,103
Due from Other Governments	0	0	25,865
Property Taxes Receivable	0	0	439,125
Allowance for Uncollectible Property Taxes	0	0	(6,593)
Total Assets	<u>\$ 143,711</u>	<u>\$ 170,660</u>	<u>\$ 1,064,701</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 0	\$ 0	\$ 58,747
Contracts Payable	0	24,050	24,050
Due to Other Funds	0	0	7,764
Total Liabilities	<u>\$ 0</u>	<u>\$ 24,050</u>	<u>\$ 90,561</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 0	\$ 0	\$ 422,954
Deferred Delinquent Property Taxes	0	0	8,093
Other Deferred/Unavailable Revenue	0	0	12,973
Total Deferred Inflows of Resources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 444,020</u>

(Continued)

Exhibit G-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

Committed for Capital Projects

Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

<u>Capital Projects Funds (Cont.)</u>		Total
Other		Nonmajor
Capital		Governmental
Projects	Total	Funds
<hr/>		
\$ 0	\$ 0	\$ 343,006
0	0	13,313
0	2,899	2,899
0	0	27,191
143,711	143,711	143,711
<hr/>		
\$ 143,711	\$ 146,610	\$ 530,120
<hr/>		
\$ 143,711	\$ 170,660	\$ 1,064,701
<hr/>		

Exhibit G-2

Cannon County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2018

	Special Revenue Funds				Capital Projects Funds
	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	General Capital Projects
<u>Revenues</u>					
Local Taxes	\$ 474,883	\$ 0	\$ 0	\$ 474,883	\$ 0
Fines, Forfeitures, and Penalties	0	211,944	0	211,944	0
Charges for Current Services	25,798	0	150,149	175,947	0
Other Local Revenues	0	0	0	0	0
State of Tennessee	0	0	0	0	24,118
Federal Government	0	0	0	0	576,569
Other Governments and Citizens Groups	40,000	0	0	40,000	0
Total Revenues	\$ 540,681	\$ 211,944	\$ 150,149	\$ 902,774	\$ 600,687
<u>Expenditures</u>					
Current:					
Finance	\$ 0	\$ 0	\$ 153,575	\$ 153,575	\$ 0
Public Safety	0	25,145	0	25,145	0
Public Health and Welfare	550,921	0	0	550,921	0
Capital Outlay	0	0	0	0	715,445
Total Expenditures	\$ 550,921	\$ 25,145	\$ 153,575	\$ 729,641	\$ 715,445
Excess (Deficiency) of Revenues Over Expenditures	\$ (10,240)	\$ 186,799	\$ (3,426)	\$ 173,133	\$ (114,758)
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 25,000	\$ 0	\$ 0	\$ 25,000	\$ 0
Total Other Financing Sources (Uses)	\$ 25,000	\$ 0	\$ 0	\$ 25,000	\$ 0
Net Change in Fund Balances	\$ 14,760	\$ 186,799	\$ (3,426)	\$ 198,133	\$ (114,758)
Fund Balance, July 1, 2017	(1,447)	156,207	30,617	185,377	117,657
Fund Balance, June 30, 2018	\$ 13,313	\$ 343,006	\$ 27,191	\$ 383,510	\$ 2,899

(Continued)

Exhibit G-2

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

	<u>Capital Projects Funds (Cont.)</u>		Total Nonmajor Governmental Funds
	Other Capital Projects	Total	
<u>Revenues</u>			
Local Taxes	\$ 0	\$ 0	\$ 474,883
Fines, Forfeitures, and Penalties	0	0	211,944
Charges for Current Services	0	0	175,947
Other Local Revenues	45,250	45,250	45,250
State of Tennessee	0	24,118	24,118
Federal Government	0	576,569	576,569
Other Governments and Citizens Groups	0	0	40,000
Total Revenues	<u>\$ 45,250</u>	<u>\$ 645,937</u>	<u>\$ 1,548,711</u>
<u>Expenditures</u>			
Current:			
Finance	\$ 0	\$ 0	\$ 153,575
Public Safety	0	0	25,145
Public Health and Welfare	0	0	550,921
Capital Outlay	0	715,445	715,445
Total Expenditures	<u>\$ 0</u>	<u>\$ 715,445</u>	<u>\$ 1,445,086</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 45,250</u>	<u>\$ (69,508)</u>	<u>\$ 103,625</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 0	\$ 0	\$ 25,000
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 25,000</u>
Net Change in Fund Balances	\$ 45,250	\$ (69,508)	\$ 128,625
Fund Balance, July 1, 2017	<u>98,461</u>	<u>216,118</u>	<u>401,495</u>
Fund Balance, June 30, 2018	<u>\$ 143,711</u>	<u>\$ 146,610</u>	<u>\$ 530,120</u>

Exhibit G-3

Cannon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 474,883	\$ 460,225	\$ 460,923	\$ 13,960
Charges for Current Services	25,798	20,800	20,800	4,998
Other Governments and Citizens Groups	40,000	40,000	40,000	0
Total Revenues	<u>\$ 540,681</u>	<u>\$ 521,025</u>	<u>\$ 521,723</u>	<u>\$ 18,958</u>
<u>Expenditures</u>				
Public Health and Welfare				
Sanitation Management	\$ 550,921	\$ 509,915	\$ 535,613	\$ (15,308)
Total Expenditures	<u>\$ 550,921</u>	<u>\$ 509,915</u>	<u>\$ 535,613</u>	<u>\$ (15,308)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (10,240)</u>	<u>\$ 11,110</u>	<u>\$ (13,890)</u>	<u>\$ 3,650</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 25,000	0	\$ 25,000	\$ 0
Total Other Financing Sources	<u>\$ 25,000</u>	<u>0</u>	<u>\$ 25,000</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 14,760	\$ 11,110	\$ 11,110	\$ 3,650
Fund Balance, July 1, 2017	<u>(1,447)</u>	<u>(6,191)</u>	<u>(6,191)</u>	<u>4,744</u>
Fund Balance, June 30, 2018	<u>\$ 13,313</u>	<u>\$ 4,919</u>	<u>\$ 4,919</u>	<u>\$ 8,394</u>

Exhibit G-4

Cannon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 211,944	\$ 67,000	\$ 92,031	\$ 119,913
Total Revenues	\$ 211,944	\$ 67,000	\$ 92,031	\$ 119,913
<u>Expenditures</u>				
<u>Public Safety</u>				
Sheriff's Department	\$ 25,145	\$ 92,150	\$ 117,181	\$ 92,036
Total Expenditures	\$ 25,145	\$ 92,150	\$ 117,181	\$ 92,036
Excess (Deficiency) of Revenues Over Expenditures	\$ 186,799	\$ (25,150)	\$ (25,150)	\$ 211,949
Net Change in Fund Balance	\$ 186,799	\$ (25,150)	\$ (25,150)	\$ 211,949
Fund Balance, July 1, 2017	156,207	156,207	156,207	0
Fund Balance, June 30, 2018	\$ 343,006	\$ 131,057	\$ 131,057	\$ 211,949

Major Governmental Funds

Debt Service Funds

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

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

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

Exhibit H-1

Cannon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 462,407	\$ 446,655	\$ 446,786	\$ 15,621
Other Local Revenues	1,026	0	0	1,026
Total Revenues	<u>\$ 463,433</u>	<u>\$ 446,655</u>	<u>\$ 446,786</u>	<u>\$ 16,647</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 230,487	\$ 296,000	\$ 296,000	\$ 65,513
<u>Interest on Debt</u>				
General Government	15,061	29,220	29,220	14,159
<u>Other Debt Service</u>				
General Government	10,180	11,500	11,631	1,451
Total Expenditures	<u>\$ 255,728</u>	<u>\$ 336,720</u>	<u>\$ 336,851</u>	<u>\$ 81,123</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 207,705</u>	<u>\$ 109,935</u>	<u>\$ 109,935</u>	<u>\$ 97,770</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (100,000)	\$ (100,000)	\$ (100,000)	0
Total Other Financing Sources	<u>\$ (100,000)</u>	<u>\$ (100,000)</u>	<u>\$ (100,000)</u>	<u>0</u>
Net Change in Fund Balance	\$ 107,705	\$ 9,935	\$ 9,935	\$ 97,770
Fund Balance, July 1, 2017	<u>652,046</u>	<u>646,587</u>	<u>646,587</u>	<u>5,459</u>
Fund Balance, June 30, 2018	<u><u>\$ 759,751</u></u>	<u><u>\$ 656,522</u></u>	<u><u>\$ 656,522</u></u>	<u><u>\$ 103,229</u></u>

Exhibit H-2

Cannon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Education Debt Service Fund
For the Year Ended June 30, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 701,672	\$ 670,000	\$ 670,000	\$ 31,672
Other Governments and Citizens Groups	0	250,000	0	0
Total Revenues	<u>\$ 701,672</u>	<u>\$ 920,000</u>	<u>\$ 670,000</u>	<u>\$ 31,672</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 529,000	\$ 589,000	\$ 575,800	\$ 46,800
<u>Interest on Debt</u>				
Education	78,194	65,000	78,200	6
<u>Other Debt Service</u>				
Education	46,250	50,100	50,100	3,850
Total Expenditures	<u>\$ 653,444</u>	<u>\$ 704,100</u>	<u>\$ 704,100</u>	<u>\$ 50,656</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 48,228</u>	<u>\$ 215,900</u>	<u>\$ (34,100)</u>	<u>\$ 82,328</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 100,000	\$ 100,000	\$ 100,000	0
Total Other Financing Sources	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>0</u>
Net Change in Fund Balance	\$ 148,228	\$ 315,900	\$ 65,900	\$ 82,328
Fund Balance, July 1, 2017	<u>2,388,008</u>	<u>2,388,009</u>	<u>2,388,009</u>	<u>(1)</u>
Fund Balance, June 30, 2018	<u>\$ 2,536,236</u>	<u>\$ 2,703,909</u>	<u>\$ 2,453,909</u>	<u>\$ 82,327</u>

Fiduciary Funds

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

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

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

Exhibit I-1

Cannon County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2018

	Agency Funds		
	Cities -	Constitu -	
	Sales	tional	
	Tax	Officers -	
		Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 318,231	\$ 318,231
Investments	0	90,755	90,755
Due from Other Governments	72,208	0	72,208
Total Assets	<u>\$ 72,208</u>	<u>\$ 408,986</u>	<u>\$ 481,194</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 72,208	\$ 0	\$ 72,208
Due to Litigants, Heirs, and Others	0	408,986	408,986
Total Liabilities	<u>\$ 72,208</u>	<u>\$ 408,986</u>	<u>\$ 481,194</u>

Exhibit I-2

Cannon County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2018

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 414,948	\$ 414,948	\$ 0
Due from Other Governments	73,122	72,208	73,122	72,208
Total Assets	\$ 73,122	\$ 487,156	\$ 488,070	\$ 72,208
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 73,122	\$ 487,156	\$ 488,070	\$ 72,208
Total Liabilities	\$ 73,122	\$ 487,156	\$ 488,070	\$ 72,208
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 313,112	\$ 4,358,555	\$ 4,353,436	\$ 318,231
Investments	88,579	2,176	0	90,755
Accounts Receivable	3,385	0	3,385	0
Total Assets	\$ 405,076	\$ 4,360,731	\$ 4,356,821	\$ 408,986
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 405,076	\$ 4,360,731	\$ 4,356,821	\$ 408,986
Total Liabilities	\$ 405,076	\$ 4,360,731	\$ 4,356,821	\$ 408,986
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 313,112	\$ 4,358,555	\$ 4,353,436	\$ 318,231
Equity in Pooled Cash and Investments	0	414,948	414,948	0
Investments	88,579	2,176	0	90,755
Accounts Receivable	3,385	0	3,385	0
Due from Other Governments	73,122	72,208	73,122	72,208
Total Assets	\$ 478,198	\$ 4,847,887	\$ 4,844,891	\$ 481,194
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 73,122	\$ 487,156	\$ 488,070	\$ 72,208
Due to Litigants, Heirs, and Others	405,076	4,360,731	4,356,821	408,986
Total Liabilities	\$ 478,198	\$ 4,847,887	\$ 4,844,891	\$ 481,194

Cannon County School Department

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

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

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

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

Exhibit J-1

Cannon County, Tennessee
Statement of Activities
Discretely Presented Cannon County School Department
For the Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
					Total Governmental Activities
Governmental Activities:					
Instruction	\$ 9,596,688	\$ 0	\$ 860,923	\$ 119,928	\$ (8,615,837)
Support Services	6,031,621	35,044	106,576	0	(5,890,001)
Operation of Non-instructional Services	1,517,449	276,318	1,207,711	0	(33,420)
Total Governmental Activities	<u>\$ 17,145,758</u>	<u>\$ 311,362</u>	<u>\$ 2,175,210</u>	<u>\$ 119,928</u>	<u>\$ (14,539,258)</u>
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 1,881,983
Local Option Sales Taxes					694,900
Grants and Contributions Not Restricted to Specific Programs					12,205,864
Unrestricted Investment Earnings					63
Miscellaneous					24,926
Total General Revenues					<u>\$ 14,807,736</u>
Change in Net Position					\$ 268,478
Restatement - See Note I.D.9.					(695,134)
Net Position, July 1, 2017					<u>13,160,593</u>
Net Position, June 30, 2018					<u>\$ 12,733,937</u>

Exhibit J-2

Cannon County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Cannon County School Department
June 30, 2018

	Major Fund	Nonmajor Funds	
	General	Other	Total
	Purpose	Govern-	Governmental
	School	mental	Funds
		Funds	
<u>ASSETS</u>			
Cash	\$ 100	\$ 100	\$ 200
Equity in Pooled Cash and Investments	3,964,007	88,760	4,052,767
Due from Other Governments	573,448	62,657	636,105
Due from Other Funds	0	418	418
Property Taxes Receivable	1,937,258	0	1,937,258
Allowance for Uncollectible Property Taxes	(32,559)	0	(32,559)
Total Assets	\$ 6,442,254	\$ 151,935	\$ 6,594,189
<u>LIABILITIES</u>			
Accounts Payable	\$ 0	\$ 537	\$ 537
Accrued Payroll	0	22,577	22,577
Due to Other Funds	418	0	418
Due to State of Tennessee	0	557	557
Total Liabilities	\$ 418	\$ 23,671	\$ 24,089
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 1,850,423	\$ 0	\$ 1,850,423
Deferred Delinquent Property Taxes	45,862	0	45,862
Other Deferred/Unavailable Revenue	62,257	0	62,257
Total Deferred Inflows of Resources	\$ 1,958,542	\$ 0	\$ 1,958,542
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 0	\$ 78,264	\$ 78,264
Committed:			
Committed for Education	0	50,000	50,000
Assigned:			
Assigned for Education	566,443	0	566,443
Unassigned	3,916,851	0	3,916,851
Total Fund Balances	\$ 4,483,294	\$ 128,264	\$ 4,611,558
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 6,442,254	\$ 151,935	\$ 6,594,189

Exhibit J-3

Cannon County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
Discretely Presented Cannon County School Department
June 30, 2018

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

Total fund balances - balance sheet - governmental funds (Exhibit J-2)		\$	4,611,558
(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		7,980,701	
Add: other capital assets net of accumulated depreciation		<u>679,618</u>	8,831,198
(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	\$	(80,644)	
Less: net OPEB liability		<u>(1,247,983)</u>	(1,328,627)
(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	\$	1,619,563	
Less: deferred inflows of resources related to pensions		(1,430,348)	
Add: deferred outflows of resources related to OPEB		45,209	
Less: deferred inflows of resources related to OPEB		<u>(55,298)</u>	179,126
(4) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.			
Add: net pension assets - agent plan	\$	229,766	
Add: net pension assets - teacher retirement plan		36,960	
Add: net pension assets - teacher legacy plan		<u>65,837</u>	332,563
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>108,119</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>12,733,937</u></u>

Exhibit J-4

Cannon County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Cannon County School Department
For the Year Ended June 30, 2018

	Major Fund	Nonmajor Funds	
	General	Other	Total
	Purpose	Govern-	Governmental
	School	mental	Funds
		Funds	
<u>Revenues</u>			
Local Taxes	\$ 2,594,764	\$ 0	\$ 2,594,764
Licenses and Permits	446	0	446
Charges for Current Services	45,618	259,994	305,612
Other Local Revenues	44,906	1,597	46,503
State of Tennessee	12,672,723	8,767	12,681,490
Federal Government	0	1,823,719	1,823,719
Total Revenues	\$ 15,358,457	\$ 2,094,077	\$ 17,452,534
<u>Expenditures</u>			
Current:			
Instruction	\$ 9,045,473	\$ 718,733	\$ 9,764,206
Support Services	5,296,456	332,583	5,629,039
Operation of Non-Instructional Services	484,346	1,065,739	1,550,085
Capital Outlay	509,042	0	509,042
Total Expenditures	\$ 15,335,317	\$ 2,117,055	\$ 17,452,372
Excess (Deficiency) of Revenues Over Expenditures	\$ 23,140	\$ (22,978)	\$ 162
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 13,029	\$ 50,000	\$ 63,029
Transfers Out	(50,000)	(13,029)	(63,029)
Total Other Financing Sources (Uses)	\$ (36,971)	\$ 36,971	\$ 0
Net Change in Fund Balances	\$ (13,831)	\$ 13,993	\$ 162
Fund Balance, July 1, 2017	4,497,125	114,271	4,611,396
Fund Balance, June 30, 2018	\$ 4,483,294	\$ 128,264	\$ 4,611,558

Exhibit J-5

Cannon County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Cannon County School Department
For the Year Ended June 30, 2018

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

Net change in fund balances - total governmental funds (Exhibit J-4)		\$	162
(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	\$	76,388	
Less: current-year depreciation expense		<u>(535,958)</u>	(459,570)
(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, 2018	\$	108,119	
Less: deferred delinquent property taxes and other deferred June 30, 2017		<u>(111,486)</u>	(3,367)
(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	\$	(19,031)	
Change in net pension asset - agent plan		127,550	
Change in net pension asset - teacher retirement plan		24,849	
Change in net pension asset - teacher legacy plan		1,307,999	
Change in deferred outflows related to pensions		(842,715)	
Change in deferred inflows related to pensions		164,712	
Change in net OPEB liability (net of restatement)		(22,022)	
Change in deferred outflows related to OPEB		45,209	
Change in deferred inflows related to OPEB		<u>(55,298)</u>	<u>731,253</u>
Change in net position of governmental activities (Exhibit B)		\$	<u>268,478</u>

Exhibit J-6

Cannon County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Cannon County School Department
June 30, 2018

	<u>Special Revenue Funds</u>		Total
	School	Central	Nonmajor
	Federal	Cafeteria	Governmental
	Projects		Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 100	\$ 100
Equity in Pooled Cash and Investments	79,229	9,531	88,760
Due from Other Governments	53,636	9,021	62,657
Due from Other Funds	418	0	418
Total Assets	<u>\$ 133,283</u>	<u>\$ 18,652</u>	<u>\$ 151,935</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 537	\$ 0	\$ 537
Accrued Payroll	22,577	0	22,577
Due to State of Tennessee	376	181	557
Total Liabilities	<u>\$ 23,490</u>	<u>\$ 181</u>	<u>\$ 23,671</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 59,793	\$ 18,471	\$ 78,264
Committed:			
Committed for Education	50,000	0	50,000
Total Fund Balances	<u>\$ 109,793</u>	<u>\$ 18,471</u>	<u>\$ 128,264</u>
Total Liabilities and Fund Balances	<u>\$ 133,283</u>	<u>\$ 18,652</u>	<u>\$ 151,935</u>

Exhibit J-7

Cannon County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Cannon County School Department
For the Year Ended June 30, 2018

	<u>Special Revenue Funds</u>		Total
	School	Central	Nonmajor
	Federal	Cafeteria	Governmental
	Projects		Funds
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 259,994	\$ 259,994
Other Local Revenues	0	1,597	1,597
State of Tennessee	0	8,767	8,767
Federal Government	1,107,661	716,058	1,823,719
Total Revenues	<u>\$ 1,107,661</u>	<u>\$ 986,416</u>	<u>\$ 2,094,077</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 718,733	\$ 0	\$ 718,733
Support Services	332,583	0	332,583
Operation of Non-Instructional Services	0	1,065,739	1,065,739
Total Expenditures	<u>\$ 1,051,316</u>	<u>\$ 1,065,739</u>	<u>\$ 2,117,055</u>
Excess (Deficiency) of Revenues			
Over Expenditures	<u>\$ 56,345</u>	<u>\$ (79,323)</u>	<u>\$ (22,978)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 50,000	\$ 0	\$ 50,000
Transfers Out	(13,029)	0	(13,029)
Total Other Financing Sources (Uses)	<u>\$ 36,971</u>	<u>\$ 0</u>	<u>\$ 36,971</u>
Net Change in Fund Balances	\$ 93,316	\$ (79,323)	\$ 13,993
Fund Balance, July 1, 2017	<u>16,477</u>	<u>97,794</u>	<u>114,271</u>
Fund Balance, June 30, 2018	<u><u>\$ 109,793</u></u>	<u><u>\$ 18,471</u></u>	<u><u>\$ 128,264</u></u>

Exhibit J-8

Cannon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Cannon County School Department
General Purpose School Fund
For the Year Ended June 30, 2018

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 2,594,764	\$ 0	\$ 0	\$ 2,594,764	\$ 2,522,675	\$ 2,522,675	\$ 72,089
Licenses and Permits	446	0	0	446	400	400	46
Charges for Current Services	45,618	0	0	45,618	23,750	23,750	21,868
Other Local Revenues	44,906	0	0	44,906	33,710	33,710	11,196
State of Tennessee	12,672,723	0	0	12,672,723	12,388,912	12,634,458	38,265
Federal Government	0	0	0	0	83,925	0	0
Total Revenues	\$ 15,358,457	\$ 0	\$ 0	\$ 15,358,457	\$ 15,053,372	\$ 15,214,993	\$ 143,464
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 7,112,580	\$ (14,010)	\$ 224,280	\$ 7,322,850	\$ 7,799,121	\$ 7,799,121	\$ 476,271
Alternative Instruction Program	61,388	0	0	61,388	62,370	62,370	982
Special Education Program	1,165,113	(4,467)	36,000	1,196,646	1,203,077	1,196,646	0
Career and Technical Education Program	706,392	(770)	30,673	736,295	633,882	753,816	17,521
<u>Support Services</u>							
Attendance	86,397	0	0	86,397	94,542	92,811	6,414
Health Services	195,022	(5,152)	4,172	194,042	192,311	194,042	0
Other Student Support	234,469	(5,500)	5,000	233,969	257,136	257,136	23,167
Regular Instruction Program	409,410	0	0	409,410	411,016	411,016	1,606
Special Education Program	115,019	0	0	115,019	108,588	115,019	0
Career and Technical Education Program	6,816	0	0	6,816	7,054	7,054	238
Technology	524,219	(12,925)	2,945	514,239	514,488	514,488	249
Other Programs	27,787	0	0	27,787	0	27,787	0
Board of Education	270,878	(5,790)	6,350	271,438	285,587	285,587	14,149
Director of Schools	136,234	(2,000)	2,500	136,734	151,600	151,600	14,866
Office of the Principal	1,030,271	(1,895)	0	1,028,376	1,070,732	1,070,732	42,356
Fiscal Services	199,007	(16,425)	16,698	199,280	205,307	205,307	6,027
Operation of Plant	982,765	(14,866)	16,215	984,114	1,035,697	1,035,697	51,583
Maintenance of Plant	299,439	(31,265)	15,964	284,138	296,904	296,904	12,766

(Continued)

Exhibit J-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Transportation	\$ 778,723	\$ (98,254)	\$ 78,104	\$ 758,573	\$ 732,099	\$ 760,599	\$ 2,026
<u>Operation of Non-Instructional Services</u>							
Community Services	75,896	0	0	75,896	102,045	102,045	26,149
Early Childhood Education	408,450	(8,234)	25,058	425,274	412,912	426,812	1,538
<u>Capital Outlay</u>							
Regular Capital Outlay	509,042	(362,307)	102,484	249,219	350,000	321,500	72,281
Total Expenditures	\$ 15,335,317	\$ (583,860)	\$ 566,443	\$ 15,317,900	\$ 15,926,468	\$ 16,088,089	\$ 770,189
Excess (Deficiency) of Revenues Over Expenditures	\$ 23,140	\$ 583,860	\$ (566,443)	\$ 40,557	\$ (873,096)	\$ (873,096)	\$ 913,653
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 13,029	\$ 0	\$ 0	\$ 13,029	\$ 5,000	\$ 5,000	\$ 8,029
Transfers Out	(50,000)	0	0	(50,000)	0	(50,000)	0
Total Other Financing Sources	\$ (36,971)	\$ 0	\$ 0	\$ (36,971)	\$ 5,000	\$ (45,000)	\$ 8,029
Net Change in Fund Balance	\$ (13,831)	\$ 583,860	\$ (566,443)	\$ 3,586	\$ (868,096)	\$ (918,096)	\$ 921,682
Fund Balance, July 1, 2017	4,497,125	(583,860)	0	3,913,265	3,202,701	3,202,701	710,564
Fund Balance, June 30, 2018	\$ 4,483,294	\$ 0	\$ (566,443)	\$ 3,916,851	\$ 2,334,605	\$ 2,284,605	\$ 1,632,246

Exhibit J-9

Cannon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Cannon County School Department
School Federal Projects Fund
For the Year Ended June 30, 2018

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 1,107,661	\$ 0	\$ 0	\$ 1,107,661	\$ 1,146,058	\$ 1,379,928	\$ (272,267)
Total Revenues	\$ 1,107,661	\$ 0	\$ 0	\$ 1,107,661	\$ 1,146,058	\$ 1,379,928	\$ (272,267)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 464,645	\$ (7,088)	\$ 814	\$ 458,371	\$ 482,464	\$ 510,435	\$ 52,064
Special Education Program	232,769	0	630	233,399	357,327	331,038	97,639
Career and Technical Education Program	21,319	(8,170)	5,123	18,272	16,848	18,273	1
<u>Support Services</u>							
Other Student Support	12,067	0	1,026	13,093	15,100	19,394	6,301
Regular Instruction Program	156,926	0	477	157,403	96,180	183,302	25,899
Special Education Program	140,413	(800)	0	139,613	121,436	252,785	113,172
Career and Technical Education Program	1,476	0	0	1,476	1,476	1,500	24
Technology	999	0	105	1,104	0	8,249	7,145
Board of Education	0	0	0	0	50	50	50
Transportation	20,702	0	0	20,702	41,521	41,010	20,308
Total Expenditures	\$ 1,051,316	\$ (16,058)	\$ 8,175	\$ 1,043,433	\$ 1,132,402	\$ 1,366,036	\$ 322,603
Excess (Deficiency) of Revenues Over Expenditures	\$ 56,345	\$ 16,058	\$ (8,175)	\$ 64,228	\$ 13,656	\$ 13,892	\$ 50,336
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 50,000	\$ 0	\$ 0	\$ 50,000	\$ 0	\$ 0	\$ 50,000
Transfers Out	(13,029)	0	0	(13,029)	(13,656)	(13,892)	863
Total Other Financing Sources	\$ 36,971	\$ 0	\$ 0	\$ 36,971	\$ (13,656)	\$ (13,892)	\$ 50,863
Net Change in Fund Balance	\$ 93,316	\$ 16,058	\$ (8,175)	\$ 101,199	\$ 0	\$ 0	\$ 101,199
Fund Balance, July 1, 2017	16,477	(16,058)	0	419	0	0	419
Fund Balance, June 30, 2018	\$ 109,793	\$ 0	\$ (8,175)	\$ 101,618	\$ 0	\$ 0	\$ 101,618

Exhibit J-10

Cannon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Cannon County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2018

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 259,994	\$ 0	\$ 0	\$ 259,994	\$ 310,000	\$ 310,000	\$ (50,006)
Other Local Revenues	1,597	0	0	1,597	3,200	3,200	(1,603)
State of Tennessee	8,767	0	0	8,767	9,000	9,000	(233)
Federal Government	716,058	0	0	716,058	859,511	859,511	(143,453)
Total Revenues	\$ 986,416	\$ 0	\$ 0	\$ 986,416	\$ 1,181,711	\$ 1,181,711	\$ (195,295)
<u>Expenditures</u>							
<u>Operation of Non-Instructional Services</u>							
Food Service	\$ 1,065,739	\$ (261)	\$ 500	\$ 1,065,978	\$ 1,179,761	\$ 1,179,761	\$ 113,783
Total Expenditures	\$ 1,065,739	\$ (261)	\$ 500	\$ 1,065,978	\$ 1,179,761	\$ 1,179,761	\$ 113,783
Excess (Deficiency) of Revenues Over Expenditures	\$ (79,323)	\$ 261	\$ (500)	\$ (79,562)	\$ 1,950	\$ 1,950	\$ (81,512)
Net Change in Fund Balance	\$ (79,323)	\$ 261	\$ (500)	\$ (79,562)	\$ 1,950	\$ 1,950	\$ (81,512)
Fund Balance, July 1, 2017	97,794	(261)	0	97,533	162,428	162,428	(64,895)
Fund Balance, June 30, 2018	\$ 18,471	\$ 0	\$ (500)	\$ 17,971	\$ 164,378	\$ 164,378	\$ (146,407)

MISCELLANEOUS SCHEDULES

Exhibit K-1

Cannon County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, and Capital Leases
For the Year Ended June 30, 2018

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-17	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-18
<u>NOTES PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Ambulance Building	\$ 52,500	2.75 %	1-16-15	1-16-18	\$ 17,978	\$ 0	\$ 17,978	\$ 0
Sheriff Department Software	50,000	2.28	12-19-14	12-19-17	17,044	0	17,044	0
Ambulance	110,000	2.19	11-10-14	11-10-17	37,465	0	37,465	0
Jail Renovation	225,000	3.95	8-1-11	7-1-23	138,300	0	18,000	120,300
Total Payable through General Debt Service Fund					<u>\$ 210,787</u>	<u>\$ 0</u>	<u>\$ 90,487</u>	<u>\$ 120,300</u>
<u>Payable through Highway/Public Works Fund</u>								
Tractor and Mower	87,000	2.15	10-6-14	10-6-17	\$ 29,630	\$ 0	\$ 29,630	\$ 0
Total Notes Payable					<u>\$ 240,417</u>	<u>\$ 0</u>	<u>\$ 120,117</u>	<u>\$ 120,300</u>
<u>OTHER LOANS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Ambulance Service Building Construction	265,000	3.28	11-24-14	11-1-24	\$ 218,000	\$ 0	\$ 24,000	\$ 194,000
Jail Construction Bond Refunding	1,420,000	Variable	7-18-02	5-25-18	116,000	0	116,000	0
Total Payable through General Debt Service Fund					<u>\$ 334,000</u>	<u>\$ 0</u>	<u>\$ 140,000</u>	<u>\$ 194,000</u>
<u>Payable through Education Debt Service Fund</u>								
School Construction/Improvements - Elementary	11,400,000	Variable	5-25-02	5-25-26	\$ 5,836,000	\$ 0	\$ 529,000	\$ 5,307,000
Total Other Loans Payable					<u>\$ 6,170,000</u>	<u>\$ 0</u>	<u>\$ 669,000</u>	<u>\$ 5,501,000</u>
<u>CAPITAL LEASES PAYABLE</u>								
<u>Payable through Highway/Public Works Fund</u>								
Road Grader	139,929	3.97	4-19-18	5-19-21	\$ 0	\$ 139,929	\$ 3,667	\$ 136,262
Total Capital Leases Payable					<u>\$ 0</u>	<u>\$ 139,929</u>	<u>\$ 3,667</u>	<u>\$ 136,262</u>

Exhibit K-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2019	\$ 19,000	\$ 4,602	\$ 23,602
2020	20,000	3,832	23,832
2021	21,000	3,022	24,022
2022	21,000	2,193	23,193
2023	22,000	1,343	23,343
2024	17,300	453	17,753
Total	\$ 120,300	\$ 15,445	\$ 135,745

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2019	\$ 581,000	\$ 80,783	\$ 35,939	\$ 697,722
2020	610,000	72,105	32,280	714,385
2021	640,000	63,002	28,438	731,440
2022	671,000	53,456	24,404	748,860
2023	704,000	43,456	20,174	767,630
2024	738,000	32,988	15,732	786,720
2025	775,000	22,023	11,067	808,090
2026	782,000	11,026	6,165	799,191
Total	\$ 5,501,000	\$ 378,839	\$ 174,199	\$ 6,054,038

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2019	\$ 44,956	\$ 4,597	\$ 49,553
2020	46,774	2,780	49,554
2021	44,532	893	45,425
Total	\$ 136,262	\$ 8,270	\$ 144,532

Exhibit K-3

Cannon County, Tennessee
Schedule of Investments
June 30, 2018

<u>Fund and Type</u>	<u>Amount</u>
<u>Fiduciary Fund</u>	
<u>Constitutional Officers - Agency Fund</u>	
<u>Office of County Clerk</u>	
Farm Bureau Annuities	\$ 78,750
Edward Jones Mutual Funds	<u>12,005</u>
Total Investments	<u><u>\$ 90,755</u></u>

Exhibit K-4

Cannon County, Tennessee
Schedule of Notes Receivable
For the Year Ended June 30, 2018

Description	Debtor	Original Amount of Note	Date of Issue	Date of Maturity	Interest Rate	Balance 6-30-18
<u>General Debt Service Fund</u>						
Repayment of E-911 building renovation costs	Cannon County Emergency Communications District (E-911)	\$ 100,000 (1)	12-19-08	6-30-43	0 %	<u>\$ 63,488</u>
Total Notes Receivable						<u><u>\$ 63,488</u></u>

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

Exhibit K-5

Cannon County, Tennessee

Schedule of Transfers

Primary Government and Discretely Presented Cannon County School Department

For the Year Ended June 30, 2018

From Fund	To Fund	Purpose	Amount
<u>PRIMARY GOVERNMENT</u>			
General Debt Service	Education Debt Service	Reimbursement	\$ 100,000
General Fund	Solid Waste/Sanitation	Operations	<u>25,000</u>
Total Transfers Primary Government			<u><u>\$ 125,000</u></u>
<u>DISCRETELY PRESENTED CANNON COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ 13,029
General Purpose School	School Federal Projects	Cash Flow	<u>50,000</u>
Total Transfers Discretely Presented Cannon County School Department			<u><u>\$ 63,029</u></u>

Exhibit K-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, 2018

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Executive	Section 8-24-102, <i>TCA</i>	\$ 79,326	\$ 100,000	Auto Owners Insurance Company
Road Supervisor	Section 8-24-102, <i>TCA</i>	75,550	100,000	"
Director of Schools:				
Barbara Parker (7-1-17 through 11-30-17)	State Board of Education and Cannon County Board of Education	41,467 (1)	100,000	State Farm Fire and Casualty
William Curtis (12-1-17 through 6-30-18)	State Board of Education and Cannon County Board of Education	51,800 (1)	(4)	
Trustee	Section 8-24-102, <i>TCA</i>	68,682	596,422	Auto Owners Insurance Company
Assessor of Property	Section 8-24-102, <i>TCA</i>	68,682	50,000	"
County Clerk	Section 8-24-102, <i>TCA</i>	68,682	50,000	"
Circuit and General Sessions Courts Clerk Clerk and Master:	Section 8-24-102, <i>TCA</i>	68,682	50,000	"
Nathan Nichols (7-1-17 through 8-4-17)	Section 8-24-102, <i>TCA</i> , and Chancery Court Judge	7,925 (2)	50,000	RLI Insurance Company
Dana Davenport (8-5-17 through 6-30-17)	Section 8-24-102, <i>TCA</i>	60,757	50,000	RLI Insurance Company
Register of Deeds	Section 8-24-102, <i>TCA</i>	68,682	50,000	Auto Owners Insurance Company
Sheriff	Section 8-24-102, <i>TCA</i>	75,550 (3)	100,000	"
Employee Blanket Bonds:				
Public Employee Dishonesty - County Employees			400,000	Tennessee Risk Management Trust
Public Employee Dishonesty - School Employees			400,000	"

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

(2) Does not include special commissioner fees of \$300.

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

(4) Director of Schools is covered by the employee insurance policy pursuant to Section 8-19-101, *TCA*.

Exhibit K-7

Cannon County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2018

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 3,247,756	\$ 318,868	\$ 382,091	\$ 0	\$ 0	\$ 0
Trustee's Collections - Prior Year	92,026	9,866	58,742	0	0	0
Circuit Clerk/Clerk and Master Collections - Prior Years	21,355	2,310	2,694	0	0	0
Interest and Penalty	19,961	2,036	2,336	0	0	0
Pickup Taxes	528	53	63	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	420	45	51	0	0	0
Payments in-Lieu-of Taxes - Other	20,935	0	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	139,008	139,189	0	0	0	0
Hotel/Motel Tax	2,898	0	0	0	0	0
Wheel Tax	0	0	0	0	0	0
Litigation Tax - General	53,985	0	0	0	0	0
Litigation Tax - Special Purpose	36,160	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	15,042	0	0	0	0	0
Business Tax	68,484	0	0	0	0	1,500
Mineral Severance Tax	0	0	0	0	0	72,827
<u>Statutory Local Taxes</u>						
Bank Excise Tax	25,667	2,516	3,020	0	0	0
Wholesale Beer Tax	62,322	0	0	0	0	0
Interstate Telecommunications Tax	39,210	0	0	0	0	0
Total Local Taxes	\$ 3,845,757	\$ 474,883	\$ 448,997	\$ 0	\$ 0	\$ 74,327
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 380	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit K-7

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
<u>Licenses and Permits (Cont.)</u>						
<u>Permits</u>						
Beer Permits	\$ 750	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Licenses and Permits	\$ 1,130	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 25,679	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Drug Control Fines	0	0	0	13,182	0	0
DUI Treatment Fines	475	0	0	0	0	0
Data Entry Fee - Circuit Court	834	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	35,233	0	0	483	0	0
Officers Costs	446	0	0	0	0	0
Game and Fish Fines	558	0	0	0	0	0
Drug Control Fines	0	0	0	6,744	0	0
DUI Treatment Fines	3,420	0	0	0	0	0
Data Entry Fee - General Sessions Court	7,503	0	0	0	0	0
Courtroom Security Fee	81	0	0	0	0	0
<u>Juvenile Court</u>						
Victims Assistance Assessments	964	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	159	0	0	0	0	0
Data Entry Fee - Chancery Court	776	0	0	0	0	0
<u>Other Courts - In-county</u>						
Fines	7,917	0	0	0	0	0

(Continued)

Exhibit K-7

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	\$ 0	\$ 0	\$ 0	\$ 191,535	\$ 0	\$ 0
Total Fines, Forfeitures, and Penalties	\$ 84,045	\$ 0	\$ 0	\$ 211,944	\$ 0	\$ 0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Commercial and Industrial Waste Collection Charge	\$ 0	\$ 23,917	\$ 0	\$ 0	\$ 0	\$ 0
Surcharge - Waste Tire Disposal	0	1,881	0	0	0	0
Patient Charges	1,340	0	518,741	0	0	0
Other General Service Charges	2,293	0	0	0	0	0
<u>Fees</u>						
Copy Fees	678	0	0	0	0	0
Library Fees	28,430	0	0	0	0	0
Archives and Records Management Fee	50	0	0	0	0	0
Telephone Commissions	59,193	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	150,149	0
Data Processing Fee - Register	5,286	0	0	0	0	0
Probation Fees	77,070	0	0	0	0	0
Data Processing Fee - Sheriff	2,076	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	2,850	0	0	0	0	0
Data Processing Fee - County Clerk	192	0	0	0	0	0
Total Charges for Current Services	\$ 179,458	\$ 25,798	\$ 518,741	\$ 0	\$ 150,149	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 41,011	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit K-7

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
<u>Other Local Revenues (Cont.)</u>						
<u>Recurring Items (Cont.)</u>						
Lease/Rentals	\$ 30,750	\$ 0	\$ 0	\$ 0	\$ 0	0
Commissary Sales	1,060	0	0	0	0	0
Sale of Gasoline	0	0	0	0	0	46,868
Miscellaneous Refunds	37,850	0	931	0	0	1,244
<u>Nonrecurring Items</u>						
Sale of Equipment	40	0	0	0	0	20,000
Damages Recovered from Individuals	2,005	0	0	0	0	0
Contributions and Gifts	31,743	0	0	0	0	0
Total Other Local Revenues	\$ 144,459	\$ 0	\$ 931	\$ 0	\$ 0	\$ 68,112
<u>Fees Received From County Officials</u>						
<u>Fees In-Lieu-of Salary</u>						
Circuit Court Clerk	\$ 42,669	\$ 0	\$ 0	\$ 0	\$ 0	0
General Sessions Court Clerk	118,929	0	0	0	0	0
Clerk and Master	40,261	0	0	0	0	0
Register	65,953	0	0	0	0	0
Sheriff	11,043	0	0	0	0	0
Trustee	197,005	0	0	0	0	0
Total Fees Received From County Officials	\$ 475,860	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	6,000	0	0	0	0	0

(Continued)

Exhibit K-7

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
<u>State of Tennessee (Cont.)</u>						
<u>Health and Welfare Grants</u>						
Health Department Programs	\$ 36,134	\$ 0	\$ 0	\$ 0	\$ 0	0
Other Health and Welfare Grants	0	0	0	0	0	0
<u>Public Works Grants</u>						
Bridge Program	0	0	0	0	0	462,437
State Aid Program	0	0	0	0	0	742,412
Litter Program	41,941	0	0	0	0	0
<u>Other State Revenues</u>						
Beer Tax	17,839	0	0	0	0	0
Alcoholic Beverage Tax	36,032	0	0	0	0	0
State Revenue Sharing - Telecommunications	1,753	0	0	0	0	0
Contracted Prisoner Boarding	138,081	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,768,203
Petroleum Special Tax	0	0	0	0	0	9,958
Registrar's Salary Supplement	11,373	0	0	0	0	0
Other State Grants	725	0	0	0	0	0
Other State Revenues	50,549	0	0	0	0	0
Total State of Tennessee	\$ 349,427	\$ 0	\$ 0	\$ 0	\$ 0	2,983,010
<u>Federal Government</u>						
<u>Federal Through State</u>						
Homeland Security Grants	\$ 26,260	\$ 0	\$ 0	\$ 0	\$ 0	0
Medicaid	6,600	0	0	0	0	0
Law Enforcement Grants	11,043	0	0	0	0	0
Other Federal through State	0	0	0	0	0	0
Total Federal Government	\$ 43,903	\$ 0	\$ 0	\$ 0	\$ 0	0

(Continued)

Exhibit K-7

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 0	\$ 40,000	\$ 0	\$ 0	\$ 0	\$ 0
Contracted Services	251,017	0	0	0	0	0
Total Other Governments and Citizens Groups	<u>\$ 251,017</u>	<u>\$ 40,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total	<u>\$ 5,375,056</u>	<u>\$ 540,681</u>	<u>\$ 968,669</u>	<u>\$ 211,944</u>	<u>\$ 150,149</u>	<u>\$ 3,125,449</u>

(Continued)

Exhibit K-7

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

	Debt Service Funds		Capital Projects Funds		
	General	Education	General	Other	
	Debt	Debt	Capital	Capital	
	Service	Service	Projects	Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 382,763	\$ 0	\$ 0	\$ 0	\$ 4,331,478
Trustee's Collections - Prior Year	11,720	0	0	0	172,354
Circuit Clerk/Clerk and Master Collections - Prior Years	2,180	0	0	0	28,539
Interest and Penalty	2,443	0	0	0	26,776
Pickup Taxes	63	0	0	0	707
Payments in-Lieu-of Taxes - Local Utilities	54	0	0	0	570
Payments in-Lieu-of Taxes - Other	0	0	0	0	20,935
<u>County Local Option Taxes</u>					
Local Option Sales Tax	0	0	0	0	278,197
Hotel/Motel Tax	0	0	0	0	2,898
Wheel Tax	0	701,672	0	0	701,672
Litigation Tax - General	0	0	0	0	53,985
Litigation Tax - Special Purpose	0	0	0	0	36,160
Litigation Tax - Jail, Workhouse, or Courthouse	60,164	0	0	0	75,206
Business Tax	0	0	0	0	69,984
Mineral Severance Tax	0	0	0	0	72,827
<u>Statutory Local Taxes</u>					
Bank Excise Tax	3,020	0	0	0	34,223
Wholesale Beer Tax	0	0	0	0	62,322
Interstate Telecommunications Tax	0	0	0	0	39,210
Total Local Taxes	\$ 462,407	\$ 701,672	\$ 0	\$ 0	\$ 6,008,043
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 0	\$ 0	\$ 0	\$ 0	\$ 380

(Continued)

Exhibit K-7

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

	Debt Service Funds		Capital Projects Funds		
	General	Education	General	Other	
	Debt	Debt	Capital	Capital	
	Service	Service	Projects	Projects	Total
<hr/>					
<u>Licenses and Permits (Cont.)</u>					
<u>Permits</u>					
Beer Permits	\$ 0	\$ 0	\$ 0	\$ 0	750
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	1,130
<hr/>					
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 0	\$ 0	\$ 0	\$ 0	25,679
Drug Control Fines	0	0	0	0	13,182
DUI Treatment Fines	0	0	0	0	475
Data Entry Fee - Circuit Court	0	0	0	0	834
<u>General Sessions Court</u>					
Fines	0	0	0	0	35,716
Officers Costs	0	0	0	0	446
Game and Fish Fines	0	0	0	0	558
Drug Control Fines	0	0	0	0	6,744
DUI Treatment Fines	0	0	0	0	3,420
Data Entry Fee - General Sessions Court	0	0	0	0	7,503
Courtroom Security Fee	0	0	0	0	81
<u>Juvenile Court</u>					
Victims Assistance Assessments	0	0	0	0	964
<u>Chancery Court</u>					
Officers Costs	0	0	0	0	159
Data Entry Fee - Chancery Court	0	0	0	0	776
<u>Other Courts - In-county</u>					
Fines	0	0	0	0	7,917

(Continued)

Exhibit K-7

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

	Debt Service Funds		Capital Projects Funds		
	General	Education	General	Other	
	Debt	Debt	Capital	Capital	
	Service	Service	Projects	Projects	Total
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	\$ 0	\$ 0	\$ 0	\$ 0	191,535
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	295,989
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Commercial and Industrial Waste Collection Charge	\$ 0	\$ 0	\$ 0	\$ 0	23,917
Surcharge - Waste Tire Disposal	0	0	0	0	1,881
Patient Charges	0	0	0	0	520,081
Other General Service Charges	0	0	0	0	2,293
<u>Fees</u>					
Copy Fees	0	0	0	0	678
Library Fees	0	0	0	0	28,430
Archives and Records Management Fee	0	0	0	0	50
Telephone Commissions	0	0	0	0	59,193
Constitutional Officers' Fees and Commissions	0	0	0	0	150,149
Data Processing Fee - Register	0	0	0	0	5,286
Probation Fees	0	0	0	0	77,070
Data Processing Fee - Sheriff	0	0	0	0	2,076
Sexual Offender Registration Fee - Sheriff	0	0	0	0	2,850
Data Processing Fee - County Clerk	0	0	0	0	192
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	\$ 0	874,146
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	41,011

(Continued)

Exhibit K-7

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

	Debt Service Funds		Capital Projects Funds		
	General	Education	General	Other	
	Debt	Debt	Capital	Capital	
	Service	Service	Projects	Projects	Total
<u>Other Local Revenues (Cont.)</u>					
<u>Recurring Items (Cont.)</u>					
Lease/Rentals	\$ 0	\$ 0	\$ 0	\$ 0	\$ 30,750
Commissary Sales	0	0	0	45,250	46,310
Sale of Gasoline	0	0	0	0	46,868
Miscellaneous Refunds	1,026	0	0	0	41,051
<u>Nonrecurring Items</u>					
Sale of Equipment	0	0	0	0	20,040
Damages Recovered from Individuals	0	0	0	0	2,005
Contributions and Gifts	0	0	0	0	31,743
Total Other Local Revenues	\$ 1,026	\$ 0	\$ 0	\$ 45,250	\$ 259,778
<u>Fees Received From County Officials</u>					
<u>Fees In-Lieu-of Salary</u>					
Circuit Court Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 42,669
General Sessions Court Clerk	0	0	0	0	118,929
Clerk and Master	0	0	0	0	40,261
Register	0	0	0	0	65,953
Sheriff	0	0	0	0	11,043
Trustee	0	0	0	0	197,005
Total Fees Received From County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 475,860
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,000
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	0	0	0	0	6,000

(Continued)

Exhibit K-7

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

	Debt Service Funds		Capital Projects Funds		
	General	Education	General	Other	
	Debt	Debt	Capital	Capital	
	Service	Service	Projects	Projects	Total
<u>State of Tennessee (Cont.)</u>					
<u>Health and Welfare Grants</u>					
Health Department Programs	\$ 0	\$ 0	\$ 0	\$ 0	36,134
Other Health and Welfare Grants	0	0	24,118	0	24,118
<u>Public Works Grants</u>					
Bridge Program	0	0	0	0	462,437
State Aid Program	0	0	0	0	742,412
Litter Program	0	0	0	0	41,941
<u>Other State Revenues</u>					
Beer Tax	0	0	0	0	17,839
Alcoholic Beverage Tax	0	0	0	0	36,032
State Revenue Sharing - Telecommunications	0	0	0	0	1,753
Contracted Prisoner Boarding	0	0	0	0	138,081
Gasoline and Motor Fuel Tax	0	0	0	0	1,768,203
Petroleum Special Tax	0	0	0	0	9,958
Registrar's Salary Supplement	0	0	0	0	11,373
Other State Grants	0	0	0	0	725
Other State Revenues	0	0	0	0	50,549
Total State of Tennessee	\$ 0	\$ 0	\$ 24,118	\$ 0	\$ 3,356,555
<u>Federal Government</u>					
<u>Federal Through State</u>					
Homeland Security Grants	\$ 0	\$ 0	\$ 0	\$ 0	26,260
Medicaid	0	0	0	0	6,600
Law Enforcement Grants	0	0	0	0	11,043
Other Federal through State	0	0	576,569	0	576,569
Total Federal Government	\$ 0	\$ 0	\$ 576,569	\$ 0	\$ 620,472

(Continued)

Exhibit K-7

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

	Debt Service Funds		Capital Projects Funds		
	General	Education	General	Other	
	Debt	Debt	Capital	Capital	
	Service	Service	Projects	Projects	Total
<hr/>					
Other Governments and Citizens Groups					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 0	\$ 0	40,000
Contracted Services	0	0	0	0	251,017
Total Other Governments and Citizens Groups	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>291,017</u>
Total	<u>\$ 463,433</u>	<u>\$ 701,672</u>	<u>\$ 600,687</u>	<u>\$ 45,250</u>	<u>\$ 12,182,990</u>

Exhibit K-8

Cannon County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Cannon County School Department
For the Year Ended June 30, 2018

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 1,799,176	\$ 0	\$ 0	\$ 1,799,176
Trustee's Collections - Prior Year	63,652	0	0	63,652
Circuit Clerk/Clerk and Master Collections - Prior Years	12,992	0	0	12,992
Interest and Penalty	11,070	0	0	11,070
Pickup Taxes	301	0	0	301
Payments in-Lieu-of Taxes - Local Utilities	255	0	0	255
<u>County Local Option Taxes</u>				
Local Option Sales Tax	693,059	0	0	693,059
<u>Statutory Local Taxes</u>				
Bank Excise Tax	14,259	0	0	14,259
Total Local Taxes	<u>\$ 2,594,764</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,594,764</u>
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 446	\$ 0	\$ 0	\$ 446
Total Licenses and Permits	<u>\$ 446</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 446</u>
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Other	\$ 16,324	\$ 0	\$ 0	\$ 16,324
Lunch Payments - Children	0	0	115,713	115,713
Lunch Payments - Adults	0	0	31,241	31,241
Income from Breakfast	0	0	80,059	80,059
A la Carte Sales	0	0	32,981	32,981

(Continued)

Exhibit K-8

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

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>Charges for Current Services (Cont.)</u>				
<u>Education Charges (Cont.)</u>				
Receipts from Individual Schools	\$ 28,412	\$ 0	\$ 0	\$ 28,412
Other Charges for Services	882	0	0	882
Total Charges for Current Services	<u>\$ 45,618</u>	<u>\$ 0</u>	<u>\$ 259,994</u>	<u>\$ 305,612</u>
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 63	\$ 63
E-Rate Funding	15,764	0	0	15,764
Miscellaneous Refunds	23,166	0	1,534	24,700
<u>Nonrecurring Items</u>				
Sale of Equipment	160	0	0	160
Contributions and Gifts	5,750	0	0	5,750
<u>Other Local Revenues</u>				
Other Local Revenues	66	0	0	66
Total Other Local Revenues	<u>\$ 44,906</u>	<u>\$ 0</u>	<u>\$ 1,597</u>	<u>\$ 46,503</u>
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-behalf Contributions for OPEB	\$ 27,787	\$ 0	\$ 0	\$ 27,787
<u>State Education Funds</u>				
Basic Education Program	11,379,000	0	0	11,379,000
Early Childhood Education	426,812	0	0	426,812
School Food Service	0	0	8,767	8,767
Other State Education Funds	279,373	0	0	279,373

(Continued)

Exhibit K-8

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

	General Purpose School	Special Revenue Funds		
		School Federal Projects	Central Cafeteria	Total
<u>State of Tennessee (Cont.)</u>				
<u>State Education Funds (Cont.)</u>				
Career Ladder Program	\$ 51,013	\$ 0	\$ 0	\$ 51,013
Vocational Equipment	119,928	0	0	119,928
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	377,240	0	0	377,240
Safe Schools	11,570	0	0	11,570
Total State of Tennessee	<u>\$ 12,672,723</u>	<u>\$ 0</u>	<u>\$ 8,767</u>	<u>\$ 12,681,490</u>
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 462,733	\$ 462,733
USDA - Commodities	0	0	69,510	69,510
Breakfast	0	0	174,503	174,503
USDA - Other	0	0	9,312	9,312
Vocational Education - Basic Grants to States	0	30,715	0	30,715
Title I Grants to Local Education Agencies	0	453,831	0	453,831
Special Education - Grants to States	0	435,694	0	435,694
Special Education Preschool Grants	0	13,586	0	13,586
Rural Education	0	32,275	0	32,275
Eisenhower Professional Development State Grants	0	90,835	0	90,835
Other Federal through State	0	50,725	0	50,725
Total Federal Government	<u>\$ 0</u>	<u>\$ 1,107,661</u>	<u>\$ 716,058</u>	<u>\$ 1,823,719</u>
Total	<u>\$ 15,358,457</u>	<u>\$ 1,107,661</u>	<u>\$ 986,416</u>	<u>\$ 17,452,534</u>

Exhibit K-9

Cannon County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2018

General FundGeneral GovernmentCounty Commission

County Official/Administrative Officer	\$	3,400	
Board and Committee Members Fees		2,440	
Social Security		334	
Employer Medicare		78	
Legal Services		3,225	
Legal Notices, Recording, and Court Costs		2,793	
Total County Commission			\$ 12,270

Other Boards and Committees

Advertising	\$	11	
Total Other Boards and Committees			11

County Mayor/Executive

County Official/Administrative Officer	\$	79,326	
Accountants/Bookkeepers		34,209	
Secretary(ies)		10,642	
Social Security		7,699	
Pensions		10,624	
Employer Medicare		1,801	
Audit Services		5,106	
Communication		5,895	
Contracts with Other Public Agencies		8,886	
Legal Services		2,225	
Legal Notices, Recording, and Court Costs		284	
Postal Charges		1,430	
Travel		205	
Office Supplies		2,300	
Total County Mayor/Executive			170,632

Election Commission

County Official/Administrative Officer	\$	64,033	
Clerical Personnel		21,315	
Election Commission		3,840	
Election Workers		27,900	
In-service Training		5,080	
Social Security		5,952	
Pensions		7,297	
Employee and Dependent Insurance		5,985	
Employer Medicare		1,392	
Communication		3,617	
Legal Notices, Recording, and Court Costs		2,356	
Maintenance Agreements		16,206	
Postal Charges		1,065	
Printing, Stationery, and Forms		2,061	
Travel		2,200	
Office Supplies		729	
Office Equipment		527	
Total Election Commission			171,555

(Continued)

Exhibit K-9

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

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

County Official/Administrative Officer	\$	68,682	
Secretary(ies)		20,821	
Social Security		5,549	
Pensions		7,653	
Employer Medicare		1,298	
Communication		1,393	
Data Processing Services		5,583	
Postal Charges		98	
Printing, Stationery, and Forms		1,584	
Office Supplies		219	
Total Register of Deeds			\$ 112,880

Planning

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

County Buildings

Maintenance Personnel	\$	12,743	
Social Security		1,739	
Pensions		1,022	
Employee and Dependent Insurance		1,193	
Employer Medicare		407	
Communication		1,109	
Contracts with Private Agencies		200	
Janitorial Services		15,304	
Maintenance Agreements		1,068	
Maintenance and Repair Services - Buildings		53,513	
Maintenance and Repair Services - Office Equipment		1,200	
Maintenance and Repair Services - Vehicles		600	
Custodial Supplies		2,846	
Utilities		114,178	
Total County Buildings			207,122

FinanceProperty Assessor's Office

County Official/Administrative Officer	\$	68,682	
Secretary(ies)		22,788	
Part-time Personnel		6,742	
Board and Committee Members Fees		1,250	
Social Security		6,061	
Pensions		7,954	
Employee and Dependent Insurance		9,318	
Employer Medicare		1,417	
Audit Services		900	
Communication		1,038	
Data Processing Services		4,069	
Legal Notices, Recording, and Court Costs		173	

(Continued)

Exhibit K-9

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

General Fund (Cont.)Finance (Cont.)Property Assessor's Office (Cont.)

Postal Charges	\$	3,298	
Travel		414	
Office Supplies		1,250	
Total Property Assessor's Office			\$ 135,354

County Trustee's Office

County Official/Administrative Officer	\$	68,682	
Deputy(ies)		26,950	
Part-time Personnel		11,212	
In-service Training		475	
Social Security		6,624	
Pensions		9,135	
Employer Medicare		1,549	
Communication		2,079	
Data Processing Services		3,421	
Maintenance Agreements		8,673	
Postal Charges		3,200	
Office Supplies		2,017	
Total County Trustee's Office			144,017

County Clerk's Office

Secretary(ies)	\$	694	
Social Security		9,399	
Pensions		11,830	
Employee and Dependent Insurance		6,926	
Employer Medicare		2,198	
Communication		94	
Office Equipment		3,749	
Total County Clerk's Office			34,890

Administration of JusticeCircuit Court

County Official/Administrative Officer	\$	68,682	
Clerical Personnel		88,253	
Jury and Witness Expense		1,778	
Social Security		9,730	
Pensions		12,144	
Employee and Dependent Insurance		10,632	
Employer Medicare		2,276	
Communication		3,328	
Contracts with Other Public Agencies		17,940	
Legal Notices, Recording, and Court Costs		139	
Maintenance and Repair Services - Office Equipment		714	
Postal Charges		442	
Office Supplies		690	
Total Circuit Court			216,748

(Continued)

Exhibit K-9

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

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

Judge(s)	\$	88,869	
Social Security		5,510	
Pensions		7,598	
Employee and Dependent Insurance		6,973	
Employer Medicare		1,289	
Communication		1,296	
Other Contracted Services		1,547	
Total General Sessions Court			\$ 113,082

Chancery Court

County Official/Administrative Officer	\$	68,682	
Deputy(ies)		22,899	
Social Security		5,664	
Pensions		7,313	
Employee and Dependent Insurance		559	
Employer Medicare		1,325	
Communication		1,082	
Contracts with Other Public Agencies		4,692	
Postal Charges		606	
Printing, Stationery, and Forms		253	
Other Contracted Services		450	
Office Supplies		3,132	
Total Chancery Court			116,657

Juvenile Court

Other Salaries and Wages	\$	20,411	
Social Security		1,266	
Employer Medicare		296	
Contracts with Other Public Agencies		710	
Office Supplies		90	
Total Juvenile Court			22,773

Judicial Commissioners

Other Salaries and Wages	\$	20,651	
Social Security		1,280	
Pensions		657	
Employer Medicare		299	
Communication		1,026	
Dues and Memberships		225	
Total Judicial Commissioners			24,138

Probation Services

Supervisor/Director	\$	42,000	
In-service Training		600	
Social Security		2,604	
Pensions		3,591	
Employee and Dependent Insurance		6,973	

(Continued)

Exhibit K-9

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

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

Medical Insurance	\$	60	
Employer Medicare		609	
Communication		2,948	
Data Processing Services		3,900	
Postal Charges		750	
Rentals		3,825	
Drugs and Medical Supplies		2,428	
Office Supplies		252	
Total Probation Services			\$ 70,540

Victim Assistance Programs

Other Charges	\$	964	
Total Victim Assistance Programs			964

Public SafetySheriff's Department

County Official/Administrative Officer	\$	75,550	
Deputy(ies)		261,739	
Investigator(s)		67,749	
Captain(s)		35,776	
Sergeant(s)		34,728	
Accountants/Bookkeepers		26,661	
Salary Supplements		6,000	
Dispatchers/Radio Operators		21,369	
Clerical Personnel		6,814	
School Resource Officer		59,835	
Overtime Pay		28,967	
Other Salaries and Wages		29,402	
In-service Training		17,246	
Social Security		40,391	
Pensions		80,628	
Employee and Dependent Insurance		173,651	
Medical Insurance		29,049	
Employer Medicare		9,475	
Communication		9,963	
Dues and Memberships		1,500	
Maintenance and Repair Services - Equipment		7,072	
Maintenance and Repair Services - Vehicles		23,003	
Postal Charges		507	
Gasoline		53,120	
Office Supplies		6,069	
Uniforms		7,208	
Vehicle and Equipment Insurance		35,671	
Law Enforcement Equipment		3,025	
Total Sheriff's Department			1,152,168

(Continued)

Exhibit K-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

Office Supplies	\$	100	
Fines, Assessments, and Penalties		150	
Total Administration of the Sexual Offender Registry			\$ 250

Jail

Assistant(s)	\$	27,539	
Supervisor/Director		26,519	
Truck Drivers		40,439	
Guards		258,003	
Cafeteria Personnel		52,835	
Maintenance Personnel		26,925	
Social Security		27,531	
Employer Medicare		6,439	
Maintenance and Repair Services - Buildings		21,627	
Medical and Dental Services		152,291	
Travel		640	
Custodial Supplies		15,378	
Food Supplies		88,428	
Utilities		57,964	
Other Supplies and Materials		3,558	
Food Service Equipment		309	
Office Equipment		396	
Total Jail			806,821

Fire Prevention and Control

In-service Training	\$	1,398	
Communication		1,471	
Consultants		1,200	
Contracts with Other Public Agencies		9,279	
Maintenance and Repair Services - Equipment		6,215	
Maintenance and Repair Services - Vehicles		16,034	
Data Processing Supplies		240	
Gasoline		5,778	
Office Supplies		463	
Uniforms		28,650	
Other Supplies and Materials		661	
Vehicle and Equipment Insurance		3,691	
Other Charges		5,443	
Communication Equipment		10,000	
Other Equipment		12	
Total Fire Prevention and Control			90,535

Rescue Squad

In-service Training	\$	106	
Communication		551	
Contributions		8,200	
Maintenance and Repair Services - Equipment		863	

(Continued)

Exhibit K-9

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

General Fund (Cont.)Public Safety (Cont.)Rescue Squad (Cont.)

Uniforms	\$	2,495	
Communication Equipment		1,337	
Other Equipment		6,905	
Total Rescue Squad			\$ 20,457

Other Emergency Management

In-service Training	\$	272	
Communication		2,138	
Maintenance and Repair Services - Equipment		426	
Maintenance and Repair Services - Vehicles		1,199	
Other Contracted Services		614	
Gasoline		80	
Office Supplies		45	
Uniforms		547	
Other Supplies and Materials		2,431	
Other Charges		6,011	
Total Other Emergency Management			13,763

County Coroner/Medical Examiner

Contracts with Private Agencies	\$	3,900	
Travel		458	
Other Contracted Services		1,900	
Other Charges		2,300	
Total County Coroner/Medical Examiner			8,558

Public Safety Grants Program

Supervisor/Director	\$	48,507	
Dispatchers/Radio Operators		220,237	
Overtime Pay		48,624	
Social Security		19,614	
Pensions		19,724	
Employee and Dependent Insurance		41,257	
Medical Insurance		10,937	
Employer Medicare		4,587	
Total Public Safety Grants Program			413,487

Other Public Safety

Contracts with Other Public Agencies	\$	1,300	
Legal Notices, Recording, and Court Costs		373	
Other Charges		430	
Communication Equipment		26,260	
Total Other Public Safety			28,363

Public Health and WelfareLocal Health Center

Communication	\$	2,580	
Contracts with Government Agencies		15,274	

(Continued)

Exhibit K-9

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

General Fund (Cont.)Public Health and Welfare (Cont.)Local Health Center (Cont.)

Janitorial Services	\$	6,240	
Maintenance and Repair Services - Buildings		593	
Office Supplies		43	
Utilities		4,373	
Total Local Health Center			\$ 29,103

Other Local Health Services

Other Charges	\$	3,435	
Total Other Local Health Services			3,435

Regional Mental Health Center

Other Salaries and Wages	\$	22,413	
Social Security		1,390	
Employer Medicare		325	
Instructional Supplies and Materials		4,808	
Other Supplies and Materials		8,364	
Total Regional Mental Health Center			37,300

General Welfare Assistance

Contributions	\$	26,294	
Total General Welfare Assistance			26,294

Sanitation Management

Accountants/Bookkeepers	\$	4,000	
Laborers		19,544	
Social Security		1,460	
Pensions		1,671	
Employer Medicare		341	
Maintenance and Repair Services - Vehicles		4,274	
Gasoline		3,148	
Instructional Supplies and Materials		9,447	
Total Sanitation Management			43,885

Other Waste Collection

Overtime Pay	\$	7,183	
Social Security		445	
Employer Medicare		104	
Maintenance and Repair Services - Vehicles		826	
Gasoline		1,111	
Other Charges		201	
Total Other Waste Collection			9,870

Social, Cultural, and Recreational ServicesLibraries

Assistant(s)	\$	75,396	
Supervisor/Director		30,938	
In-service Training		932	

(Continued)

Exhibit K-9

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

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

Social Security	\$	6,593	
Pensions		7,714	
Employee and Dependent Insurance		13,946	
Employer Medicare		1,542	
Advertising		283	
Contributions		15,293	
Maintenance Agreements		5,593	
Postal Charges		254	
Remittance of Revenue Collected		1,065	
Data Processing Supplies		1,936	
Instructional Supplies and Materials		3,714	
Library Books/Media		2,798	
Office Supplies		4,412	
Utilities		5,998	
Other Supplies and Materials		209	
Other Charges		1,821	
Total Libraries			\$ 180,437

Parks and Fair Boards

Assistant(s)	\$	384	
Supervisor/Director		4,434	
Other Salaries and Wages		2,868	
Social Security		477	
Pensions		379	
Employer Medicare		111	
Communication		316	
Gasoline		22	
Other Supplies and Materials		35	
Total Parks and Fair Boards			9,026

Agriculture and Natural ResourcesAgricultural Extension Service

Salary Supplements	\$	45,851	
Other Fringe Benefits		15,919	
Communication		3,274	
Other Charges		3,019	
Total Agricultural Extension Service			68,063

Other Agriculture and Natural Resources

Advertising	\$	725	
Total Other Agriculture and Natural Resources			725

Other OperationsVeterans' Services

Other Salaries and Wages	\$	893	
Social Security		55	
Employer Medicare		13	
Communication		507	
Total Veterans' Services			1,468

(Continued)

Exhibit K-9

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

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

Building and Contents Insurance	\$	67,652	
Premiums on Corporate Surety Bonds		1,879	
Trustee's Commission		76,892	
Workers' Compensation Insurance		138,124	
Other Charges		16,351	
Total Other Charges			\$ 300,898

Contributions to Other Agencies

Contributions	\$	35,466	
Total Contributions to Other Agencies			35,466

Employee Benefits

Employee and Dependent Insurance	\$	6,160	
Unemployment Compensation		16,283	
Total Employee Benefits			22,443

Miscellaneous

Gasoline	\$	2,612	
Other Charges		32,403	
Total Miscellaneous			35,015

Total General Fund \$ 4,902,213

Solid Waste/Sanitation FundPublic Health and WelfareSanitation Management

Accountants/Bookkeepers	\$	154	
Laborers		48,537	
Overtime Pay		566	
In-service Training		255	
Social Security		3,054	
Pensions		2,322	
Employee and Dependent Insurance		5,780	
Employer Medicare		714	
Communication		570	
Contracts with Other Public Agencies		440,398	
Dues and Memberships		100	
Maintenance Agreements		1,500	
Maintenance and Repair Services - Equipment		14,835	
Maintenance and Repair Services - Vehicles		7,828	
Gasoline		3,803	
Utilities		2,667	
Other Supplies and Materials		8,835	
Trustee's Commission		8,305	
Other Charges		698	
Total Sanitation Management			\$ 550,921

Total Solid Waste/Sanitation Fund 550,921

(Continued)

Exhibit K-9

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

Ambulance Service FundPublic Health and WelfareAmbulance/Emergency Medical Services

Supervisor/Director	\$	46,416	
Medical Personnel		557,875	
Part-time Personnel		2,000	
Overtime Pay		12,961	
In-service Training		6,096	
Social Security		38,392	
Pensions		55,666	
Employee and Dependent Insurance		89,999	
Medical Insurance		7,225	
Employer Medicare		8,979	
Communication		8,350	
Contracts with Private Agencies		30,507	
Dues and Memberships		1,650	
Legal Services		500	
Maintenance Agreements		7,850	
Maintenance and Repair Services - Equipment		89	
Maintenance and Repair Services - Vehicles		12,985	
Postal Charges		51	
Remittance of Revenue Collected		11,177	
Other Contracted Services		2,000	
Custodial Supplies		1,484	
Drugs and Medical Supplies		22,744	
Electricity		5,118	
Gasoline		20,869	
Natural Gas		1,522	
Office Supplies		976	
Tires and Tubes		3,252	
Uniforms		6,202	
Water and Sewer		672	
Other Supplies and Materials		2,364	
Trustee's Commission		13,446	
Vehicle and Equipment Insurance		15,990	
Other Charges		1,472	
Total Ambulance/Emergency Medical Services			\$ 996,879

Total Ambulance Service Fund \$ 996,879

Drug Control FundPublic SafetySheriff's Department

In-service Training	\$	55	
Maintenance and Repair Services - Vehicles		377	
Veterinary Services		484	
Trustee's Commission		2,119	
Other Charges		135	
Law Enforcement Equipment		19,241	
Other Equipment		2,734	
Total Sheriff's Department			\$ 25,145

Total Drug Control Fund 25,145

(Continued)

Exhibit K-9

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

Constitutional Officers - Fees FundFinanceCounty Clerk's Office

Constitutional Officers' Operating Expenses	\$ 153,575	
Total County Clerk's Office		\$ 153,575

Total Constitutional Officers - Fees Fund \$ 153,575

Highway/Public Works FundHighwaysAdministration

County Official/Administrative Officer	\$ 75,550	
Accountants/Bookkeepers	34,520	
Board and Committee Members Fees	1,175	
Social Security	6,598	
Pensions	9,360	
Employer Medicare	1,543	
Communication	6,120	
Data Processing Services	14,582	
Dues and Memberships	2,198	
Legal Notices, Recording, and Court Costs	3,675	
Postal Charges	451	
Printing, Stationery, and Forms	909	
Electricity	4,063	
Natural Gas	539	
Water and Sewer	220	
Other Supplies and Materials	3,500	
Total Administration		\$ 165,003

Highway and Bridge Maintenance

Equipment Operators	\$ 214,158	
Truck Drivers	86,837	
Laborers	90,860	
Social Security	23,135	
Pensions	31,265	
Employer Medicare	5,411	
Other Contracted Services	17,095	
Asphalt	69,244	
Asphalt - Cold Mix	19,166	
Asphalt - Liquid	106,397	
Concrete	1,074	
Crushed Stone	163,338	
Pipe - Metal	15,939	
Road Signs	6,122	
Structural Steel	192	
Wood Products	95	
Other Supplies and Materials	2,195	
Total Highway and Bridge Maintenance		852,523

(Continued)

Exhibit K-9

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

Highway/Public Works Fund (Cont.)Highways (Cont.)Operation and Maintenance of Equipment

Mechanic(s)	\$	26,510	
Social Security		1,632	
Pensions		2,267	
Employer Medicare		382	
Maintenance and Repair Services - Equipment		60,708	
Other Contracted Services		3,595	
Diesel Fuel		91,770	
Equipment and Machinery Parts		32,210	
Garage Supplies		26,137	
Gasoline		20,849	
Lubricants		4,005	
Tires and Tubes		17,711	
Other Supplies and Materials		629	
Total Operation and Maintenance of Equipment			\$ 288,405

Other Charges

Liability Insurance	\$	4,322	
Trustee's Commission		18,608	
Vehicle and Equipment Insurance		38,897	
Workers' Compensation Insurance		34,171	
Total Other Charges			95,998

Employee Benefits

Medical Insurance	\$	111,885	
Unemployment Compensation		4,353	
Other Charges		45	
Total Employee Benefits			116,283

Capital Outlay

Engineering Services	\$	87,246	
Bridge Construction		550,722	
Highway Equipment		227,428	
State Aid Projects		742,412	
Total Capital Outlay			1,607,808

Principal on DebtHighways and Streets

Principal on Notes	\$	29,630	
Principal on Capital Leases		3,667	
Total Highways and Streets			33,297

Interest on DebtHighways and Streets

Interest on Notes	\$	637	
Interest on Capital Leases		463	
Total Highways and Streets			1,100

Total Highway/Public Works Fund \$ 3,160,417

(Continued)

Exhibit K-9

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

<u>General Debt Service Fund</u>			
<u>Principal on Debt</u>			
<u>General Government</u>			
Principal on Notes	\$	90,487	
Principal on Other Loans		140,000	
Total General Government			\$ 230,487
<u>Interest on Debt</u>			
<u>General Government</u>			
Interest on Notes	\$	7,036	
Interest on Other Loans		8,025	
Total General Government			15,061
<u>Other Debt Service</u>			
<u>General Government</u>			
Trustee's Commission	\$	8,592	
Other Charges		128	
Other Debt Service		1,460	
Total General Government			10,180
Total General Debt Service Fund			\$ 255,728
<u>Education Debt Service Fund</u>			
<u>Principal on Debt</u>			
<u>Education</u>			
Principal on Other Loans	\$	529,000	
Total Education			\$ 529,000
<u>Interest on Debt</u>			
<u>Education</u>			
Interest on Other Loans	\$	78,194	
Total Education			78,194
<u>Other Debt Service</u>			
<u>Education</u>			
Trustee's Commission	\$	7,085	
Other Debt Service		39,165	
Total Education			46,250
Total Education Debt Service Fund			653,444
<u>General Capital Projects Fund</u>			
<u>Capital Outlay</u>			
<u>Regular Capital Outlay</u>			
Advertising	\$	110	
Engineering Services		24,050	
Other Contracted Services		1,675	
Other Charges		28,461	
Building Construction		3,500	
Building Improvements		160,937	

(Continued)

Exhibit K-9

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

<u>General Capital Projects Fund (Cont.)</u>			
<u>Capital Outlay (Cont.)</u>			
<u>Regular Capital Outlay (Cont.)</u>			
Office Equipment	\$	24,119	
Site Development		458,598	
Other Capital Outlay		13,995	
Total Regular Capital Outlay			\$ 715,445
Total General Capital Projects Fund			\$ 715,445
Total Governmental Funds - Primary Government			\$ 11,413,767

Exhibit K-10

Cannon County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Cannon County School Department
For the Year Ended June 30, 2018

General Purpose School FundInstructionRegular Instruction Program

Teachers	\$ 5,061,890	
Career Ladder Program	33,893	
Homebound Teachers	5,875	
Educational Assistants	114,905	
Bonus Payments	62,000	
Certified Substitute Teachers	5,760	
Non-certified Substitute Teachers	97,350	
Social Security	316,155	
Pensions	476,894	
Medical Insurance	710,414	
Unemployment Compensation	6,776	
Employer Medicare	74,005	
Instructional Supplies and Materials	65,122	
Textbooks - Bound	36,906	
Other Supplies and Materials	396	
Regular Instruction Equipment	44,239	
Total Regular Instruction Program		\$ 7,112,580

Alternative Instruction Program

Teachers	\$ 47,324	
Social Security	2,875	
Pensions	4,297	
Medical Insurance	6,220	
Employer Medicare	672	
Total Alternative Instruction Program		61,388

Special Education Program

Teachers	\$ 634,605	
Career Ladder Program	2,500	
Educational Assistants	31,727	
Speech Pathologist	138,095	
Bonus Payments	6,500	
Social Security	47,593	
Pensions	72,614	
Medical Insurance	113,906	
Employer Medicare	11,130	
Other Contracted Services	106,443	
Total Special Education Program		1,165,113

Career and Technical Education Program

Teachers	\$ 441,112	
Career Ladder Program	3,000	
Educational Assistants	15,328	
Social Security	27,131	
Pensions	41,577	
Medical Insurance	67,370	

(Continued)

Exhibit K-10

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

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

Employer Medicare	\$	6,345	
Instructional Supplies and Materials		14,500	
Vocational Instruction Equipment		90,029	
Total Career and Technical Education Program			\$ 706,392

Support ServicesAttendance

Supervisor/Director	\$	34,514	
Other Salaries and Wages		8,036	
Social Security		2,449	
Pensions		3,821	
Medical Insurance		4,445	
Employer Medicare		573	
Travel		1,232	
Other Supplies and Materials		31,327	
Total Attendance			86,397

Health Services

Supervisor/Director	\$	34,514	
Career Ladder Extended Contracts		1,400	
Medical Personnel		88,973	
Educational Assistants		8,219	
Social Security		7,544	
Pensions		11,814	
Medical Insurance		19,801	
Employer Medicare		1,764	
Communication		1,594	
Travel		6,527	
Other Contracted Services		500	
Other Supplies and Materials		12,372	
Total Health Services			195,022

Other Student Support

Guidance Personnel	\$	168,280	
Bonus Payments		750	
Social Security		9,750	
Pensions		15,317	
Medical Insurance		30,610	
Employer Medicare		2,280	
Evaluation and Testing		7,482	
Total Other Student Support			234,469

Regular Instruction Program

Supervisor/Director	\$	75,132	
Career Ladder Program		3,000	
Librarians		200,924	

(Continued)

Exhibit K-10

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

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

Educational Assistants	\$	17,216	
Bonus Payments		2,750	
Social Security		17,214	
Pensions		25,691	
Medical Insurance		31,641	
Employer Medicare		4,026	
Travel		9,313	
Library Books/Media		21,427	
In Service/Staff Development		1,076	
Total Regular Instruction Program			\$ 409,410

Special Education Program

Supervisor/Director	\$	33,524	
Career Ladder Program		1,000	
Psychological Personnel		52,884	
Social Security		4,926	
Pensions		7,937	
Medical Insurance		12,501	
Employer Medicare		1,152	
Communication		788	
Travel		307	
Total Special Education Program			115,019

Career and Technical Education Program

Supervisor/Director	\$	5,692	
Social Security		322	
Pensions		517	
Employer Medicare		75	
Travel		210	
Total Career and Technical Education Program			6,816

Technology

Supervisor/Director	\$	76,252	
Instructional Computer Personnel		91,609	
Social Security		9,711	
Pensions		14,554	
Medical Insurance		25,598	
Employer Medicare		2,271	
Communication		3,350	
Internet Connectivity		57,019	
Travel		3,024	
Other Contracted Services		289	
Cabling		13,020	
Software		59,573	
Other Charges		90	
Other Equipment		167,859	
Total Technology			524,219

(Continued)

Exhibit K-10

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

General Purpose School Fund (Cont.)Support Services (Cont.)Other Programs

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

Board of Education

Board and Committee Members Fees	\$	7,200	
Social Security		446	
Employer Medicare		104	
Audit Services		5,700	
Dues and Memberships		6,781	
Legal Services		7,492	
Travel		816	
Building and Contents Insurance		72,312	
Liability Insurance		29,014	
Refunds		3,837	
Trustee's Commission		67,089	
Workers' Compensation Insurance		54,882	
Criminal Investigation of Applicants - TBI		4,409	
Other Charges		10,796	
Total Board of Education			270,878

Director of Schools

County Official/Administrative Officer	\$	93,267	
Career Ladder Program		1,500	
Social Security		5,600	
Pensions		8,605	
Medical Insurance		9,636	
Employer Medicare		1,310	
Communication		10,482	
Dues and Memberships		2,325	
Postal Charges		827	
Travel		2,407	
Office Supplies		248	
Other Charges		27	
Total Director of Schools			136,234

Office of the Principal

Principals	\$	482,657	
Career Ladder Program		5,000	
Assistant Principals		63,716	
Secretary(ies)		225,927	
Social Security		45,325	
Pensions		69,045	
Medical Insurance		109,412	
Employer Medicare		10,600	
Communication		10,578	
Travel		3,442	

(Continued)

Exhibit K-10

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

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

Office Supplies	\$	934	
Other Charges		1,835	
Administration Equipment		1,800	
Total Office of the Principal			\$ 1,030,271

Fiscal Services

Accountants/Bookkeepers	\$	46,941	
Secretary(ies)		34,319	
Clerical Personnel		46,878	
Social Security		7,390	
Pensions		10,822	
Medical Insurance		19,743	
Employer Medicare		1,751	
Data Processing Services		13,760	
Travel		541	
Other Contracted Services		9,325	
Data Processing Supplies		467	
Office Supplies		7,070	
Total Fiscal Services			199,007

Operation of Plant

Custodial Personnel	\$	207,803	
Social Security		12,403	
Pensions		16,948	
Medical Insurance		38,493	
Employer Medicare		2,901	
Other Contracted Services		50,326	
Electricity		442,462	
Natural Gas		63,110	
Water and Sewer		50,348	
Other Supplies and Materials		93,602	
Boiler Insurance		4,369	
Total Operation of Plant			982,765

Maintenance of Plant

Maintenance Personnel	\$	86,721	
Social Security		5,022	
Pensions		5,933	
Medical Insurance		20,698	
Employer Medicare		1,175	
Communication		867	
Other Contracted Services		117,852	
Other Supplies and Materials		46,446	
Other Charges		706	
Administration Equipment		11,790	
Maintenance Equipment		2,229	
Total Maintenance of Plant			299,439

(Continued)

Exhibit K-10

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

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

Supervisor/Director	\$	8,036	
Bus Drivers		214,837	
Other Salaries and Wages		39,335	
Social Security		16,175	
Pensions		16,827	
Employer Medicare		3,783	
Communication		888	
Contracts with Vehicle Owners		206,199	
Travel		1,807	
Gasoline		59,283	
Tires and Tubes		1,770	
Vehicle Parts		111,253	
Vehicle and Equipment Insurance		18,739	
Other Charges		3,403	
Transportation Equipment		76,388	
Total Transportation			\$ 778,723

Operation of Non-Instructional ServicesCommunity Services

Supervisor/Director	\$	16,045	
Teachers		29,686	
Educational Assistants		17,903	
Social Security		3,821	
Pensions		4,177	
Employer Medicare		894	
Travel		798	
Instructional Supplies and Materials		1,970	
Other Supplies and Materials		499	
Other Charges		103	
Total Community Services			75,896

Early Childhood Education

Supervisor/Director	\$	37,499	
Teachers		160,418	
Clerical Personnel		9,784	
Educational Assistants		55,301	
Bonus Payments		3,750	
Other Salaries and Wages		1,244	
Non-certified Substitute Teachers		3,090	
Social Security		15,304	
Pensions		22,528	
Medical Insurance		43,479	
Employer Medicare		3,761	
Communication		2,552	
Travel		191	
Other Contracted Services		7,239	

(Continued)

Exhibit K-10

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

General Purpose School Fund (Cont.)Operation of Non-Instructional Services (Cont.)Early Childhood Education (Cont.)

Food Supplies	\$	2,338	
Instructional Supplies and Materials		32,746	
Other Supplies and Materials		541	
In Service/Staff Development		5,644	
Other Charges		1,041	
Total Early Childhood Education			\$ 408,450

Capital OutlayRegular Capital Outlay

Architects	\$	17,280	
Building Improvements		491,762	
Total Regular Capital Outlay			509,042

Total General Purpose School Fund

\$ 15,335,317

School Federal Projects FundInstructionRegular Instruction Program

Teachers	\$	290,975	
Educational Assistants		23,576	
Bonus Payments		3,750	
Other Salaries and Wages		2,442	
Non-certified Substitute Teachers		960	
Social Security		19,586	
Pensions		29,190	
Medical Insurance		47,248	
Unemployment Compensation		289	
Employer Medicare		4,464	
Other Contracted Services		500	
Instructional Supplies and Materials		34,004	
Other Supplies and Materials		3,065	
Other Charges		4,596	
Total Regular Instruction Program			\$ 464,645

Special Education Program

Teachers	\$	840	
Homebound Teachers		659	
Educational Assistants		143,567	
Social Security		8,361	
Pensions		10,417	
Medical Insurance		60,426	
Unemployment Compensation		465	
Employer Medicare		1,956	
Instructional Supplies and Materials		40	
Other Supplies and Materials		3,896	
Special Education Equipment		2,142	
Total Special Education Program			232,769

(Continued)

Exhibit K-10

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

School Federal Projects Fund (Cont.)Instruction (Cont.)Career and Technical Education Program

Instructional Supplies and Materials	\$	4,854	
Other Supplies and Materials		1,440	
Vocational Instruction Equipment		15,025	
Total Career and Technical Education Program			\$ 21,319

Support ServicesOther Student Support

Travel	\$	5,393	
Other Supplies and Materials		1,006	
In Service/Staff Development		5,668	
Total Other Student Support			12,067

Regular Instruction Program

Supervisor/Director	\$	39,515	
Other Salaries and Wages		20,549	
Social Security		3,518	
Pensions		5,454	
Medical Insurance		4,483	
Unemployment Compensation		86	
Employer Medicare		823	
Consultants		37,585	
Travel		1,249	
Food Supplies		371	
Other Supplies and Materials		27,587	
In Service/Staff Development		15,706	
Total Regular Instruction Program			156,926

Special Education Program

Supervisor/Director	\$	29,160	
Social Security		1,584	
Pensions		2,648	
Medical Insurance		5,583	
Unemployment Compensation		28	
Employer Medicare		370	
Maintenance and Repair Services - Equipment		599	
Travel		1,871	
Other Contracted Services		33,801	
Instructional Supplies and Materials		50,000	
Other Supplies and Materials		3,988	
In Service/Staff Development		10,781	
Total Special Education Program			140,413

Career and Technical Education Program

Supervisor/Director	\$	1,260	
Social Security		78	
Pensions		114	

(Continued)

Exhibit K-10

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

<u>School Federal Projects Fund (Cont.)</u>			
<u>Support Services (Cont.)</u>			
<u>Career and Technical Education Program (Cont.)</u>			
Unemployment Compensation	\$	6	
Employer Medicare		18	
Total Career and Technical Education Program			\$ 1,476
<u>Technology</u>			
In-service Training	\$	999	
Total Technology			999
<u>Transportation</u>			
Other Salaries and Wages	\$	14,489	
Social Security		898	
Pensions		91	
Unemployment Compensation		58	
Employer Medicare		210	
Maintenance and Repair Services - Vehicles		4,956	
Total Transportation			20,702
Total School Federal Projects Fund			\$ 1,051,316
<u>Central Cafeteria Fund</u>			
<u>Operation of Non-Instructional Services</u>			
<u>Food Service</u>			
Supervisor/Director	\$	49,800	
Accountants/Bookkeepers		23,444	
Cafeteria Personnel		332,716	
Social Security		23,425	
Pensions		32,645	
Medical Insurance		90,655	
Unemployment Compensation		559	
Employer Medicare		5,478	
Communication		2,213	
Data Processing Services		6,723	
Maintenance and Repair Services - Equipment		10,803	
Travel		67	
Other Contracted Services		3,325	
Food Supplies		357,701	
Office Supplies		1,680	
USDA - Commodities		69,510	
Other Supplies and Materials		51,554	
Other Charges		697	
Food Service Equipment		2,744	
Total Food Service			\$ 1,065,739
Total Central Cafeteria Fund			1,065,739
Total Governmental Funds - Cannon County School Department			\$ 17,452,372

Exhibit K-11

Cannon County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2018

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 414,948
	<hr/>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 410,798
Trustee's Commission	4,150
Total Cash Disbursements	<hr/> \$ 414,948 <hr/>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0
Cash Balance, July 1, 2017	<hr/> 0
Cash Balance, June 30, 2018	<hr/> \$ 0 <hr/>

SINGLE AUDIT SECTION



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Chief of Staff

**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, 2018, and the related notes to the financial statements, which collectively comprise Cannon County's basic financial statements, and have issued our report thereon dated December 20, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Cannon County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Cannon County's internal control. Accordingly, we do not express an opinion on the effectiveness of Cannon County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material

weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified

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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Findings and Questioned Costs as item: 2018-001.

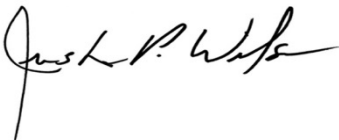
Cannon County's Response to the Finding

Cannon County's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Cannon County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

December 20, 2018

JPW/yu



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Chief of Staff

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditor's Report

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, 2018. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Cannon County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Cannon County's compliance with those

requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Cannon County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of Cannon County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Cannon County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Cannon County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

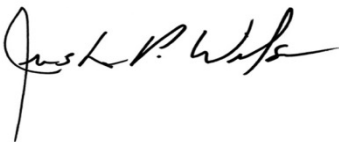
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on

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

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

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cannon County, Tennessee, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Cannon County's basic financial statements. We issued our report thereon dated December 20, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

December 20, 2018

JPW/yu

Cannon County, Tennessee, and the Cannon County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2)
For the Year Ended June 30, 2018

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Education:			
Child Nutrition Cluster: (4)			
School Breakfast Program	10.553	N/A	\$ 174,503
National School Lunch Program	10.555	N/A	469,261 (5)
Passed-through State Department of Agriculture:			
Child Nutrition Cluster: (4)			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	72,294 (5) (6)
Total U.S. Department of Agriculture			<u>\$ 716,058</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Housing Development Agency:			
Home Investment Partnership Program	14.239	HM-13-04	<u>\$ 181,489</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Open Container Requirements	20.607	N/A	<u>\$ 11,043</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 458,109
Special Education Cluster:(4)			
Special Education - Grants to States	84.027	N/A	387,555
Special Education - Preschool Grants	84.173	N/A	13,496
Career and Technical Education - Basic Grants to States	84.048	N/A	33,762
Rural Education	84.358	N/A	30,150
Improving Teacher Quality State Grants	84.367	N/A	89,464
Total U.S. Department of Education			<u>\$ 1,012,536</u>
U.S. Department of Health and Human Services:			
Passed-through State Department of Health:			
Health Infrastructure Investment Program	93.526	GG-18-55700-00	\$ 395,080
Passed-through State Department of Education:			
CCDF Cluster:			
Child Care and Development Block Grant	93.575	N/A	<u>51,809</u>
Total U.S. Department of Health and Human Services			<u>\$ 446,889</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Homeland Security Grant Program	97.067	(3)	<u>\$ 26,260</u>
Total Expenditures of Federal Awards			<u>\$ 2,394,275</u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
<u>State Grants</u>			
Juvenile Justice State Supplement Funds - State Commission on Children and Youth	N/A	(3)	\$ 9,000
Litter Program - State Department of Transportation	N/A	(3)	41,941
Tennessee Agricultural Enhancement Program - State Department of Agriculture	N/A	(3)	725
Local Health Services - Special Needs Grant - State Department of Health	N/A	GG-17-52208-00	24,118
Rural Local Health Services - State Department of Health	N/A	GG-17-50127-00	36,134
Lottery for Education Afterschool Programs (LEAPs) - State Department of Education	N/A	(3)	56,074
Internet Connectivity - State Department of Education	N/A	(3)	5,006
Early Childhood Education - State Department of Education	N/A	(3)	426,812
Coordinated School Health - State Department of Education	N/A	(3)	90,000
CTE Equipment Grant - State Department of Education	N/A	(3)	119,928
Kindergarten Entry Inventory - State Department of Education	N/A	(3)	5,200
Safe Schools - State Department of Education	N/A	(3)	11,570
Read to be Ready - State Department of Education	N/A	(3)	10,800
Total State Grants			<u>\$ 837,308</u>

CFDA = Catalog of Federal Domestic Assistance

N/A = Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
(2) Cannon County elected not to use the 10% de minimis cost rate permitted in the Uniform Guidance.
(3) Information not available.
(4) Child Nutrition Cluster total \$716,058; Special Education Cluster total \$401,051.
(5) Total for CFDA No. 10.555 is \$541,555.
(6) Commodities Noncash Assistance - \$69,510; Commodities Rebate - \$2,784.

Cannon County, Tennessee
Summary Schedule of Prior-year Findings
For the Year Ended June 30, 2018

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. In addition, OMB's Uniform Guidance requires auditees to report the status of all prior-year findings whether corrected or not. Presented below are financial statement findings along with their current status from the Annual Financial Report for Cannon County, Tennessee, for the year ended June 30, 2018.

Prior-year Financial Statement Findings

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
<u>OFFICE OF COUNTY EXECUTIVE</u>					
2017	184	2017-001	The General and Solid Waste/Sanitation funds had deficits in unassigned fund balance.	N/A	Corrected
2017	185	2017-002	The office had deficiencies in budget operations:		
		A.	Total expenditures of the Solid Waste/Sanitation Fund exceeded total appropriations approved by the county commission.	N/A	Not Corrected - See Explanation on Corrective Action Plan
		B.	Expenditures exceeded appropriations approved by the county commission in the Jail (\$35,224) and County Coroner/Medical Examiner (\$1,500) major appropriation categories (the legal level of control) in the General Fund.	N/A	Corrected
		C.	Salaries exceeded appropriations in ten of the 122 salary line-items of the General and Solid Waste/Sanitation funds by amounts ranging from \$1 to \$4,035.	N/A	Corrected
2017	186	2017-003	The county did not require a vendor to comply with contract terms.	N/A	Corrected
2017	187	2017-004	The office had deficiencies in purchasing procedures.	N/A	Corrected
2017	188	2017-005	The office had deficiency related to travel reimbursements	N/A	Corrected

Prior-year Federal Awards Findings

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

CANNON COUNTY, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2018

PART I, SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

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

Federal Awards:

4. Internal Control Over Major Federal Programs:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **NONE REPORTED**
5. Type of report auditor issued on compliance for major programs. **UNMODIFIED**
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **NO**
7. Identification of Major Federal Programs:
 - * CFDA Number: 10.553 and 10.555 Nutrition Cluster: School Breakfast Program and National School Lunch Program
 - * CFDA Number : 84.027 and 84.173 Special Education Cluster: Special Education Grants to States and Special Education Preschool Grants
8. Dollar threshold used to distinguish between Type A and Type B Programs. **\$750,000**
9. Auditee qualified as low-risk auditee? **NO**

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

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

OFFICE OF COUNTY EXECUTIVE

FINDING 2018-001

EXPENDITURES EXCEEDED APPROPRIATIONS IN THE SOLID WASTE/SANITATION FUND (Noncompliance Under *Government Auditing Standards*)

Expenditures exceeded appropriations approved by the County Commission in the Solid Waste/Sanitation Fund by \$15,308. 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, management's failure to correct the finding noted in the prior-year audit report, and management's failure to implement their corrective action plan.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – COUNTY EXECUTIVE

I concur with this finding.

PART III, FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings and questioned costs related to federal awards for the year ended June 30, 2018.

Cannon County, Tennessee
Management's Corrective Action Plan
For the Year Ended June 30, 2018

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

Finding Number	Title of Finding	Corrective Action Plan Page Number
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OFFICE OF COUNTY EXECUTIVE

2018-001	Expenditures exceeded appropriations in the Solid Waste/Sanitation Fund	186
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BRENT D. BUSH
County Executive of Cannon County

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

Corrective Action Plan

**FINDING: EXPENDITURES EXCEEDED APPROPRIATIONS IN
THE SOLID WASTE/SANITATION FUND**

Response and Corrective Action Plan Prepared by:
Brent D. Bush, Cannon County Executive / Mayor

Person Responsible for Implementing the Corrective Action:
Brent D. Bush, Cannon County Executive / Mayor

Anticipated Completion Date of Corrective Action:
June 30 2019

Repeat Finding:
Yes

Reason Corrective Action was Not Taken in the Prior Year:
Unknown prior to taking office 1 September 2018

Planned Corrective Action:
Better management and control within that County Executive's office with an outstanding invoice. An additional invoice was received after the last County Commission meeting for the FY 17/18 and we were unable to amend the budget.



Official's Signature