



## ANNUAL FINANCIAL REPORT

### Cannon County, Tennessee

*For the Year Ended June 30, 2020*

**Jason E. Mumpower**  
*Comptroller of the Treasury*



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

**ANNUAL FINANCIAL REPORT  
CANNON COUNTY, TENNESSEE  
FOR THE YEAR ENDED JUNE 30, 2020**

***COMPTROLLER OF THE TREASURY  
JASON E. MUMPOWER***

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

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AUSTIN LANNOM  
BARBARA SHULTS  
State Auditors***

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

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## CANNON COUNTY, TENNESSEE

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## ***Summary of Audit Findings***

Annual Financial Report  
Cannon County, Tennessee  
For the Year Ended June 30, 2020

### ***Scope***

We have audited the basic financial statements of Cannon County as of and for the year ended June 30, 2020.

### ***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 ROAD SUPERVISOR**

- ◆ Expenditures exceeded appropriations.

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# INTRODUCTORY SECTION

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## Cannon County Officials

June 30, 2020

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### **Officials**

Brent Bush, County Executive  
Wayne Hancock, Road Supervisor  
William Curtis, Director of Schools  
Norma Knox, Trustee  
Angela Schwartz, Assessor of Property  
Lana Jones, County Clerk  
Katina George, Circuit and General Sessions Courts Clerk  
Dana Davenport, Clerk and Master  
Sandy Hollandsworth, Register of Deeds  
Darrell Young, Sheriff  
Diane Hickman, Finance Director

### **Board of County Commissioners**

Greg Mitchell, Chairman  
Karen Ashford  
Robert Brandon  
Jim Bush  
Corey Davenport

Jeannine Floyd  
Randy Gannon  
Ronnie Mahaffey  
Russell Reed  
Vacant

### **Board of Education**

Javin Fann, Chairman  
Bruce Daniel  
Brian Elrod  
Nathan Sanders  
Travis Turney

### **Highway Commission**

Doyle Duke, Chairman  
Terry Horn  
Jimmy Williams

### **Financial Management Committee**

William Curtis, Director of Schools, Chairman  
Brent Bush, County Executive  
Wayne Hancock, Road Supervisor  
Karen Ashford  
Brent Brandon  
Randy Gannon  
Russell Reed

### **Audit Committee**

David Faulkner, Chairman  
Jennifer Coppinger  
Donna Williams  
Vacant  
Vacant



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## FINANCIAL SECTION

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JASON E. MUMPOWER  
*Comptroller*

## 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, 2020, 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, 2020, 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.

### ***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 (asset) and related ratios, schedules of county and school contributions, schedule of school's proportionate share of the net pension liability (asset), and schedule of school changes in the total OPEB liability and related ratios, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Cannon County's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the Education Debt Service Fund, combining and individual fund financial statements of the Cannon County School Department (a discretely presented component unit), miscellaneous schedules, and other information such as the introductory 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 Education Debt Service Fund, 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 Education Debt Service Fund, 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 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2021, 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,



Jason E. Mumpower  
Comptroller of the Treasury  
Nashville, Tennessee

February 19, 2021

JEM/sl

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## BASIC FINANCIAL STATEMENTS

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Exhibit A

Cannon County, Tennessee  
Statement of Net Position  
June 30, 2020

	Primary Government Governmental Activities	Component Unit Cannon County School Department
<u>ASSETS</u>		
Cash	\$ 14,768	\$ 200
Equity in Pooled Cash and Investments	8,757,471	3,889,810
Accounts Receivable	1,360,268	0
Allowance for Uncollectibles	(1,150,098)	0
Due from Other Governments	618,394	351,160
Due from Primary Government	0	285,429
Property Taxes Receivable	5,171,507	1,995,765
Allowance for Uncollectible Property Taxes	(113,838)	(43,932)
Other Loans Receivable - Current	285,429	0
Notes Receivable - Long-term	52,406	0
Net Pension Asset - Agent Plan	1,219,184	714,187
Net Pension Asset - Teacher Retirement Plan	0	97,845
Net Pension Asset - Teacher Legacy Pension Plan	0	2,164,973
Restricted Assets:		
Amounts Accumulated for Pension Benefits	0	81,591
Capital Assets:		
Assets Not Depreciated:		
Land	279,849	170,879
Construction in Progress	56,906	0
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	2,765,619	7,256,600
Infrastructure	11,476,613	0
Other Capital Assets	924,515	644,892
Total Assets	<u>\$ 31,718,993</u>	<u>\$ 17,609,399</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Pension Changes in Experience	\$ 151,984	\$ 198,495
Pension Changes in Assumptions	98,418	352,793
Pension Changes in Proportion	0	12,219
Pension Changes in Contributions after Measurement Date	66,200	804,259
OPEB Changes in Experience	0	234,637
OPEB Changes in Assumptions	0	29,383
OPEB Changes in Proportion	0	21,113
OPEB Contributions after Measurement Date	0	69,834
Total Deferred Outflows of Resources	<u>\$ 316,602</u>	<u>\$ 1,722,733</u>

(Continued)

Exhibit A

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

	Primary Governmental Activities	Component Unit Cannon County School Department
<u>LIABILITIES</u>		
Accounts Payable	\$ 208,138	\$ 0
Payroll Deductions Payable	9,177	9,296
Accrued Interest Payable	7,348	0
Contracts Payable	0	271,158
Retainage Payable	0	14,271
Due to Component Unit	285,429	0
Due to State of Tennessee	0	3,482
Other Current Liabilities	2,602	0
Noncurrent Liabilities:		
Due Within One Year - Debt	858,533	0
Due Within One Year - Other	2,557	61,339
Due in More Than One Year - Debt	4,959,064	0
Due in More Than One Year - Other	48,577	1,306,252
Total Liabilities	\$ 6,381,425	\$ 1,665,798
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Revenue - Current Property Taxes	\$ 4,897,272	\$ 1,889,933
Pension Changes in Experience	308,103	1,519,973
Pension Changes in Investment Earnings	125,236	696,073
Pension Changes in Proportion	0	20,526
OPEB Changes in Experience	0	236,125
OPEB Changes in Assumptions	0	137,255
OPEB Changes in Proportion	0	17,680
Total Deferred Inflows of Resources	\$ 5,330,611	\$ 4,517,565
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 15,234,669	\$ 8,072,371
Restricted for:		
General Government	30,477	0
Finance	5,175	0
Administration of Justice	39,788	0
Public Safety	424,950	0
Public Health and Welfare	682,484	0
Highway/Public Works	2,173,511	0
Education	0	96,796
Debt Service	3,448,667	0
Capital Outlay	6,738	0
Pensions	1,219,184	3,058,596
Unrestricted	(2,942,084)	1,921,006
Total Net Position	\$ 20,323,559	\$ 13,148,769

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, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component Unit
					Government Total Governmental Activities	Cannon County School Department
Primary Government:						
Governmental Activities:						
General Government	\$ 1,247,640	\$ 150,263	\$ 145,346	\$ 100,750	\$ (851,281)	\$ 0
Finance	561,348	400,148	0	0	(161,200)	0
Administration of Justice	586,115	337,519	9,045	0	(239,551)	0
Public Safety	2,628,031	196,743	33,243	0	(2,398,045)	0
Public Health and Welfare	1,845,707	597,887	44,306	147,122	(1,056,392)	0
Social, Cultural, and Recreational Services	223,585	25,200	2,500	0	(195,885)	0
Agriculture and Natural Resources	70,535	0	0	0	(70,535)	0
Highways/Public Works	2,846,072	39,095	2,009,832	1,154,563	357,418	0
Education	1,421,221	0	0	0	(1,421,221)	0
Interest on Long-term Debt	72,565	0	0	0	(72,565)	0
Total Primary Government	<u>\$ 11,502,819</u>	<u>\$ 1,746,855</u>	<u>\$ 2,244,272</u>	<u>\$ 1,402,435</u>	<u>\$ (6,109,257)</u>	<u>\$ 0</u>
Component Unit:						
Cannon County School Department	<u>\$ 19,216,837</u>	<u>\$ 240,925</u>	<u>\$ 2,289,838</u>	<u>\$ 1,368,738</u>	<u>\$ 0</u>	<u>\$ (15,317,336)</u>
Total Component Unit	<u>\$ 19,216,837</u>	<u>\$ 240,925</u>	<u>\$ 2,289,838</u>	<u>\$ 1,368,738</u>	<u>\$ 0</u>	<u>\$ (15,317,336)</u>

(Continued)

Exhibit B

Cannon County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Total Governmental Activities	Component Unit Cannon County School Department
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					\$ 4,789,080	\$ 1,890,109
Property Taxes Levied for Debt Service					109,203	0
Local Option Sales Taxes					414,005	862,841
Wheel Tax					708,140	0
Litigation Tax					169,561	0
Business Tax					75,273	0
Wholesale Beer Tax					68,919	0
Mineral Severance Tax					147,286	0
Other Local Taxes					6,088	0
Grants and Contributions Not Restricted to Specific Programs					219,489	12,766,607
Unrestricted Investment Earnings					139,199	2,566
Miscellaneous					46,634	25,454
Total General Revenues					<u>\$ 6,892,877</u>	<u>\$ 15,547,577</u>
Change in Net Position					\$ 783,620	\$ 230,241
Net Position, July 1, 2019					<u>19,539,939</u>	<u>12,918,528</u>
Net Position, June 30, 2020					<u><u>\$ 20,323,559</u></u>	<u><u>\$ 13,148,769</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, 2020

	Major Funds				
	General	Ambulance Service	Highway / Public Works	Education Debt Service	General Capital Projects
<u>ASSETS</u>					
Cash	\$ 245	\$ 0	\$ 0	\$ 0	\$ 0
Equity in Pooled Cash and Investments	2,095,786	487,764	1,848,820	2,788,979	4,029
Accounts Receivable	17,491	1,342,533	0	0	0
Allowance for Uncollectibles	0	(1,150,098)	0	0	0
Due from Other Governments	218,925	0	359,517	0	0
Due from Other Funds	14,767	0	0	0	0
Property Taxes Receivable	4,112,959	597,273	0	0	83,739
Allowance for Uncollectible Property Taxes	(91,703)	(13,148)	0	0	(968)
Other Loans Receivable - Current	0	0	0	0	285,429
Notes Receivable - Long-term	0	0	0	0	0
Total Assets	<u>\$ 6,368,470</u>	<u>\$ 1,264,324</u>	<u>\$ 2,208,337</u>	<u>\$ 2,788,979</u>	<u>\$ 372,229</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 146,674	\$ 14,287	\$ 25,575	\$ 0	\$ 0
Payroll Deductions Payable	0	0	9,177	0	0
Due to Other Funds	0	0	0	2,709	0
Due to Component Units	0	0	0	0	285,429
Accrued Interest Payable	0	0	0	2,027	0
Other Current Liabilities	0	0	0	2,602	0
Total Liabilities	<u>\$ 146,674</u>	<u>\$ 14,287</u>	<u>\$ 34,752</u>	<u>\$ 7,338</u>	<u>\$ 285,429</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 3,890,228	\$ 565,600	\$ 0	\$ 0	\$ 82,771

(Continued)

## Exhibit C-1

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

	Major Funds				
	General	Ambulance Service	Highway / Public Works	Education Debt Service	General Capital Projects
<u>DEFERRED INFLOWS OF RESOURCES (Cont.)</u>					
Deferred Delinquent Property Taxes	\$ 107,697	\$ 17,901	\$ 0	\$ 0	\$ 0
Other Deferred/Unavailable Revenue	35,418	153,565	171,997	0	0
Total Deferred Inflows of Resources	<u>\$ 4,033,343</u>	<u>\$ 737,066</u>	<u>\$ 171,997</u>	<u>\$ 0</u>	<u>\$ 82,771</u>
<u>FUND BALANCES</u>					
Restricted:					
Restricted for General Government	\$ 2,881	\$ 0	\$ 0	\$ 0	\$ 0
Restricted for General Government - COVID-19	0	1,680	0	0	0
Restricted for Finance	5,175	0	0	0	0
Restricted for Administration of Justice	39,788	0	0	0	0
Restricted for Public Safety	304,071	0	0	0	0
Restricted for Public Health and Welfare	96,079	0	0	0	0
Restricted for Other Operations	25,916	0	0	0	0
Restricted for Highways/Public Works	0	0	2,001,588	0	0
Restricted for Capital Outlay	0	0	0	0	4,029
Restricted for Debt Service	0	0	0	2,781,641	0
Committed:					
Committed for Public Safety	44,322	0	0	0	0
Committed for Public Health and Welfare	0	511,291	0	0	0
Committed for Social, Cultural, and Recreational Services	10,565	0	0	0	0
Committed for Capital Projects	0	0	0	0	0
Assigned:					
Assigned for Debt Service	0	0	0	0	0
Unassigned	1,659,656	0	0	0	0
Total Fund Balances	<u>\$ 2,188,453</u>	<u>\$ 512,971</u>	<u>\$ 2,001,588</u>	<u>\$ 2,781,641</u>	<u>\$ 4,029</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 6,368,470</u>	<u>\$ 1,264,324</u>	<u>\$ 2,208,337</u>	<u>\$ 2,788,979</u>	<u>\$ 372,229</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	\$ 14,523	\$	14,768
Equity in Pooled Cash and Investments	1,522,093		8,747,471
Accounts Receivable	244		1,360,268
Allowance for Uncollectibles	0		(1,150,098)
Due from Other Governments	39,952		618,394
Due from Other Funds	2,709		17,476
Property Taxes Receivable	377,536		5,171,507
Allowance for Uncollectible Property Taxes	(8,019)		(113,838)
Other Loans Receivable - Current	0		285,429
Notes Receivable - Long-term	52,406		52,406
Total Assets	\$ 2,001,444	\$	15,003,783
<u>LIABILITIES</u>			
Accounts Payable	\$ 21,602	\$	208,138
Payroll Deductions Payable	0		9,177
Due to Other Funds	14,767		17,476
Due to Component Units	0		285,429
Accrued Interest Payable	0		2,027
Other Current Liabilities	0		2,602
Total Liabilities	\$ 36,369	\$	524,849
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 358,673	\$	4,897,272

(Continued)

Exhibit C-1

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

	Nonmajor Funds	Other Govern- mental Funds	Total Governmental Funds
<u>DEFERRED INFLOWS OF RESOURCES (Cont.)</u>			
Deferred Delinquent Property Taxes	\$ 10,479	\$	136,077
Other Deferred/Unavailable Revenue	20,470		381,450
Total Deferred Inflows of Resources	<u>\$ 389,622</u>	<u>\$</u>	<u>5,414,799</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for General Government	\$ 0	\$	2,881
Restricted for General Government - COVID-19	0		1,680
Restricted for Finance	0		5,175
Restricted for Administration of Justice	0		39,788
Restricted for Public Safety	120,879		424,950
Restricted for Public Health and Welfare	541,048		637,127
Restricted for Other Operations	0		25,916
Restricted for Highways/Public Works	0		2,001,588
Restricted for Capital Outlay	2,709		6,738
Restricted for Debt Service	668,780		3,450,421
Committed:			
Committed for Public Safety	0		44,322
Committed for Public Health and Welfare	0		511,291
Committed for Social, Cultural, and Recreational Services	0		10,565
Committed for Capital Projects	189,631		189,631
Assigned:			
Assigned for Debt Service	52,406		52,406
Unassigned	0		1,659,656
Total Fund Balances	<u>\$ 1,575,453</u>	<u>\$</u>	<u>9,064,135</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,001,444</u>	<u>\$</u>	<u>15,003,783</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, 2020

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)		\$ 9,064,135
(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	56,906	
Add: buildings and improvements net of accumulated depreciation	2,765,619	
Add: infrastructure net of accumulated depreciation	11,476,613	
Add: other capital assets net of accumulated depreciation	<u>924,515</u>	15,503,502
(2) Internal service funds are used by management to charge the cost of employee health insurance to individual funds. The assets and liabilities are included in governmental activities in the statement net position.		10,000
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	\$ (224,300)	
Less: other loans payable	(5,548,764)	
Less: capital leases payable	(44,533)	
Less: compensated absences payable	(51,134)	
Less: accrued interest on notes, other loans, and capital leases	<u>(5,321)</u>	(5,874,052)
(4) 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	\$ 316,602	
Less: deferred inflows of resources related to pensions	<u>(433,339)</u>	(116,737)
(5) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.		1,219,184
(6) Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the governmental funds.		<u>517,527</u>
Net position of governmental activities (Exhibit A)		<u>\$ 20,323,559</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, 2020

	Major Funds				
	General	Ambulance Service	Highway / Public Works	Education Debt Service	General Capital Projects
<u>Revenues</u>					
Local Taxes	\$ 4,451,003	\$ 569,555	\$ 148,786	\$ 708,140	\$ 0
Licenses and Permits	713	0	0	0	0
Fines, Forfeitures, and Penalties	66,148	0	0	0	0
Charges for Current Services	170,803	577,863	0	0	0
Other Local Revenues	236,196	29	43,597	0	0
Fees Received From County Officials	647,424	0	0	0	0
State of Tennessee	440,267	0	3,116,787	0	100,000
Federal Government	111,399	163,085	0	0	750
Other Governments and Citizens Groups	0	80	0	0	0
Total Revenues	\$ 6,123,953	\$ 1,310,612	\$ 3,309,170	\$ 708,140	\$ 100,750
<u>Expenditures</u>					
Current:					
General Government	\$ 642,901	\$ 0	\$ 0	\$ 0	\$ 0
Finance	551,080	0	0	0	0
Administration of Justice	583,760	0	0	0	0
Public Safety	2,428,317	0	0	0	0
Public Health and Welfare	114,641	1,098,744	0	0	0
Social, Cultural, and Recreational Services	204,396	0	0	0	0
Agriculture and Natural Resources	69,035	0	0	0	0
Other Operations	581,569	14,283	0	0	0
Highways	0	0	3,064,959	0	0
Capital Outlay	8,200	0	0	0	750
Debt Service:					
Principal on Debt	0	0	46,773	584,000	0
Interest on Debt	0	0	2,781	67,468	0

(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	Education Debt Service	General Capital Projects
<u>Expenditures (Cont.)</u>					
Debt Service (Cont.)					
Other Debt Service	\$ 0	\$ 0	\$ 0	\$ 39,457	\$ 13,026
Capital Projects	0	0	0	0	96,790
Capital Projects - Donated	0	0	0	0	1,368,738
Total Expenditures	<u>\$ 5,183,899</u>	<u>\$ 1,113,027</u>	<u>\$ 3,114,513</u>	<u>\$ 690,925</u>	<u>\$ 1,479,304</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 940,054</u>	<u>\$ 197,585</u>	<u>\$ 194,657</u>	<u>\$ 17,215</u>	<u>\$ (1,378,554)</u>
<u>Other Financing Sources (Uses)</u>					
Other Loans Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,381,764
Transfers In	0	0	0	100,000	0
Transfers Out	0	0	0	0	0
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 100,000</u>	<u>\$ 1,381,764</u>
Net Change in Fund Balances	\$ 940,054	\$ 197,585	\$ 194,657	\$ 117,215	\$ 3,210
Fund Balance, July 1, 2019	<u>1,248,399</u>	<u>315,386</u>	<u>1,806,931</u>	<u>2,664,426</u>	<u>819</u>
Fund Balance, June 30, 2020	<u><u>\$ 2,188,453</u></u>	<u><u>\$ 512,971</u></u>	<u><u>\$ 2,001,588</u></u>	<u><u>\$ 2,781,641</u></u>	<u><u>\$ 4,029</u></u>

(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		
<hr/>			
<u>Revenues</u>			
Local Taxes	\$ 608,356	\$	6,485,840
Licenses and Permits	0		713
Fines, Forfeitures, and Penalties	16,974		83,122
Charges for Current Services	13,113		761,779
Other Local Revenues	33,290		313,112
Fees Received From County Officials	0		647,424
State of Tennessee	0		3,657,054
Federal Government	0		275,234
Other Governments and Citizens Groups	0		80
Total Revenues	<u>\$ 671,733</u>	<u>\$</u>	<u>12,224,358</u>
<hr/>			
<u>Expenditures</u>			
Current:			
General Government	\$ 0	\$	642,901
Finance	0		551,080
Administration of Justice	0		583,760
Public Safety	65,585		2,493,902
Public Health and Welfare	323,920		1,537,305
Social, Cultural, and Recreational Services	0		204,396
Agriculture and Natural Resources	0		69,035
Other Operations	0		595,852
Highways	0		3,064,959
Capital Outlay	0		8,950
Debt Service:			
Principal on Debt	46,000		676,773
Interest on Debt	8,723		78,972

(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>Expenditures (Cont.)</u>			
Debt Service (Cont.)			
Other Debt Service	\$ 2,784	\$	55,267
Capital Projects	0		96,790
Capital Projects - Donated	0		1,368,738
Total Expenditures	<u>\$ 447,012</u>	<u>\$</u>	<u>12,028,680</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 224,721</u>	<u>\$</u>	<u>195,678</u>
<u>Other Financing Sources (Uses)</u>			
Other Loans Issued	\$ 0	\$	1,381,764
Transfers In	0		100,000
Transfers Out	(100,000)		(100,000)
Total Other Financing Sources (Uses)	<u>\$ (100,000)</u>	<u>\$</u>	<u>1,381,764</u>
Net Change in Fund Balances	\$ 124,721	\$	1,577,442
Fund Balance, July 1, 2019	1,450,732		7,486,693
Fund Balance, June 30, 2020	<u><u>\$ 1,575,453</u></u>	<u><u>\$</u></u>	<u><u>9,064,135</u></u>

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, 2020

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$	1,577,442
(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	\$	1,027,722	
Less: current-year depreciation expense		(1,091,081)	(63,359)
(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			(39,804)
(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, 2020	\$	517,527	
Less: deferred delinquent property taxes and other deferred June 30, 2019		(465,446)	52,081
(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	\$	46,000	
Add: principal payments on other loans		584,000	
Add: principal payments on capital leases		46,773	
Less: other loan proceeds		(1,381,764)	(704,991)
(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	\$	6,407	
Change in compensated absences payable		(13,348)	
Change in net pension asset		47,159	
Change in deferred outflows related to pensions		(130,342)	
Change in deferred inflows related to pensions		52,375	(37,749)
Change in net position of governmental activities (Exhibit B)		\$	<u>783,620</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, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 4,451,003	\$ 4,213,284	\$ 4,217,178	\$ 233,825
Licenses and Permits	713	800	800	(87)
Fines, Forfeitures, and Penalties	66,148	73,410	73,410	(7,262)
Charges for Current Services	170,803	172,913	186,026	(15,223)
Other Local Revenues	236,196	107,460	115,198	120,998
Fees Received From County Officials	647,424	659,700	659,700	(12,276)
State of Tennessee	440,267	407,865	431,105	9,162
Federal Government	111,399	102,094	109,253	2,146
Total Revenues	\$ 6,123,953	\$ 5,737,526	\$ 5,792,670	\$ 331,283
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 8,161	\$ 10,735	\$ 10,735	\$ 2,574
Other Boards and Committees	0	34	34	34
County Mayor/Executive	157,850	172,276	172,276	14,426
Election Commission	154,241	165,354	167,191	12,950
Register of Deeds	117,350	116,050	117,550	200
Planning	11,102	18,290	18,290	7,188
County Buildings	190,589	199,045	193,445	2,856
Preservation of Records	3,608	6,500	6,500	2,892
<u>Finance</u>				
Accounting and Budgeting	92,049	129,395	129,395	37,346
Property Assessor's Office	142,059	147,000	147,000	4,941
County Trustee's Office	164,702	173,803	173,803	9,101
County Clerk's Office	152,270	169,147	169,147	16,877
<u>Administration of Justice</u>				
Circuit Court	233,561	243,055	243,055	9,494
General Sessions Court	108,912	110,277	110,277	1,365
Chancery Court	127,115	127,323	127,323	208
Juvenile Court	23,114	23,347	23,347	233
Judicial Commissioners	31,825	30,880	31,825	0
Probation Services	58,586	61,099	61,099	2,513
Victim Assistance Programs	647	1,300	1,300	653
<u>Public Safety</u>				
Sheriff's Department	1,186,556	1,423,419	1,436,419	249,863
Administration of the Sexual Offender Registry	1,724	1,500	1,750	26
Jail	1,046,908	1,135,556	1,135,556	88,648
Fire Prevention and Control	111,464	116,675	116,675	5,211
Other Emergency Management	56,385	121,010	121,010	64,625
County Coroner/Medical Examiner	25,280	13,477	26,053	773
Other Public Safety	0	1	1	1
<u>Public Health and Welfare</u>				
Local Health Center	30,353	33,254	33,654	3,301
Regional Mental Health Center	5,194	37,700	37,700	32,506
General Welfare Assistance	25,123	22,080	26,583	1,460
Sanitation Management	43,638	44,200	44,200	562
Other Waste Collection	7,947	28,000	28,000	20,053
Other Public Health and Welfare	2,386	0	2,386	0

(Continued)

Exhibit C-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Social, Cultural, and Recreational Services</u>				
Libraries	\$ 184,164	\$ 187,000	\$ 189,500	\$ 5,336
Parks and Fair Boards	20,232	15,600	20,600	368
<u>Agriculture and Natural Resources</u>				
Agricultural Extension Service	69,035	70,722	70,922	1,887
Other Agriculture and Natural Resources	0	1,000	1,000	1,000
<u>Other Operations</u>				
Veterans' Services	6,013	12,500	12,500	6,487
Other Charges	272,798	268,485	272,985	187
Contributions to Other Agencies	241,485	247,985	247,985	6,500
Employee Benefits	5,270	11,651	7,751	2,481
COVID-19 Grant #2	7,159	0	7,159	0
Miscellaneous	48,844	26,398	66,632	17,788
<u>Capital Outlay</u>				
Regular Capital Outlay	8,200	8,200	8,200	0
Total Expenditures	\$ 5,183,899	\$ 5,731,323	\$ 5,818,813	\$ 634,914
Excess (Deficiency) of Revenues Over Expenditures	\$ 940,054	\$ 6,203	\$ (26,143)	\$ 966,197
Net Change in Fund Balance	\$ 940,054	\$ 6,203	\$ (26,143)	\$ 966,197
Fund Balance, July 1, 2019	1,248,399	1,291,955	1,291,955	(43,556)
Fund Balance, June 30, 2020	\$ 2,188,453	\$ 1,298,158	\$ 1,265,812	\$ 922,641

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, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 569,555	\$ 534,097	\$ 534,097	\$ 35,458
Charges for Current Services	577,863	510,000	510,000	67,863
Other Local Revenues	29	0	0	29
Federal Government	163,085	0	163,085	0
Other Governments and Citizens Groups	80	0	0	80
Total Revenues	<u>\$ 1,310,612</u>	<u>\$ 1,044,097</u>	<u>\$ 1,207,182</u>	<u>\$ 103,430</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Ambulance/Emergency Medical Services	\$ 1,098,744	\$ 1,030,841	\$ 1,177,963	\$ 79,219
<u>Other Operations</u>				
COVID-19 Grant #1	14,283	0	15,963	1,680
Total Expenditures	<u>\$ 1,113,027</u>	<u>\$ 1,030,841</u>	<u>\$ 1,193,926</u>	<u>\$ 80,899</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 197,585</u>	<u>\$ 13,256</u>	<u>\$ 13,256</u>	<u>\$ 184,329</u>
Net Change in Fund Balance	\$ 197,585	\$ 13,256	\$ 13,256	\$ 184,329
Fund Balance, July 1, 2019	<u>315,386</u>	<u>290,803</u>	<u>290,803</u>	<u>24,583</u>
Fund Balance, June 30, 2020	<u>\$ 512,971</u>	<u>\$ 304,059</u>	<u>\$ 304,059</u>	<u>\$ 208,912</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, 2020

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2020	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 148,786	\$ 0	\$ 148,786	\$ 116,500	\$ 116,500	\$ 32,286
Other Local Revenues	43,597	0	43,597	93,000	93,000	(49,403)
State of Tennessee	3,116,787	0	3,116,787	3,462,505	3,763,862	(647,075)
Total Revenues	<u>\$ 3,309,170</u>	<u>\$ 0</u>	<u>\$ 3,309,170</u>	<u>\$ 3,672,005</u>	<u>\$ 3,973,362</u>	<u>\$ (664,192)</u>
<u>Expenditures</u>						
<u>Highways</u>						
Administration	\$ 157,138	\$ 0	\$ 157,138	\$ 199,513	\$ 199,513	\$ 42,375
Highway and Bridge Maintenance	1,098,257	0	1,098,257	1,689,500	1,689,500	591,243
Operation and Maintenance of Equipment	225,973	0	225,973	353,850	353,850	127,877
Other Charges	99,062	0	99,062	107,050	107,050	7,988
Employee Benefits	72,848	0	72,848	17,000	17,000	(55,848)
Capital Outlay	1,411,681	143,394	1,555,075	1,897,989	2,199,346	644,271
<u>Principal on Debt</u>						
Highways and Streets	46,773	0	46,773	47,000	47,000	227
<u>Interest on Debt</u>						
Highways and Streets	2,781	0	2,781	3,000	3,000	219
Total Expenditures	<u>\$ 3,114,513</u>	<u>\$ 143,394</u>	<u>\$ 3,257,907</u>	<u>\$ 4,314,902</u>	<u>\$ 4,616,259</u>	<u>\$ 1,358,352</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 194,657</u>	<u>\$ (143,394)</u>	<u>\$ 51,263</u>	<u>\$ (642,897)</u>	<u>\$ (642,897)</u>	<u>\$ 694,160</u>

(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 6/30/2020	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
Net Change in Fund Balance	\$ 194,657	\$ (143,394)	\$ 51,263	\$ (642,897)	\$ (642,897)	\$ 694,160
Fund Balance, July 1, 2019	1,806,931	0	1,806,931	1,086,547	1,086,547	720,384
Fund Balance, June 30, 2020	<u>\$ 2,001,588</u>	<u>\$ (143,394)</u>	<u>\$ 1,858,194</u>	<u>\$ 443,650</u>	<u>\$ 443,650</u>	<u>\$ 1,414,544</u>

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  
For the Year Ended June 30, 2020

		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
	<u>NET POSITION</u>	
Unrestricted		<hr/>
		\$ 10,000
Total Net Position		<hr/>
		\$ 10,000

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, 2020

	Governmental Activities - Internal Service Fund <hr/> Employee Insurance - Fund <hr/>
<u>Operating Revenues</u>	
Self-Insurance Premiums/Contributions	\$ 5,077
Total Operating Revenues	<hr/> \$ 5,077
<u>Operating Expenses</u>	
Medical Insurance	\$ 5,077
Total Operating Expenses	<hr/> \$ 5,077
Operating Income (Loss)	<hr/> \$ 0
Change in Net Position	\$ 0
Net Position, July 1, 2019	<hr/> 10,000
Net Position, June 30, 2020	<hr/> <hr/> \$ 10,000

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, 2020

	Governmental Activities - Internal Service Fund <hr/> Employee Insurance - Fund <hr/>
<u>Cash Flows from Operating Activities</u>	
Self-Insurance Premiums/Contributions	\$ 5,077
Medical Insurance	(5,077)
Net Cash Provided By (Used In) Operating Activities	<hr/> \$ 0
Net Increase (Decrease) in Cash	\$ 0
Cash, July 1, 2019	<hr/> 10,000
Cash, June 30, 2020	<hr/> <hr/> \$ 10,000
<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	<hr/> 0
Net Cash Provided By (Used In) Operating Activities	<hr/> <hr/> \$ 0

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

Exhibit E

Cannon County, Tennessee  
Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2020

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 445,883
Investments	93,168
Due from Other Governments	<u>85,076</u>
Total Assets	<u><u>\$ 624,127</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 85,076
Due to Litigants, Heirs, and Others	<u>539,051</u>
Total Liabilities	<u><u>\$ 624,127</u></u>

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

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## CANNON COUNTY, TENNESSEE

### Index of Notes to the Financial Statements

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**CANNON COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**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 37190

**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. Net debt issues totaling \$1,381,764 were contributed by the county to the school department during the year ended June 30, 2020.

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.

**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.

**General Capital Projects Fund** – This fund accounts for and reports resources and the accompanying transactions related to capital outlays, including the acquisition or construction of capital facilities and other capital assets. This fund also accounts for debt issued by Cannon County that is subsequently contributed to the discretely presented Cannon County School Department for construction and renovation projects.

Additionally, Cannon County reports the following fund types:

**Internal Service Fund** – The Self-Insurance Fund accounts for the remaining transactions of the county's self-insurance program, which ceased current operations in September 2019.

**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 expenditures 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**

For purposes of the Statement of Cash Flows, cash includes cash on deposit with the county trustee.

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements; the State Treasurer's Investment Pool; the State Treasurer's Intermediate Term Investment Fund; 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. The primary oversight responsibility for the investments and operations of the State Treasurer's Investment Pool rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. These policies were designed to comply with generally accepted accounting principles. In addition, 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. Compliance with Funding Board policies is audited by the Tennessee Comptroller of the Treasury, Division of State Audit. The latest audit opinion issued by the Division of State Audit concluded that the State Treasurer's Investment Pool complied with accounting principles generally accepted in the United States of America.

Investments in the State Treasurer's Intermediate Term Investment Fund are reported at amortized cost using a floating net asset value.

The primary oversight responsibility for the investments and operations of the State Treasurer's Intermediate Term Investment Fund rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. These policies were designed to comply with generally accepted accounting principles. In addition, state statutes require the state treasurer to administer the pool under the same terms and conditions as prescribed for other funds invested by the state treasurer. Compliance with Funding Board policies is audited by the Tennessee Comptroller of the Treasury, Division of State Audit. The latest audit opinion issued by the Division of State Audit concluded that the State Treasurer's Intermediate Term Investment Fund complied with accounting principles generally accepted in the United States of America. Cannon County had no investments in the State Treasurer's Intermediate Term Investment Fund during the year.

All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

## **2. Receivables and Payables**

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

All ambulance and property taxes receivables are shown with an allowance for uncollectibles. Ambulance receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to 1.16 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.

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

### **3. Restricted Assets**

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

### **4. Capital Assets**

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$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	25 - 40
Other Capital Assets	5 - 30
Infrastructure	20 - 50

## **5. Deferred Outflows/Inflows of Resources**

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

OPEB changes in assumptions, OPEB changes in proportionate share of contribution, 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.

**6. 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.

**7. Long-term Debt and Long-term Obligations**

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

In the fund financial statements, governmental funds recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other



financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

## **8. Net Position and Fund Balance**

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

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

The government-wide Statement of Net Position reports \$8,030,974 of restricted net position, of which \$2,784,350 is restricted by enabling legislation.

As of June 30, 2020, Cannon County had \$5,548,764 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.

## **9. 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.

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.” Cannon County has met all these goals and continues to work toward maintaining them.

## **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 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, 2020, Cannon County and the discretely presented Cannon County School Department reported the following significant encumbrances:

<u>Funds</u>	<u>Amount</u>
Primary Government:	
Major Fund:	
Highway/Public Works	\$ 143,394
School Department:	
Major Fund:	
General Purpose School	1,395,200
Nonmajor Fund:	
School Federal Projects	33,785

**B. Expenditures Exceeded Appropriations**

Expenditures exceeded appropriations approved by the county commission in the Employee Benefits major appropriations category (the legal level of control) of the Highway/Public Works Fund by \$55,848. Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by other expenditures that were below appropriations in the Highway/Public Works Fund.

**C. The Sheriff's Department Evidence and Case Files Were Not Properly Maintained**

On January 11, 2021, the Office of the Comptroller of the Treasury released an investigative report on the Cannon County Sheriff's Department's evidence room and case file maintenance. This report can be accessed online at [www.comptroller.tn.gov](http://www.comptroller.tn.gov).

**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, the State Treasurer's Intermediate Term Investment Fund, and in repurchase agreements. The primary oversight responsibility for the investments and operations of the State Treasurer's Investment Pool rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. Investments in the State Treasurer's Investment Pool are reported both by the pool and the county at amortized cost using a stable net asset value. The primary oversight responsibility for the investments and operations of the Intermediate Term Investment Fund rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. Investments in the Intermediate Term Investment Fund are reported both by the pool and the county at amortized cost using a floating net asset value. 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, 2020.

**Investment Balances.** As of June 30, 2020, Cannon County had the following investments, which were established by court orders requiring the funds to be held by the county clerk on behalf of litigants.

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

Investment	Amounts
Nonpooled:	
Constitutional Officers - Agency Fund:	
County Clerk:	
Farm Bureau - Annuities	\$ 81,130
Edward Jones - Mutual Funds	12,038
	<hr/>
Total Nonpooled Investments	<u>\$ 93,168</u>

### **TCRS Stabilization Trust**

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

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

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

Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income consists of realized and unrealized appreciation (depreciation) in the fair value of investments and interest and dividend income. Interest income is recognized when earned. Securities and securities transactions are recorded in the financial statements on a trade-date basis. The fair value of assets of the TRGT held at June 30, 2020, represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Assets held are categorized for fair value



measurement within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

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

Investments where fair value is measured using the Net Asset Value (“NAV”) per share have no readily determinable fair value and have been determined to be calculated consistent with FASB principles for investment companies.

Where inputs used in the measurement of fair value fall into different levels of the hierarchy, fair value of the instrument in its entirety is categorized based on the lowest level input that is significant to the valuation. This assessment requires professional judgement and as such management of the TRGT developed a fair value committee that worked in conjunction with the plan’s custodian and investment professionals to make these valuations. All assets held were valued individually and aggregated into classes to be represented in the table below.

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

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

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

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

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

At June 30, 2020, the Cannon County School Department had the following investments held by the trust on its behalf.

Investment	Weighted Average Maturity (days)	Maturities	Fair Value
Investments at Fair Value:			
U.S. Equity	N/A	N/A	\$ 25,293
Developed Market International Equity	N/A	N/A	11,423
Emerging Market International Equity	N/A	N/A	3,264
U.S. Fixed Income	N/A	N/A	16,318
Real Estate	N/A	N/A	8,159
Short-term Securities	N/A	N/A	816
NAV - Private Equity and Strategic Lending	N/A	N/A	16,318
Total			<u>\$ 81,591</u>

Investment by Fair Value Level	Fair Value 6-30-20	Fair Value Measurements Using			NAV
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
U.S. Equity	\$ 25,293	\$ 25,293	\$ 0	\$ 0	0
Developed Market					
International Equity	11,423	11,423	0	0	0
Emerging Market					
International Equity	3,264	3,264	0	0	0
U.S. Fixed Income	16,318	0	16,318	0	0
Real Estate	8,159	0	0	8,159	0
Short-term Securities	816	0	816	0	0
Private Equity and Strategic Lending	16,318	0	0	0	16,318
Total	\$ 81,591	\$ 39,980	\$ 17,134	\$ 8,159	\$ 16,318

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

**Interest Rate Risk.** Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Cannon County School Department does not have the ability to limit trust investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk.** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Cannon County School Department does not have the ability to limit the credit ratings of individual investments made by the trust.

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

**Custodial Credit Risk.** Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the county will not be able to recover the value of its investments or collateral securities

that are in the possession of an outside party. Pursuant to the trust agreement, investments are held in the name of the trust for the benefit of the Cannon County School Department to pay retirement benefits of the school department employees.

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

**B. 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, 2030. The district's building is pledged as collateral on the indebtedness until the existing principal is paid in full. The balance of notes receivable is \$52,406 at June 30, 2020.

**C. Capital Assets**

Capital assets activity for the year ended June 30, 2020, was as follows:

**Primary Government**

**Governmental Activities:**

	Balance 7-1-19	Increases	Decreases	Balance 6-30-20
Capital Assets Not Depreciated:				
Land	\$ 279,849	\$ 0	\$ 0	\$ 279,849
Construction in Progress	0	56,906	0	56,906
Total Capital Assets Not Depreciated	\$ 279,849	\$ 56,906	\$ 0	\$ 336,755
Capital Assets Depreciated:				
Buildings and Improvements	\$ 7,642,233	\$ 0	\$ (59,828)	\$ 7,582,405
Infrastructure	26,157,146	883,704	(31,216)	27,009,634
Other Capital Assets	2,974,490	87,112	(9,374)	3,052,228
Total Capital Assets Depreciated	\$ 36,773,869	\$ 970,816	\$ (100,418)	\$ 37,644,267
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 4,618,342	\$ 236,658	\$ (38,214)	\$ 4,816,786
Infrastructure	14,881,386	656,253	(4,618)	15,533,021
Other Capital Assets	1,937,325	198,170	(7,782)	2,127,713
Total Accumulated Depreciation	\$ 21,437,053	\$ 1,091,081	\$ (50,614)	\$ 22,477,520
Total Capital Assets Depreciated, Net	\$ 15,336,816	\$ (120,265)	\$ (49,804)	\$ 15,166,747
Governmental Activities Capital Assets, Net	\$ 15,616,665	\$ (63,359)	\$ (49,804)	\$ 15,503,502

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

**Governmental Activities:**

General Government	\$	129,896
Public Safety		172,444
Public Health and Welfare		108,733
Social, Cultural, and Recreational Services		11,347
Highways/Public Works		<u>668,661</u>
Total Depreciation Expense - Governmental Activities	\$	<u><u>1,091,081</u></u>

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

	Balance 7-1-19	Increases	Decreases	Balance 6-30-20
Capital Assets Not Depreciated:				
Land	\$ 170,879	\$ 0	\$ 0	\$ 170,879
Total Capital Assets Not Depreciated	\$ 170,879	\$ 0	\$ 0	\$ 170,879
Capital Assets Depreciated:				
Buildings and Improvements	\$ 19,512,089	\$ 0	\$ 0	\$ 19,512,089
Other Capital Assets	1,509,339	120,362	(86,499)	1,543,202
Total Capital Assets Depreciated	\$ 21,021,428	\$ 120,362	\$ (86,499)	\$ 21,055,291
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 11,898,813	\$ 356,676	\$ 0	\$ 12,255,489
Other Capital Assets	835,132	79,290	(16,112)	898,310
Total Accumulated Depreciation	\$ 12,733,945	\$ 435,966	\$ (16,112)	\$ 13,153,799
Total Capital Assets Depreciated, Net	\$ 8,287,483	\$ (315,604)	\$ (70,387)	\$ 7,901,492
Governmental Activities Capital Assets, Net	\$ 8,458,362	\$ (315,604)	\$ (70,387)	\$ 8,072,371

Depreciation expense was charged to functions of the school department as follows:

**Governmental Activities:**

Instruction	\$ 368,063
Support Services	67,903
	<hr/>
Total Depreciation Expense - Governmental Activities	<u>\$ 435,966</u>

**D. Construction Commitments**

At June 30, 2020, the county had uncompleted construction projects of \$364,808 for the construction of a convenience center, and the highway department had uncompleted construction contracts of approximately \$1,034,394 for three bridge projects. Funding for these convenience center future expenditures is expected to be from fund balance. Funding for the bridge projects future expenditures is expected to be received from state grants (\$891,000) and fund balance (\$143,394).

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

The composition of interfund balances as of June 30, 2020, was as follows:

**Due to/from Other Funds:**

Receivable Fund	Payable Fund	Amount
<hr/>		
Primary Government:		
General	Nonmajor governmental	\$ 14,767
Nonmajor governmental	Education Debt Service	2,709

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

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

Receivable Fund	Payable Fund	Amount
<hr/>		
Component Unit:		
School Department:	Primary Government:	
General Purpose School	General Capital Projects	\$ 285,429

This balance resulted from other loans issued by the primary government to be contributed to the discretely presented school department for roof repairs. At June 30, 2020, the county had requested loan proceeds for work performed during the year; however, the proceeds were not received prior to year-end.

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2020, consisted of the following amounts:

**Primary Government**

Transfer Out	<u>Transfer In</u>	
	Education Debt Service Fund	Purpose
Nonmajor governmental funds	\$ 100,000	Reimbursement

**Discretely Presented Cannon County School Department**

Transfers Out	<u>Transfers In</u>		
	General Purpose School Fund	Nonmajor Governmental Fund	Purpose
Nonmajor governmental funds	\$ 3,664	\$ 0	Indirect Cost
General Purpose School Fund	0	7,600	Operations

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. From July 1, 2017, through June 30, 2020, the General Debt



Service Fund has reimbursed the Education Debt Service Fund \$400,000 of the planned \$1,000,000 reimbursement.

**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
	<u>Government</u>
Machinery and Equipment	\$ 219,471
Less: Accumulated Depreciation	<u>(49,381)</u>
Total Book Value	<u><u>\$ 170,090</u></u>

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2020, were as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Governmental</u> <u>Funds</u>
2021	\$ 45,425
Total Minimum Lease Payments	\$ 45,425
Less: Amount Representing Interest	<u>(892)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 44,533</u></u>

**G. Long-term Debt**

**Primary Government**

**Notes and Other Loans**

Direct Borrowing and Direct Placements - Cannon County issues other loans to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented school department. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment. Capital outlay notes and other loans are direct obligations and pledge the full faith, credit, and taxing authority of

the government. Capital outlay notes and other loans outstanding were issued for original terms of up to 12 years for notes and up to 24 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All notes and other loans included in long-term debt as of June 30, 2020, will be retired from the General Debt Service and Education Debt Service funds.

Capital outlay notes and other loans outstanding, as of June 30, 2020, for governmental activities are as follows:

Type	Interest Rate		Final Maturity	Original Amount of Issue	Balance 6-30-20
Direct Borrowing and Direct Placement:					
Capital Outlay Note	3.28 to 3.95	%	11-1-24	\$ 490,000	\$ 224,300
Other Loans	Variable		5-25-29	12,781,764	5,548,764
Capital Lease	3.97		5-19-21	139,929	44,533

In prior years, Cannon County entered into a loan agreement with the Montgomery County Public Building Authority. Under this loan agreement the authority loaned \$11,400,000 to Cannon County on an as-needed basis for school construction and improvement projects. The loan is repayable at an interest rate that is a tax-exempt variable rate 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 this loan. At June 30, 2020, the variable interest rate was .03 percent, and other fees totaled approximately .57 percent (letter of credit), .08 percent (remarketing), and a trustee fee of \$85 per month.

During the year, Cannon County entered into a loan agreement with the Public Building Authority of the City of Clarksville. This loan agreement provided for the authority to make \$2,171,000 available for loan to Cannon County on an as-needed basis for school construction and improvement projects. At June 30, 2020, the county had drawn down \$1,381,764. The loan is repayable at an interest rate that is a tax-exempt variable rate determined by the remarketing agent daily or weekly, depending on the program. In addition, the county pays various other fees (trustee and administrative) in connection with this loan. At June 30, 2020, the variable interest rate was 1.05 percent, and other fees totaled .12 percent administrative fee and a trustee fee of \$125 per month.

The annual requirements to amortize all notes and other loans outstanding as of June 30, 2020, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Notes - Direct Placement		
	Principal	Interest	Total
2021	\$ 48,000	\$ 7,269	\$ 55,269
2022	49,000	5,538	54,538
2023	51,000	3,754	54,754
2024	46,300	2,365	48,665
2025	30,000	491	30,491
Total	<u>\$ 224,300</u>	<u>\$ 19,417</u>	<u>\$ 243,717</u>

There is \$721,186 available in the General Debt Service Fund and \$2,781,641 available in the Education Debt Service Fund to service long-term debt. Total debt per capita, including notes, other loans, and capital leases totaled \$422, based on the 2010 federal census.

#### Changes in Long-term Debt

Long-term debt activity for the year ended June 30, 2020, was as follows:

##### Governmental Activities:

	Notes - Direct Placement	Other Loans - Direct Placement	Capital Leases - Direct Placement
Restated Balance, July 1, 2019 (1)	\$ 270,300	\$ 4,751,000	\$ 91,306
Additions	0	1,381,764	0
Reductions	(46,000)	(584,000)	(46,773)
Balance, June 30, 2020	<u>\$ 224,300</u>	<u>\$ 5,548,764</u>	<u>\$ 44,533</u>
Balance Due Within One Year	<u>\$ 48,000</u>	<u>\$ 766,000</u>	<u>\$ 44,533</u>

- (1) An Ambulance Service Building Construction capital outlay note was reported as an other loan in prior years. Therefore, the beginning balances of notes and other loans were each restated \$169,000 from the prior year. (See Exhibit K-1)

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities - Debt, June 30, 2020	\$ 5,817,597
Less: Balance Due Within One Year - Debt	<u>(858,533)</u>
Noncurrent Liabilities - Due in More Than One Year - Debt - Exhibit A	<u>\$ 4,959,064</u>

**H. Long-term Obligations**

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2020, was as follows:

Governmental Activities:

	<u>Compensated Absences</u>
Balance, July 1, 2019	\$ 37,786
Additions	49,473
Reductions	<u>(36,125)</u>
Balance, June 30, 2020	<u>\$ 51,134</u>
Balance Due Within One Year	<u>\$ 2,557</u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities - Other, June 30, 2020	\$ 51,134
Less: Balance Due Within One Year - Other	<u>(2,557)</u>
Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u>\$ 48,577</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, 2020, was as follows:

Governmental Activities:

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2019	\$ 79,373	\$ 1,091,663
Additions	59,399	369,259
Reductions	(51,147)	(180,956)
Balance, June 30, 2020	<u>\$ 87,625</u>	<u>\$ 1,279,966</u>
Balance Due Within One Year	<u>\$ 61,339</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities - Other, June 30, 2020	\$ 1,367,591
Less: Balance Due Within One Year - Other	<u>(61,339)</u>
Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u>\$ 1,306,252</u>

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

**I. 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, 2020, were \$36,834 and \$19,173, respectively. The school department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

**J. Short-term Debt**

Cannon County issued tax/revenue anticipation notes in advance of property tax collections and deposited the proceeds in the General Fund. 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, 2020, was as follows:

	Balance		Balance	
	7-1-19	Issued	Paid	6-30-20
Tax/Revenue				
Anticipation Notes	\$ 0	\$ 400,000	\$ (400,000)	\$ 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 participates in the Local Government Group Insurance Fund (LGGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local governments and quasi-governmental entities that was established for the primary purpose of providing services for or on behalf of state and local governments. In accordance with Section 8-27-207, *Tennessee Code Annotated (TCA)*, all local governments and quasi-governmental entities described above are eligible to participate. The LGGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. The state statute provides for the LGGIF to be self-sustaining through member premiums.

The school department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, *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. 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.

**C. Change in Administration**

On January 14, 2020, the Financial Management Committee appointed Diane Hickman as Cannon County Finance Director. She assumed the duties of finance director on February 3, 2020.

**D. 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.

**E. 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 63.06 percent, the non-certified employees of the discretely presented school department comprise 36.94 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

*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, 2019, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently	
Receiving Benefits	117
Inactive Employees Entitled to But Not Yet Receiving	
Benefits	265
Active Employees	186
	<hr/>
Total	568
	<hr/>

*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, 2020, the employer contribution for Cannon County was \$102,302 based on a rate of 1.94 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, 2019, 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, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2019, 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 asset 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 asset 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.

*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, 2018	\$ 14,254,057	\$ 16,075,952	\$ (1,821,895)
Changes for the Year:			
Service Cost	\$ 420,680	\$ 0	\$ 420,680
Interest	1,039,361	0	1,039,361
Differences Between Expected and Actual Experience	268,436	0	268,436
Contributions-Employer	0	415,081	(415,081)
Contributions-Employees	0	245,228	(245,228)
Net Investment Income	0	1,195,770	(1,195,770)
Benefit Payments, Including Refunds of Employee Contributions	(677,443)	(677,443)	0
Administrative Expense	0	(16,126)	16,126
Net Changes	\$ 1,051,034	\$ 1,162,510	\$ (111,476)
Balance, June 30, 2019	\$ 15,305,091	\$ 17,238,462	\$ (1,933,371)

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

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government 63.06%	\$ 9,481,128	\$ 10,870,574	\$ (1,219,184)
School Department 36.94%	5,553,963	6,367,888	(714,187)
Total	\$ 15,035,091	\$ 17,238,462	\$ (1,933,371)

*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 (Asset)    \$    (12,727)    \$    (1,933,371)    \$    (3,527,856)

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions**

*Pension Expense.* For the year ended June 30, 2020, Cannon County recognized pension expense of \$129,718.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2020, 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	\$    241,015	\$    488,587
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	198,598
Changes in Assumptions	156,070	0
Contributions Subsequent to the Measurement Date of June 30, 2019 (1)	102,302	N/A
Total	<u>\$    499,387</u>	<u>\$    687,185</u>

- (1)        The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2019,” 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	\$ 316,602	\$ 433,339
School Department	182,785	253,846
Total	<u>\$ 499,387</u>	<u>\$ 687,185</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
2021	\$ (62,144)
2022	(142,916)
2023	(132,437)
2024	47,393
2025	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 63.06 percent and the non-certified employees of the discretely presented school department comprise 36.94 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/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies](http://www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies).

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

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

*Contributions.* Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers are required to contribute five percent of their salary to the plan. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2020, to the Teacher Retirement Plan were \$41,854, which is 2.03 percent of covered payroll. In addition, employer contributions of \$39,702, which is 1.93 percent of covered payroll were made to the Pension Stabilization Reserve Trust Fund to fund future pension costs. The employer rate, when combined with member contributions and the stabilization reserve trust funds, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

*Pension Liabilities (Assets).* At June 30, 2020, the school department reported a liability (asset) of (\$97,845) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2019, 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, 2019, the school department's proportion was .173335 percent. The proportion as of June 30, 2018, was .152913 percent.

*Pension Expense.* For the year ended June 30, 2020, the school department recognized pension expense of \$29,476.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2020, 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	\$ 4,057	\$ 17,081
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	4,137
Changes in Assumptions	3,400	0
Changes in Proportion of Net Pension Liability (Asset)	0	14,107
LEA's Contributions Subsequent to the Measurement Date of June 30, 2019	41,854	N/A
Total	\$ 49,311	\$ 35,325

The school department's employer contributions of \$41,854 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, 2021. 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
2021	\$ (3,305)
2022	(3,938)
2023	(2,778)
2024	(2,186)
2025	(2,018)
Thereafter	(13,642)

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, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:



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

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

The actuarial assumptions used in the June 30, 2019, 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 asset 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 asset class are summarized in the following table:

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

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

*Discount Rate.* The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from 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		Current	
Proportionate Share of	1%	Discount	1%
the Net Pension	Decrease	Rate	Increase
Liability (Asset)	6.25%	7.25%	8.25%

Net Pension Liability (Asset)   \$   31,001   \$   (97,845)   \$   (193,087)

*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/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies](http://www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies).

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

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

*Contributions.* Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers are required to contribute five percent of their salaries. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Cannon County School Department for the year ended June 30, 2020, to the Teacher Legacy Pension Plan were \$726,303, which is 10.63 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, 2020, the school department reported a liability (asset) of (\$2,164,973) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2019, 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, 2019, the school department's

proportion was .210564 percent. The proportion measured at June 30, 2018, was .201230 percent.

*Pension Expense.* For the year ended June 30, 2020, the school department recognized pension expense of \$289,643.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2020, 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	\$ 105,407	\$ 1,322,408
Changes in Assumptions	291,741	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	618,574
Changes in Proportion of Net Pension Liability (Asset)	12,219	6,419
LEA's Contributions Subsequent to the Measurement Date of June 30, 2019	726,303	N/A
Total	\$ 1,135,670	\$ 1,947,401

The school department's employer contributions of \$726,303 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, 2021. 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
2021	\$ (441,022)
2022	(614,831)
2023	(275,339)
2024	(206,842)
2025	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, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2019, 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 asset 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 asset class are summarized in the following table:

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

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

*Discount Rate.* The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from 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		Current	
Proportionate Share of	1%	Discount	1%
the Net Pension	Decrease	Rate	Increase
Liability (Asset)	6.25%	7.25%	8.25%

Net Pension Liability (Asset) \$ 4,426,744 \$ (2,164,973) \$ (7,408,501)

*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 \$102,055 and teachers contributed \$27,609 to this deferred compensation pension plan.

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

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

### **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 percent; 20 but less than 30 years, 35 percent; and less than 20 years, 25 percent of the scheduled premium. No subsidy is provided for enrollees of the health savings CDHP.

#### Employees Covered by Benefit Terms

At the measurement date of June 30, 2019, the following employees were covered by the benefit terms:

	<u>School Department</u>
Inactive Employees and Beneficiaries Currently Receiving Benefits	8
Inactive Employees Entitled to But Not Yet Receiving Benefits	0
Active Employees	<u>190</u>
Total	<u><u>198</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 \$69,834 to the LEP for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

	Share of Collective Liability		
	Cannon County School Department 64.7366%	State of TN 35.2634%	Total OPEB Liability
Balance July 1, 2018	\$ 1,091,663	\$ 567,253	\$ 1,658,916
Changes for the Year:			
Service Cost	\$ 65,094	\$ 35,458	\$ 100,552
Interest	40,198	21,896	62,094
Difference between Expected and Actuarial Experience	263,967	143,788	407,755
Change in Proportion	(17,737)	17,737	0
Changes in Assumption and Other Inputs	(105,536)	(57,487)	(163,023)
Benefit Payments	(57,683)	(31,421)	(89,104)
Net Changes	\$ 188,303	\$ 129,971	\$ 318,274
Balance June 30, 2019	\$ 1,279,966	\$ 697,224	\$ 1,977,190

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 \$49,945 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 64.7366 percent and the State of Tennessee's share was 35.2634 percent.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2020, the school department recognized OPEB expense of \$142,499, including the state's share of the expense. At June 30, 2020, 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	\$ 234,637	\$ 236,125
Changes of Assumptions/Inputs	29,383	137,255
Changes in Proportion and Differences Between Amounts Paid as Benefits Came Due and Proportionate Share Amounts Paid by the Employer and Nonemployer Contributors As Benefits Came Due	21,113	17,680
Benefits Paid After the Measurement Date of June 30, 2019	69,834	0
Total	<u>\$ 354,967</u>	<u>\$ 391,060</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
2021	\$ (12,738)
2022	(12,738)
2023	(12,738)
2024	(12,738)
2025	(12,738)
Thereafter	(42,237)

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 2.51%	Current Discount Rate 3.51%	1% Increase 4.51%
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Proportionate Share of the Collective Total OPEB Liability	\$ 1,376,384	\$ 1,279,966	\$ 1,187,663
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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 5.03 to 3.5%	Curent Rates 6.03 to 4.5%	1% Increase 7.03 to 5.5%
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Proportionate Share of the Collective Total OPEB Liability	\$ 1,136,232	\$ 1,279,966	\$ 1,449,047
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**G. Office of Central Accounting, Budgeting, and Purchasing**

On August 2, 2018, the citizens of Cannon County voted by referendum to implement the Financial Management Act of 1981. This act provides for a central system of accounting, budgeting, and purchasing for all county departments. The act also provides for the creation of a finance department operated under the direction of the finance director. On September 18, 2018, the Financial Management Committee was appointed and was charged with implementing the act. The finance department began operations on August 1, 2020.

**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 August 1, 2020, the county's finance department was officially implemented as authorized by the Financial Management Acts of 1981.

Between September 4, 2020, and February 5, 2021, Cannon County issued \$607,677 in loans for school roof repairs. These funds were drawn from funds available from the original roof loan of \$2,171,000 authorized in February 2020.

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## REQUIRED SUPPLEMENTARY INFORMATION

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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	2018	2019
<b>Total Pension Liability</b>						
Service Cost	\$ 348,558	\$ 370,691	\$ 410,650	\$ 394,333	\$ 422,188	\$ 420,680
Interest	827,397	865,340	930,251	976,138	1,035,483	1,039,361
Differences Between Actual and Expected Experience	(205,229)	87,733	(213,266)	65,662	(743,223)	268,436
Changes in Assumptions	0	0	0	390,178	0	0
Benefit Payments, Including Refunds of Employee Contributions	(444,221)	(529,698)	(466,784)	(532,188)	(641,453)	(677,443)
Net Change in Total Pension Liability	\$ 526,505	\$ 794,066	\$ 660,851	\$ 1,294,123	\$ 72,995	\$ 1,051,034
Total Pension Liability, Beginning	10,905,517	11,432,022	12,226,088	12,886,939	14,181,062	14,254,057
Total Pension Liability, Ending (a)	\$ 11,432,022	\$ 12,226,088	\$ 12,886,939	\$ 14,181,062	\$ 14,254,057	\$ 15,305,091
<b>Plan Fiduciary Net Position</b>						
Contributions - Employer	\$ 413,808	\$ 418,337	\$ 438,698	\$ 443,053	\$ 419,280	\$ 415,081
Contributions - Employee	223,235	245,660	270,198	259,096	245,193	245,228
Net Investment Income	1,708,609	375,154	337,733	1,502,700	1,231,935	1,195,770
Benefit Payments, Including Refunds of Employee Contributions	(444,221)	(529,698)	(466,784)	(532,188)	(641,453)	(677,443)
Administrative Expense	(6,699)	(10,271)	(15,075)	(16,324)	(18,041)	(16,126)
Net Change in Plan Fiduciary Net Position	\$ 1,894,732	\$ 499,182	\$ 564,770	\$ 1,656,337	\$ 1,236,914	\$ 1,162,510
Plan Fiduciary Net Position, Beginning	10,224,017	12,118,749	12,617,931	13,182,701	14,839,038	16,075,952
Plan Fiduciary Net Position, Ending (b)	\$ 12,118,749	\$ 12,617,931	\$ 13,182,701	\$ 14,839,038	\$ 16,075,952	\$ 17,238,462
Net Pension Liability (Asset), Ending (a - b)	\$ (686,727)	\$ (391,843)	\$ (295,762)	\$ (657,976)	\$ (1,821,895)	\$ (1,933,371)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	106.01%	103.20%	102.30%	104.64%	112.78%	112.63%
Covered Payroll	\$ 4,288,165	\$ 4,892,826	\$ 5,130,974	\$ 4,970,589	\$ 4,910,211	\$ 4,854,743
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(16.01)%	(8.01)%	(5.76)%	(13.24)%	(37.10)%	(39.82)%

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

Note: The agent plan is a single plan that is participated in by the 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	2019	2020
Actuarially Determined Contribution	\$ 413,808	\$ 418,337	\$ 438,698	\$ 343,965	\$ 419,280	\$ 171,858	\$ 102,302
Less Contributions in Relation to the Actuarially Determined Contribution	(413,808)	(418,337)	(438,698)	(443,053)	(419,280)	(415,081)	(102,302)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ (99,088)	\$ 0	\$ (243,223)	\$ 0
Covered Payroll	\$ 4,288,165	\$ 4,892,826	\$ 5,130,974	\$ 4,970,589	\$ 4,910,211	\$ 4,854,743	\$ 5,270,466
Contributions as a Percentage of Covered Payroll	9.65%	8.55%	8.55%	8.91%	8.54%	8.55%	1.94%

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

Note: The agent plan is a single plan that is participated in by the 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	2019	2020
Contractually Required Contribution	\$ 8,173	\$ 20,475	\$ 36,777	\$ 53,451	\$ 35,584	\$ 41,854
Less Contributions in Relation to the Contractually Required Contribution	(8,173)	(20,475)	(36,777)	(53,451)	(35,584)	(41,854)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 204,315	\$ 511,869	\$ 919,431	\$ 1,336,278	\$ 1,834,221	\$ 2,061,783
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	4.00%	4.00%	1.94%	2.03%

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	2019	2020
Contractually Required Contribution	\$ 688,431	\$ 667,670	\$ 648,617	\$ 643,024	\$ 639,814	\$ 738,528	\$ 726,303
Less Contributions in Relation to the							
Contractually Required Contribution	(688,431)	(667,670)	(648,617)	(643,024)	(639,814)	(738,528)	(726,303)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 7,752,601	\$ 7,385,732	\$ 7,174,965	\$ 7,113,092	\$ 7,040,046	\$ 7,060,490	\$ 6,832,577
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.04%	9.09%	10.46%	10.63%

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

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

	2015	2016	2017	2018	2019
School Department's Proportion of the Net Pension Liability/Asset	0.096305%	0.116333%	0.140085%	0.152913%	0.173335%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (3,956)	\$ (12,111)	\$ (36,960)	\$ (69,350)	\$ (97,845)
Covered Payroll	\$ 204,315	\$ 511,869	\$ 919,431	\$ 1,336,278	\$ 1,834,221
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(1.94)%	(2.37)%	(4.02)%	(5.19)%	(5.33)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%	121.88%	126.81%	126.97%	123.07%

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

	2014	2015	2016	2017	2018	2019
School Department's Proportion of the Net Pension Liability/Asset	0.197519%	0.197295%	0.198764%	0.201222%	0.201230%	0.210564%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (32,096)	\$ 80,819	\$ 1,242,163	\$ (65,837)	\$ (708,110)	\$ (2,164,973)
Covered Payroll	\$ 7,752,601	\$ 7,385,732	\$ 7,174,965	\$ 7,113,092	\$ 7,040,046	\$ 7,060,490
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)%	(10.06)%	(30.66)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%	97.14%	100.14%	101.49%	104.28%

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

	2017	2018	2019
<b>Total OPEB Liability</b>			
Service Cost	\$ 126,075	\$ 116,731	\$ 100,552
Interest	58,386	71,813	62,094
Differences Between Actual and Expected Experience	0	(451,591)	407,755
Changes in Assumptions or Other Inputs	(95,069)	56,195	(163,023)
Benefit Payments	(55,243)	(69,443)	(89,104)
Net Change in Total OPEB Liability	\$ 34,149	\$ (276,295)	\$ 318,274
Total OPEB Liability, Beginning	1,901,062	1,935,211	1,658,916
Total OPEB Liability, Ending	\$ 1,935,211	\$ 1,658,916	\$ 1,977,190
Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	\$ 687,228	\$ 567,253	\$ 697,224
Employer Proportionate Share of the Total OPEB Liability	1,247,983	1,091,663	1,279,966
Covered Employee Payroll	\$ 9,755,232	\$ 10,674,368	\$ 10,752,418
Net OPEB Liability as a Percentage of Covered Employee Payroll	19.84%	15.54%	18.39%

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

Note 2: Changes in assumptions.

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

2016	2.92%
2017	3.56%
2018	3.62%
2019	3.51%

(b) The assumed initial trend rate applicable to plan years was revised as follows:

Plan year 2019 - from 5.4% to 6.75%  
Plan year 2020 - from 6.75% to 6.03%

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, 2020**

**TENNESSEE CONSOLIDATED RETIREMENT SYSTEM**

*Valuation Date:* Actuarially determined contribution rates for fiscal year 2020 were calculated based on the June 30, 2018, actuarial valuation.

Methods and assumptions used to determine contribution rates:

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

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

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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

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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.

## Debt Service Funds

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

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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.



# Capital Projects Funds

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

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Education Capital Projects Fund – The Education Capital Projects Fund accounts for the accumulation of the school adequate facilities tax on residential development for funding capital expenditures for education.

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, 2020

	Special Revenue Funds				Debt Service Fund	Capital Projects Funds
	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	General Debt Service	Education Capital Projects
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 14,523	\$ 14,523	\$ 0	\$ 0
Equity in Pooled Cash and Investments	542,925	120,879	0	663,804	668,658	0
Accounts Receivable	0	0	244	244	0	0
Due from Other Governments	39,952	0	0	39,952	0	0
Due from Other Funds	0	0	0	0	0	2,709
Property Taxes Receivable	233,082	0	0	233,082	144,454	0
Allowance for Uncollectible Property Taxes	(5,131)	0	0	(5,131)	(2,888)	0
Notes Receivable - Long-term	0	0	0	0	52,406	0
Total Assets	<u>\$ 810,828</u>	<u>\$ 120,879</u>	<u>\$ 14,767</u>	<u>\$ 946,474</u>	<u>\$ 862,630</u>	<u>\$ 2,709</u>
<u>LIABILITIES</u>						
Accounts Payable	\$ 21,602	\$ 0	\$ 0	\$ 21,602	\$ 0	\$ 0
Due to Other Funds	0	0	14,767	14,767	0	0
Total Liabilities	<u>\$ 21,602</u>	<u>\$ 0</u>	<u>\$ 14,767</u>	<u>\$ 36,369</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 220,722	\$ 0	\$ 0	\$ 220,722	\$ 137,951	\$ 0
Deferred Delinquent Property Taxes	6,986	0	0	6,986	3,493	0
Other Deferred/Unavailable Revenue	20,470	0	0	20,470	0	0
Total Deferred Inflows of Resources	<u>\$ 248,178</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 248,178</u>	<u>\$ 141,444</u>	<u>\$ 0</u>

(Continued)

## Exhibit G-1

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

	Special Revenue Funds				Debt Service Fund	Capital Projects Funds
	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Total	General Debt Service	Education Capital Projects
<u>FUND BALANCES</u>						
Restricted:						
Restricted for Public Safety	\$ 0	\$ 120,879	\$ 0	\$ 120,879	\$ 0	\$ 0
Restricted for Public Health and Welfare	541,048	0	0	541,048	0	0
Restricted for Capital Outlay	0	0	0	0	0	2,709
Restricted for Debt Service	0	0	0	0	668,780	0
Committed:						
Committed for Capital Projects	0	0	0	0	0	0
Assigned:						
Assigned for Debt Service	0	0	0	0	52,406	0
Total Fund Balances	<u>\$ 541,048</u>	<u>\$ 120,879</u>	<u>\$ 0</u>	<u>\$ 661,927</u>	<u>\$ 721,186</u>	<u>\$ 2,709</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 810,828</u>	<u>\$ 120,879</u>	<u>\$ 14,767</u>	<u>\$ 946,474</u>	<u>\$ 862,630</u>	<u>\$ 2,709</u>

(Continued)

Exhibit G-1

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

	<u>Capital Projects Funds (Cont.)</u>		
	Other Capital Projects	Total	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 0	\$ 14,523
Equity in Pooled Cash and Investments	189,631	189,631	1,522,093
Accounts Receivable	0	0	244
Due from Other Governments	0	0	39,952
Due from Other Funds	0	2,709	2,709
Property Taxes Receivable	0	0	377,536
Allowance for Uncollectible Property Taxes	0	0	(8,019)
Notes Receivable - Long-term	0	0	52,406
Total Assets	<u>\$ 189,631</u>	<u>\$ 192,340</u>	<u>\$ 2,001,444</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 0	\$ 0	\$ 21,602
Due to Other Funds	0	0	14,767
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 36,369</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 0	\$ 0	\$ 358,673
Deferred Delinquent Property Taxes	0	0	10,479
Other Deferred/Unavailable Revenue	0	0	20,470
Total Deferred Inflows of Resources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 389,622</u>

(Continued)

Exhibit G-1

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

	<u>Capital Projects Funds (Cont.)</u>		
	Other Capital Projects	Total	Total Nonmajor Governmental Funds
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Public Safety	\$ 0	\$ 0	\$ 120,879
Restricted for Public Health and Welfare	0	0	541,048
Restricted for Capital Outlay	0	2,709	2,709
Restricted for Debt Service	0	0	668,780
Committed:			
Committed for Capital Projects	189,631	189,631	189,631
Assigned:			
Assigned for Debt Service	0	0	52,406
Total Fund Balances	<u>\$ 189,631</u>	<u>\$ 192,340</u>	<u>\$ 1,575,453</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 189,631</u>	<u>\$ 192,340</u>	<u>\$ 2,001,444</u>

Exhibit G-2

Cannon County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2020

	Special Revenue Funds			Debt Service Fund	Capital Projects Funds
	Solid Waste / Sanitation	Drug Control	Total	General Debt Service	Education Capital Projects
<u>Revenues</u>					
Local Taxes	\$ 430,108	\$ 0	\$ 430,108	\$ 175,539	\$ 2,709
Fines, Forfeitures, and Penalties	0	16,974	16,974	0	0
Charges for Current Services	13,113	0	13,113	0	0
Other Local Revenues	2,250	5,500	7,750	0	0
Total Revenues	<u>\$ 445,471</u>	<u>\$ 22,474</u>	<u>\$ 467,945</u>	<u>\$ 175,539</u>	<u>\$ 2,709</u>
<u>Expenditures</u>					
Current:					
Public Safety	\$ 0	\$ 65,585	\$ 65,585	\$ 0	\$ 0
Public Health and Welfare	323,920	0	323,920	0	0
Debt Service:					
Principal on Debt	0	0	0	46,000	0
Interest on Debt	0	0	0	8,723	0
Other Debt Service	0	0	0	2,784	0
Total Expenditures	<u>\$ 323,920</u>	<u>\$ 65,585</u>	<u>\$ 389,505</u>	<u>\$ 57,507</u>	<u>\$ 0</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 121,551</u>	<u>\$ (43,111)</u>	<u>\$ 78,440</u>	<u>\$ 118,032</u>	<u>\$ 2,709</u>
<u>Other Financing Sources (Uses)</u>					
Transfers Out	\$ 0	\$ 0	\$ 0	(100,000)	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>(100,000)</u>	<u>\$ 0</u>

(Continued)

Exhibit G-2

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

	Special Revenue Funds			Debt Service Fund	Capital Projects Funds
	Solid Waste / Sanitation	Drug Control	Total	General Debt Service	Education Capital Projects
Net Change in Fund Balances	\$ 121,551	\$ (43,111)	\$ 78,440	\$ 18,032	\$ 2,709
Fund Balance, July 1, 2019	419,497	163,990	583,487	703,154	0
Fund Balance, June 30, 2020	<u>\$ 541,048</u>	<u>\$ 120,879</u>	<u>\$ 661,927</u>	<u>\$ 721,186</u>	<u>\$ 2,709</u>

(Continued)

Exhibit G-2

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

	<u>Capital Projects Funds (Cont.)</u>		Total Nonmajor Governmental Funds
	Other Capital Projects	Total	
<u>Revenues</u>			
Local Taxes	\$ 0	\$ 2,709	\$ 608,356
Fines, Forfeitures, and Penalties	0	0	16,974
Charges for Current Services	0	0	13,113
Other Local Revenues	25,540	25,540	33,290
Total Revenues	<u>\$ 25,540</u>	<u>\$ 28,249</u>	<u>\$ 671,733</u>
<u>Expenditures</u>			
Current:			
Public Safety	\$ 0	\$ 0	\$ 65,585
Public Health and Welfare	0	0	323,920
Debt Service:			
Principal on Debt	0	0	46,000
Interest on Debt	0	0	8,723
Other Debt Service	0	0	2,784
Total Expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 447,012</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 25,540</u>	<u>\$ 28,249</u>	<u>\$ 224,721</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ 0	0	(100,000)
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>0</u>	<u>(100,000)</u>

(Continued)



Exhibit G-2

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

	<u>Capital Projects Funds (Cont.)</u>		Total Nonmajor Governmental Funds
	Other Capital Projects	Total	
Net Change in Fund Balances	\$ 25,540	\$ 28,249	\$ 124,721
Fund Balance, July 1, 2019	164,091	164,091	1,450,732
Fund Balance, June 30, 2020	<u>\$ 189,631</u>	<u>\$ 192,340</u>	<u>\$ 1,575,453</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, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 430,108	\$ 376,522	\$ 376,522	\$ 53,586
Charges for Current Services	13,113	22,000	22,000	(8,887)
Other Local Revenues	2,250	0	0	2,250
Total Revenues	<u>\$ 445,471</u>	<u>\$ 398,522</u>	<u>\$ 398,522</u>	<u>\$ 46,949</u>
<u>Expenditures</u>				
Public Health and Welfare				
Sanitation Management	\$ 323,920	\$ 431,119	\$ 431,119	\$ 107,199
Total Expenditures	<u>\$ 323,920</u>	<u>\$ 431,119</u>	<u>\$ 431,119</u>	<u>\$ 107,199</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 121,551</u>	<u>\$ (32,597)</u>	<u>\$ (32,597)</u>	<u>\$ 154,148</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 0	\$ 1,500	\$ 1,500	\$ (1,500)
Total Other Financing Sources	<u>\$ 0</u>	<u>\$ 1,500</u>	<u>\$ 1,500</u>	<u>\$ (1,500)</u>
Net Change in Fund Balance	\$ 121,551	\$ (31,097)	\$ (31,097)	\$ 152,648
Fund Balance, July 1, 2019	<u>419,497</u>	<u>417,038</u>	<u>417,038</u>	<u>2,459</u>
Fund Balance, June 30, 2020	<u><u>\$ 541,048</u></u>	<u><u>\$ 385,941</u></u>	<u><u>\$ 385,941</u></u>	<u><u>\$ 155,107</u></u>

## Exhibit G-4

Cannon County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Drug Control Fund  
For the Year Ended June 30, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 16,974	\$ 59,000	\$ 59,000	\$ (42,026)
Other Local Revenues	5,500	0	0	5,500
Total Revenues	<u>\$ 22,474</u>	<u>\$ 59,000</u>	<u>\$ 59,000</u>	<u>\$ (36,526)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Sheriff's Department	\$ 65,585	\$ 93,150	\$ 124,608	\$ 59,023
Total Expenditures	<u>\$ 65,585</u>	<u>\$ 93,150</u>	<u>\$ 124,608</u>	<u>\$ 59,023</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (43,111)</u>	<u>\$ (34,150)</u>	<u>\$ (65,608)</u>	<u>\$ 22,497</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 0	\$ 0	\$ 31,458	\$ (31,458)
Total Other Financing Sources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 31,458</u>	<u>\$ (31,458)</u>
Net Change in Fund Balance	\$ (43,111)	\$ (34,150)	\$ (34,150)	\$ (8,961)
Fund Balance, July 1, 2019	163,990	308,856	308,856	(144,866)
Fund Balance, June 30, 2020	<u><u>\$ 120,879</u></u>	<u><u>\$ 274,706</u></u>	<u><u>\$ 274,706</u></u>	<u><u>\$ (153,827)</u></u>

## Exhibit G-5

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, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 175,539	\$ 182,336	\$ 182,336	\$ (6,797)
Total Revenues	\$ 175,539	\$ 182,336	\$ 182,336	\$ (6,797)
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 46,000	\$ 47,000	\$ 46,675	\$ 675
<u>Interest on Debt</u>				
General Government	8,723	8,400	8,725	2
<u>Other Debt Service</u>				
General Government	2,784	4,500	4,500	1,716
Total Expenditures	\$ 57,507	\$ 59,900	\$ 59,900	\$ 2,393
Excess (Deficiency) of Revenues Over Expenditures	\$ 118,032	\$ 122,436	\$ 122,436	\$ (4,404)
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (100,000)	\$ (100,000)	\$ (100,000)	\$ 0
Total Other Financing Sources	\$ (100,000)	\$ (100,000)	\$ (100,000)	\$ 0
Net Change in Fund Balance	\$ 18,032	\$ 22,436	\$ 22,436	\$ (4,404)
Fund Balance, July 1, 2019	703,154	701,906	701,906	1,248
Fund Balance, June 30, 2020	\$ 721,186	\$ 724,342	\$ 724,342	\$ (3,156)

# **Major Governmental Fund**

## **Education Debt Service Fund**

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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.

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## Exhibit H

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, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 708,140	\$ 725,000	\$ 725,000	\$ (16,860)
Total Revenues	\$ 708,140	\$ 725,000	\$ 725,000	\$ (16,860)
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 584,000	\$ 584,000	\$ 584,000	\$ 0
<u>Interest on Debt</u>				
Education	67,468	90,000	90,000	22,532
<u>Other Debt Service</u>				
Education	39,457	47,900	47,900	8,443
Total Expenditures	\$ 690,925	\$ 721,900	\$ 721,900	\$ 30,975
Excess (Deficiency) of Revenues Over Expenditures	\$ 17,215	\$ 3,100	\$ 3,100	\$ 14,115
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 100,000	\$ 100,000	\$ 100,000	\$ 0
Total Other Financing Sources	\$ 100,000	\$ 100,000	\$ 100,000	\$ 0
Net Change in Fund Balance	\$ 117,215	\$ 103,100	\$ 103,100	\$ 14,115
Fund Balance, July 1, 2019	2,664,426	2,664,425	2,664,425	1
Fund Balance, June 30, 2020	\$ 2,781,641	\$ 2,767,525	\$ 2,767,525	\$ 14,116

# Fiduciary Funds

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

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

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, 2020

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu - tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 445,883	\$ 445,883
Investments	0	93,168	93,168
Due from Other Governments	85,076	0	85,076
Total Assets	<u>\$ 85,076</u>	<u>\$ 539,051</u>	<u>\$ 624,127</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 85,076	\$ 0	\$ 85,076
Due to Litigants, Heirs, and Others	0	539,051	539,051
Total Liabilities	<u>\$ 85,076</u>	<u>\$ 539,051</u>	<u>\$ 624,127</u>



## Exhibit I-2

Cannon County, Tennessee  
Combining Statement of Changes in Assets and  
Liabilities - All Agency Funds  
For the Year Ended June 30, 2020

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 435,897	\$ 435,897	\$ 0
Due from Other Governments	71,258	85,076	71,258	85,076
Total Assets	<u>\$ 71,258</u>	<u>\$ 520,973</u>	<u>\$ 507,155</u>	<u>\$ 85,076</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 71,258	\$ 520,973	\$ 507,155	\$ 85,076
Total Liabilities	<u>\$ 71,258</u>	<u>\$ 520,973</u>	<u>\$ 507,155</u>	<u>\$ 85,076</u>
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 341,408	\$ 3,528,996	\$ 3,424,521	\$ 445,883
Investments	92,778	2,156	1,766	93,168
Total Assets	<u>\$ 434,186</u>	<u>\$ 3,531,152</u>	<u>\$ 3,426,287</u>	<u>\$ 539,051</u>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 434,186	\$ 3,531,152	\$ 3,426,287	\$ 539,051
Total Liabilities	<u>\$ 434,186</u>	<u>\$ 3,531,152</u>	<u>\$ 3,426,287</u>	<u>\$ 539,051</u>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 341,408	\$ 3,528,996	\$ 3,424,521	\$ 445,883
Equity in Pooled Cash and Investments	0	435,897	435,897	0
Investments	92,778	2,156	1,766	93,168
Due from Other Governments	71,258	85,076	71,258	85,076
Total Assets	<u>\$ 505,444</u>	<u>\$ 4,052,125</u>	<u>\$ 3,933,442</u>	<u>\$ 624,127</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 71,258	\$ 520,973	\$ 507,155	\$ 85,076
Due to Litigants, Heirs, and Others	434,186	3,531,152	3,426,287	539,051
Total Liabilities	<u>\$ 505,444</u>	<u>\$ 4,052,125</u>	<u>\$ 3,933,442</u>	<u>\$ 624,127</u>

# Cannon County School Department

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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.

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

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

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

Exhibit J-1

Cannon County, Tennessee  
Statement of Activities  
Discretely Presented Cannon County School Department  
For the Year Ended June 30, 2020

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	\$ 10,291,844	\$ 4,759	\$ 391,742	\$ 0	\$ (9,895,343)
Support Services	7,411,768	27,079	548,995	1,368,738	(5,466,956)
Operation of Non-instructional Services	1,513,225	209,087	1,349,101	0	44,963
Total Governmental Activities	<u>\$ 19,216,837</u>	<u>\$ 240,925</u>	<u>\$ 2,289,838</u>	<u>\$ 1,368,738</u>	<u>\$ (15,317,336)</u>
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 1,890,109
Local Option Sales Taxes					862,841
Grants and Contributions Not Restricted to Specific Programs					12,766,607
Unrestricted Investment Earnings					2,566
Miscellaneous					25,454
Total General Revenues					<u>\$ 15,547,577</u>
Change in Net Position					\$ 230,241
Net Position, July 1, 2019					<u>12,918,528</u>
Net Position, June 30, 2020					<u>\$ 13,148,769</u>

## Exhibit J-2

Cannon County, Tennessee  
 Balance Sheet - Governmental Funds  
 Discretely Presented Cannon County School Department  
 June 30, 2020

	Major Fund	Nonmajor Funds	
	General Purpose School	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash	\$ 100	\$ 100	\$ 200
Equity in Pooled Cash and Investments	3,758,626	131,184	3,889,810
Due from Other Governments	297,166	53,994	351,160
Due from Primary Government	285,429	0	285,429
Property Taxes Receivable	1,995,765	0	1,995,765
Allowance for Uncollectible Property Taxes	(43,932)	0	(43,932)
Restricted Assets	81,591	0	81,591
Total Assets	\$ 6,374,745	\$ 185,278	\$ 6,560,023
<u>LIABILITIES</u>			
Payroll Deductions Payable	\$ 9,296	\$ 0	\$ 9,296
Contracts Payable	271,158	0	271,158
Retainage Payable	14,271	0	14,271
Due to State of Tennessee	0	3,482	3,482
Total Liabilities	\$ 294,725	\$ 3,482	\$ 298,207
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 1,889,933	\$ 0	\$ 1,889,933
Deferred Delinquent Property Taxes	51,168	0	51,168
Other Deferred/Unavailable Revenue	82,208	0	82,208
Total Deferred Inflows of Resources	\$ 2,023,309	\$ 0	\$ 2,023,309
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 0	\$ 96,796	\$ 96,796
Restricted for Hybrid Retirement Stabilization Funds	81,591	0	81,591
Committed:			
Committed for Education	0	85,000	85,000
Assigned:			
Assigned for Education	1,395,200	0	1,395,200
Unassigned	2,579,920	0	2,579,920
Total Fund Balances	\$ 4,056,711	\$ 181,796	\$ 4,238,507
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 6,374,745	\$ 185,278	\$ 6,560,023

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, 2020

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)		\$	4,238,507
(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		7,256,600	
Add: other capital assets net of accumulated depreciation		<u>644,892</u>	8,072,371
(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	\$	(87,625)	
Less: net OPEB liability		<u>(1,279,966)</u>	(1,367,591)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions/OPEB will be amortized and recognized as components of pension/OPEB expense in future years.			
Add: deferred outflows of resources related to pensions	\$	1,367,766	
Less: deferred inflows of resources related to pensions		(2,236,572)	
Add: deferred outflows of resources related to OPEB		354,967	
Less: deferred inflows of resources related to OPEB		<u>(391,060)</u>	(904,899)
(4) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.			
Add: net pension asset - agent plan	\$	714,187	
Add: net pension asset - teacher retirement plan		97,845	
Add: net pension asset - teacher legacy pension plan		<u>2,164,973</u>	2,977,005
(5) Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the governmental funds.			<u>133,376</u>
Net position of governmental activities (Exhibit A)		\$	<u>13,148,769</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, 2020

	Major Fund	Nonmajor Funds	
	General	Other	Total
	Purpose	Govern-	Governmental
	School	mental	Funds
		Funds	
<hr/>			
<u>Revenues</u>			
Local Taxes	\$ 2,743,215	\$ 0	\$ 2,743,215
Licenses and Permits	423	0	423
Charges for Current Services	31,838	209,087	240,925
Other Local Revenues	47,904	3,025	50,929
State of Tennessee	13,095,787	13,508	13,109,295
Federal Government	0	1,916,242	1,916,242
Other Governments and Citizens Groups	1,368,738	0	1,368,738
Total Revenues	<u>\$ 17,287,905</u>	<u>\$ 2,141,862</u>	<u>\$ 19,429,767</u>
<hr/>			
<u>Expenditures</u>			
Current:			
Instruction	\$ 9,749,186	\$ 647,290	\$ 10,396,476
Support Services	5,545,474	411,571	5,957,045
Operation of Non-Instructional Services	474,864	1,037,221	1,512,085
Capital Outlay	1,463,429	0	1,463,429
Total Expenditures	<u>\$ 17,232,953</u>	<u>\$ 2,096,082</u>	<u>\$ 19,329,035</u>
<hr/>			
Excess (Deficiency) of Revenues			
Over Expenditures	<u>\$ 54,952</u>	<u>\$ 45,780</u>	<u>\$ 100,732</u>
<hr/>			
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 67,633	\$ 0	\$ 67,633
Transfers In	3,664	7,600	11,264
Transfers Out	(7,600)	(3,664)	(11,264)
Total Other Financing Sources (Uses)	<u>\$ 63,697</u>	<u>\$ 3,936</u>	<u>\$ 67,633</u>
<hr/>			
Net Change in Fund Balances	\$ 118,649	\$ 49,716	\$ 168,365
Fund Balance, July 1, 2019	<u>3,938,062</u>	<u>132,080</u>	<u>4,070,142</u>
<hr/>			
Fund Balance, June 30, 2020	<u>\$ 4,056,711</u>	<u>\$ 181,796</u>	<u>\$ 4,238,507</u>

Exhibit J-5

Cannon County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
Discretely Presented Cannon County School Department  
For the Year Ended June 30, 2020

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)		\$	168,365
(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	\$	120,362	
Less: current-year depreciation expense		(435,966)	(315,604)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.			
Less: book value of capital assets disposed			(70,387)
(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, 2020	\$	133,376	
Less: deferred delinquent property taxes and other deferred June 30, 2019		(110,003)	23,373
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in compensated absences payable	\$	(8,252)	
Change in net pension asset - agent plan		64,317	
Change in net pension asset - teacher retirement plan		28,495	
Change in net pension asset - teacher legacy pension plan		1,456,863	
Change in deferred outflows related to pensions		(250,008)	
Change in deferred inflows related to pensions		(844,201)	
Change in net OPEB liability		(188,303)	
Change in deferred outflows related to OPEB		237,749	
Change in deferred inflows related to OPEB		(72,166)	424,494
Change in net position of governmental activities (Exhibit B)		\$	<u>230,241</u>

## Exhibit J-6

Cannon County, Tennessee  
Combining Balance Sheet - Nonmajor Governmental Funds  
Discretely Presented Cannon County School Department  
June 30, 2020

	<u>Special Revenue Funds</u>		Total
	School Federal Projects	Central Cafeteria	Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 100	\$ 100
Equity in Pooled Cash and Investments	65,869	65,315	131,184
Due from Other Governments	24,210	29,784	53,994
Total Assets	<u>\$ 90,079</u>	<u>\$ 95,199</u>	<u>\$ 185,278</u>
<u>LIABILITIES</u>			
Due to State of Tennessee	\$ 3,323	\$ 159	\$ 3,482
Total Liabilities	<u>\$ 3,323</u>	<u>\$ 159</u>	<u>\$ 3,482</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 36,756	\$ 60,040	\$ 96,796
Committed:			
Committed for Education	50,000	35,000	85,000
Total Fund Balances	<u>\$ 86,756</u>	<u>\$ 95,040</u>	<u>\$ 181,796</u>
Total Liabilities and Fund Balances	<u>\$ 90,079</u>	<u>\$ 95,199</u>	<u>\$ 185,278</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, 2020

	<u>Special Revenue Funds</u>		Total
	School Federal Projects	Central Cafeteria	Nonmajor Governmental Funds
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 209,087	\$ 209,087
Other Local Revenues	0	3,025	3,025
State of Tennessee	0	13,508	13,508
Federal Government	1,085,389	830,853	1,916,242
Total Revenues	<u>\$ 1,085,389</u>	<u>\$ 1,056,473</u>	<u>\$ 2,141,862</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 647,290	\$ 0	\$ 647,290
Support Services	411,571	0	411,571
Operation of Non-Instructional Services	22,692	1,014,529	1,037,221
Total Expenditures	<u>\$ 1,081,553</u>	<u>\$ 1,014,529</u>	<u>\$ 2,096,082</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 3,836</u>	<u>\$ 41,944</u>	<u>\$ 45,780</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 0	\$ 7,600	\$ 7,600
Transfers Out	(3,664)	0	(3,664)
Total Other Financing Sources (Uses)	<u>\$ (3,664)</u>	<u>\$ 7,600</u>	<u>\$ 3,936</u>
Net Change in Fund Balances	\$ 172	\$ 49,544	\$ 49,716
Fund Balance, July 1, 2019	86,584	45,496	132,080
Fund Balance, June 30, 2020	<u>\$ 86,756</u>	<u>\$ 95,040</u>	<u>\$ 181,796</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, 2020

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2019	Add: Encumbrances 6/30/2020	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 2,743,215	\$ 0	\$ 0	\$ 2,743,215	\$ 2,972,590	\$ 2,972,590	\$ (229,375)
Licenses and Permits	423	0	0	423	400	400	23
Charges for Current Services	31,838	0	0	31,838	29,750	29,750	2,088
Other Local Revenues	47,904	0	0	47,904	18,060	40,071	7,833
State of Tennessee	13,095,787	0	0	13,095,787	12,818,443	12,983,375	112,412
Federal Government	0	0	0	0	83,925	0	0
Other Governments and Citizens Groups	1,368,738	0	0	1,368,738	2,171,000	2,171,000	(802,262)
Total Revenues	\$ 17,287,905	\$ 0	\$ 0	\$ 17,287,905	\$ 18,094,168	\$ 18,197,186	\$ (909,281)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 7,844,226	\$ (158,212)	\$ 513,894	\$ 8,199,908	\$ 8,559,227	\$ 8,572,001	\$ 372,093
Alternative Instruction Program	61,525	0	0	61,525	62,245	62,245	720
Special Education Program	1,204,143	0	0	1,204,143	1,219,799	1,219,799	15,656
Career and Technical Education Program	639,292	(729)	4,094	642,657	684,856	684,856	42,199
<u>Support Services</u>							
Attendance	66,270	0	0	66,270	100,294	100,294	34,024
Health Services	196,369	(1,535)	15,366	210,200	241,861	244,871	34,671
Other Student Support	332,817	0	14,049	346,866	353,975	353,975	7,109
Regular Instruction Program	439,326	(714)	400	439,012	441,397	443,624	4,612
Special Education Program	120,942	0	0	120,942	121,934	121,934	992
Career and Technical Education Program	4,749	0	0	4,749	5,155	5,155	406
Technology	423,317	(28,964)	35,018	429,371	429,371	429,371	0
Other Programs	56,007	0	0	56,007	0	56,007	0
Board of Education	274,692	(6,955)	6,815	274,552	286,651	286,651	12,099
Director of Schools	141,952	(5,743)	3,153	139,362	146,890	146,890	7,528
Office of the Principal	1,118,905	0	0	1,118,905	1,199,947	1,199,947	81,042
Fiscal Services	216,380	(17,113)	2,885	202,152	217,875	217,875	15,723
Operation of Plant	1,013,631	(10,760)	19,900	1,022,771	1,061,011	1,061,011	38,240

(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 7/1/2019	Add: Encumbrances 6/30/2020	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Maintenance of Plant	\$ 293,697	\$ (39,742)	\$ 42,496	\$ 296,451	\$ 346,534	\$ 346,534	\$ 50,083
Transportation	846,420	(89,654)	111,320	868,086	891,534	901,534	33,448
<u>Operation of Non-Instructional Services</u>							
Community Services	90,534	0	40	90,574	110,970	110,970	20,396
Early Childhood Education	384,330	(896)	24,922	408,356	409,442	409,442	1,086
<u>Capital Outlay</u>							
Regular Capital Outlay	1,463,429	(53,004)	600,848	2,011,273	2,491,000	2,510,000	498,727
Total Expenditures	<u>\$ 17,232,953</u>	<u>\$ (414,021)</u>	<u>\$ 1,395,200</u>	<u>\$ 18,214,132</u>	<u>\$ 19,381,968</u>	<u>\$ 19,484,986</u>	<u>\$ 1,270,854</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 54,952	\$ 414,021	\$ (1,395,200)	\$ (926,227)	\$ (1,287,800)	\$ (1,287,800)	\$ 361,573
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 67,633	\$ 0	\$ 0	\$ 67,633	\$ 0	\$ 0	\$ 67,633
Transfers In	3,664	0	0	3,664	5,000	5,000	(1,336)
Transfers Out	(7,600)	0	0	(7,600)	0	(17,000)	9,400
Total Other Financing Sources	<u>\$ 63,697</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 63,697</u>	<u>\$ 5,000</u>	<u>\$ (12,000)</u>	<u>\$ 75,697</u>
Net Change in Fund Balance	\$ 118,649	\$ 414,021	\$ (1,395,200)	\$ (862,530)	\$ (1,282,800)	\$ (1,299,800)	\$ 437,270
Fund Balance, July 1, 2019	<u>3,938,062</u>	<u>(414,021)</u>	<u>0</u>	<u>3,524,041</u>	<u>2,320,843</u>	<u>2,320,843</u>	<u>1,203,198</u>
Fund Balance, June 30, 2020	<u><u>\$ 4,056,711</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ (1,395,200)</u></u>	<u><u>\$ 2,661,511</u></u>	<u><u>\$ 1,038,043</u></u>	<u><u>\$ 1,021,043</u></u>	<u><u>\$ 1,640,468</u></u>

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, 2020

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2019	Add: Encumbrances 6/30/2020	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 1,085,389	\$ 0	\$ 0	\$ 1,085,389	\$ 1,147,563	\$ 1,548,148	\$ (462,759)
Total Revenues	\$ 1,085,389	\$ 0	\$ 0	\$ 1,085,389	\$ 1,147,563	\$ 1,548,148	\$ (462,759)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 403,656	\$ (923)	\$ 0	\$ 402,733	\$ 388,776	\$ 435,998	\$ 33,265
Special Education Program	203,073	(355)	4,160	206,878	249,686	436,255	229,377
Career and Technical Education Program	40,561	(21,866)	28,937	47,632	80,471	49,418	1,786
<u>Support Services</u>							
Health Services	12,132	(75)	0	12,057	14,318	14,122	2,065
Other Student Support	13,006	0	0	13,006	29,488	26,392	13,386
Regular Instruction Program	134,181	(600)	0	133,581	119,286	143,341	9,760
Special Education Program	225,444	(1,398)	688	224,734	165,190	310,210	85,476
Career and Technical Education Program	1,937	0	0	1,937	1,938	1,938	1
Technology	1,200	0	0	1,200	1,336	1,336	136
Transportation	23,671	0	0	23,671	30,930	44,330	20,659
<u>Operation of Non-Instructional Services</u>							
Community Services	22,692	0	0	22,692	59,670	50,000	27,308
Total Expenditures	\$ 1,081,553	\$ (25,217)	\$ 33,785	\$ 1,090,121	\$ 1,141,089	\$ 1,513,340	\$ 423,219
Excess (Deficiency) of Revenues Over Expenditures	\$ 3,836	\$ 25,217	\$ (33,785)	\$ (4,732)	\$ 6,474	\$ 34,808	\$ (39,540)
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (3,664)	\$ 0	\$ 0	\$ (3,664)	\$ (6,474)	\$ (34,808)	\$ 31,144
Total Other Financing Sources	\$ (3,664)	\$ 0	\$ 0	\$ (3,664)	\$ (6,474)	\$ (34,808)	\$ 31,144
Net Change in Fund Balance	\$ 172	\$ 25,217	\$ (33,785)	\$ (8,396)	\$ 0	\$ 0	\$ (8,396)
Fund Balance, July 1, 2019	86,584	(25,217)	0	61,367	0	0	61,367
Fund Balance, June 30, 2020	\$ 86,756	\$ 0	\$ (33,785)	\$ 52,971	\$ 0	\$ 0	\$ 52,971

## Exhibit J-10

Cannon County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Cannon County School Department  
Central Cafeteria Fund  
For the Year Ended June 30, 2020

		Budgeted Amounts		Variance
	Actual	Original	Final	with Final Budget - Positive (Negative)
<u>Revenues</u>				
Charges for Current Services	\$ 209,087	\$ 275,000	\$ 275,000	\$ (65,913)
Other Local Revenues	3,025	3,200	3,200	(175)
State of Tennessee	13,508	8,600	8,600	4,908
Federal Government	830,853	777,799	777,799	53,054
Total Revenues	<u>\$ 1,056,473</u>	<u>\$ 1,064,599</u>	<u>\$ 1,064,599</u>	<u>\$ (8,126)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,014,529	\$ 1,079,249	\$ 1,079,249	\$ 64,720
Total Expenditures	<u>\$ 1,014,529</u>	<u>\$ 1,079,249</u>	<u>\$ 1,079,249</u>	<u>\$ 64,720</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 41,944</u>	<u>\$ (14,650)</u>	<u>\$ (14,650)</u>	<u>\$ 56,594</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 7,600	\$ 17,000	\$ 17,000	\$ (9,400)
Total Other Financing Sources	<u>\$ 7,600</u>	<u>\$ 17,000</u>	<u>\$ 17,000</u>	<u>\$ (9,400)</u>
Net Change in Fund Balance	\$ 49,544	\$ 2,350	\$ 2,350	\$ 47,194
Fund Balance, July 1, 2019	<u>45,496</u>	<u>66,923</u>	<u>66,923</u>	<u>(21,427)</u>
Fund Balance, June 30, 2020	<u><u>\$ 95,040</u></u>	<u><u>\$ 69,273</u></u>	<u><u>\$ 69,273</u></u>	<u><u>\$ 25,767</u></u>

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## MISCELLANEOUS SCHEDULES

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Exhibit K-1

Cannon County, Tennessee  
Schedule of Changes in Long-term Notes, Other Loans, and Capital Leases  
For the Year Ended June 30, 2020

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Restated (1) Outstanding 7-1-19	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-20
<u>NOTES PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Jail Renovation	\$ 225,000	3.95 %	8-1-11	7-1-23	\$ 101,300	\$ 0	\$ 20,000	\$ 81,300
Ambulance Service Building Construction	265,000	3.28	11-24-14	11-1-24	169,000	0	26,000	143,000
Total Notes Payable					<u>\$ 270,300</u>	<u>\$ 0</u>	<u>\$ 46,000</u>	<u>\$ 224,300</u>
<u>OTHER LOANS PAYABLE</u>								
<u>Payable through Education Debt Service Fund</u>								
School Construction/Improvements - Elementary	11,400,000	Variable	5-25-02	5-25-26	\$ 4,751,000	\$ 0	\$ 584,000	\$ 4,167,000
School Roof Repair	(2) 1,381,764	Variable	2-14-20	5-25-29	0	1,381,764	0	1,381,764
Total Other Loans Payable					<u>\$ 4,751,000</u>	<u>\$ 1,381,764</u>	<u>\$ 584,000</u>	<u>\$ 5,548,764</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	\$ 91,306	\$ 0	\$ 46,773	\$ 44,533
Total Capital Leases Payable					<u>\$ 91,306</u>	<u>\$ 0</u>	<u>\$ 46,773</u>	<u>\$ 44,533</u>

- (1) The Ambulance Service Building Construction capital outlay note was reported as an other loan in prior years.  
Therefore, the beginning balances of notes and other loans were each restated \$169,000 from the prior year.  
(2) Total amount approved was \$2,171,000, of which \$789,236 remains available as of June 30, 2020.

Exhibit K-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2021	\$ 48,000	\$ 7,269	\$ 55,269
2022	49,000	5,538	54,538
2023	51,000	3,754	54,754
2024	46,300	2,365	48,665
2025	30,000	491	30,491
Total	\$ 224,300	\$ 19,417	\$ 243,717

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2021	\$ 766,000	\$ 15,842	\$ 31,224	\$ 813,066
2022	800,000	14,039	27,059	841,098
2023	837,000	12,186	22,697	871,883
2024	876,000	10,269	18,119	904,388
2025	917,000	8,288	13,316	938,604
2026	959,000	6,243	8,271	973,514
2027	183,000	4,135	1,961	189,096
2028	188,000	2,213	1,747	191,960
2029	22,764	239	1,527	24,530
Total	\$ 5,548,764	\$ 73,454	\$ 125,921	\$ 5,748,139

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2021	\$ 44,533	\$ 892	\$ 45,425
Total	\$ 44,533	\$ 892	\$ 45,425



Exhibit K-3

Cannon County, Tennessee  
Schedule of Investments  
June 30, 2020

<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	\$ 81,130
Edward Jones Mutual Funds	<u>12,038</u>
Total Investments	<u><u>\$ 93,168</u></u>

Exhibit K-4

Cannon County, Tennessee  
Schedule of Notes Receivable  
For the Year Ended June 30, 2020

Description	Debtor	Original Amount of Note	Date of Issue	Date of Maturity	Interest Rate	Balance 6-30-20
<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	6-30-30	0 %	<u>\$ 52,406</u>
Total Notes Receivable						<u><u>\$ 52,406</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, 2020

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General Debt Service	Education Debt Service	Reimbursement	\$ 100,000
Total Transfers Primary Government			<u>\$ 100,000</u>
<u>DISCRETELY PRESENTED CANNON COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ 3,664
General Purpose School	Central Cafeteria	Operations	<u>7,600</u>
Total Transfers Discretely Presented Cannon County School Department			<u>\$ 11,264</u>

Cannon County, Tennessee  
Schedule of Salaries and Official Bonds of Principal Officials  
Primary Government and Discretely Presented Cannon County School Department  
For the Year Ended June 30, 2020

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Executive	Section 8-24-102, <i>TCA</i>	\$ 85,435	(4)	
Road Supervisor	Section 8-24-102, <i>TCA</i>	81,368	(4)	
Director of Schools	State Board of Education and Cannon County Board of Education	88,800 (1)	(4)	
Trustee	Section 8-24-102, <i>TCA</i>	73,971	(4)	
Assessor of Property	Section 8-24-102, <i>TCA</i>	73,971	(4)	
Finance Director: Diane Hickman (2-3-20 to 6-30-20)	County Commission	28,846 (5)	(4)	
County Clerk	Section 8-24-102, <i>TCA</i>	73,971	(4)	
Circuit and General Sessions Courts Clerk	Section 8-24-102, <i>TCA</i>	73,971	(4)	
Clerk and Master	Section 8-24-102, <i>TCA</i> , and Chancery Court Judge	73,971 (2)	(4)	
Register of Deeds	Section 8-24-102, <i>TCA</i>	73,971	(4)	
Sheriff	Section 8-24-102, <i>TCA</i>	81,368 (3)	(4)	
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 \$3,780.  
(3) Does not include a law enforcement training supplement of \$800.  
(4) Official was covered by the \$400,000 employee blanket bond.  
(5) Ms. Hickman was appointed finance director and was in the process of setting up  
the county's finance department under the Financial Management Act of 1981 at year-end.

## Exhibit K-7

Cannon County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
For the Year Ended June 30, 2020

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Highway / Public Works
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 3,818,427	\$ 210,670	\$ 539,845	\$ 0	\$ 0
Trustee's Collections - Prior Year	101,410	8,646	17,268	0	0
Circuit Clerk/Clerk and Master Collections - Prior Years	31,514	4,572	5,750	0	0
Interest and Penalty	17,326	1,705	2,611	0	0
Payments in-Lieu-of Taxes - Other	3,654	0	0	0	0
<u>County Local Option Taxes</u>					
Local Option Sales Tax	202,921	202,922	0	0	0
Hotel/Motel Tax	3,379	0	0	0	0
Wheel Tax	0	0	0	0	0
Litigation Tax - General	45,308	0	0	0	0
Litigation Tax - Special Purpose	39,314	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	16,190	0	0	0	0
Business Tax	73,773	0	0	0	1,500
Mineral Severance Tax	0	0	0	0	147,286
Adequate Facilities/Development Tax	0	0	0	0	0
<u>Statutory Local Taxes</u>					
Bank Excise Tax	28,868	1,593	4,081	0	0
Wholesale Beer Tax	68,919	0	0	0	0
Total Local Taxes	\$ 4,451,003	\$ 430,108	\$ 569,555	\$ 0	\$ 148,786
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 475	\$ 0	\$ 0	\$ 0	\$ 0
<u>Permits</u>					
Beer Permits	238	0	0	0	0
Total Licenses and Permits	\$ 713	\$ 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	Highway / Public Works
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 18,489	\$ 0	\$ 0	\$ 0	\$ 0
Drug Control Fines	0	0	0	10,689	0
Data Entry Fee - Circuit Court	780	0	0	0	0
<u>General Sessions Court</u>					
Fines	30,356	0	0	644	0
Officers Costs	216	0	0	0	0
Game and Fish Fines	274	0	0	0	0
Drug Control Fines	0	0	0	3,515	0
Veterans Treatment Court Fees	142	0	0	0	0
DUI Treatment Fines	2,125	0	0	0	0
Data Entry Fee - General Sessions Court	7,102	0	0	0	0
Courtroom Security Fee	522	0	0	0	0
<u>Juvenile Court</u>					
Victims Assistance Assessments	775	0	0	0	0
<u>Chancery Court</u>					
Officers Costs	235	0	0	0	0
Data Entry Fee - Chancery Court	980	0	0	0	0
<u>Other Courts - In-county</u>					
Fines	4,152	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	0	0	0	2,126	0
Total Fines, Forfeitures, and Penalties	\$ 66,148	\$ 0	\$ 0	\$ 16,974	\$ 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	Highway / Public Works
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Commercial and Industrial Waste Collection Charge	\$ 0	\$ 5,761	\$ 0	\$ 0	\$ 0
Convenience Waste Centers Collection Charge	0	4,800	0	0	0
Surcharge - Waste Tire Disposal	0	2,552	0	0	0
Patient Charges	1,012	0	577,863	0	0
Other General Service Charges	125	0	0	0	0
<u>Fees</u>					
Recreation Fees	650	0	0	0	0
Copy Fees	185	0	0	0	0
Library Fees	24,550	0	0	0	0
Archives and Records Management Fee	32,022	0	0	0	0
Greenbelt Late Application Fee	50	0	0	0	0
Telephone Commissions	42,175	0	0	0	0
Data Processing Fee - Register	5,906	0	0	0	0
Probation Fees	58,332	0	0	0	0
Data Processing Fee - Sheriff	1,980	0	0	0	0
Sexual Offender Registration Fee - Sheriff	1,950	0	0	0	0
Data Processing Fee - County Clerk	1,451	0	0	0	0
Vehicle Insurance Coverage and Reinstatement Fees	415	0	0	0	0
Total Charges for Current Services	\$ 170,803	\$ 13,113	\$ 577,863	\$ 0	\$ 0
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 139,199	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	34,380	0	0	0	0
Commissary Sales	945	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	Highway / Public Works
<u>Other Local Revenues (Cont.)</u>					
<u>Recurring Items (Cont.)</u>					
Sale of Gasoline	\$ 0	\$ 0	\$ 0	\$ 0	\$ 39,045
Miscellaneous Refunds	34,303	0	29	5,500	4,552
<u>Nonrecurring Items</u>					
Sale of Equipment	0	2,250	0	0	0
Damages Recovered from Individuals	600	0	0	0	0
Contributions and Gifts	26,769	0	0	0	0
Total Other Local Revenues	<u>\$ 236,196</u>	<u>\$ 2,250</u>	<u>\$ 29</u>	<u>\$ 5,500</u>	<u>\$ 43,597</u>
<u>Fees Received From County Officials</u>					
<u>Fees In-Lieu-of Salary</u>					
County Clerk	\$ 159,097	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	40,929	0	0	0	0
General Sessions Court Clerk	103,340	0	0	0	0
Clerk and Master	43,841	0	0	0	0
Register	81,459	0	0	0	0
Sheriff	8,068	0	0	0	0
Trustee	210,690	0	0	0	0
Total Fees Received From County Officials	<u>\$ 647,424</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0
Other General Government Grants	2,100	0	0	0	0
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	8,000	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	Highway / Public Works
<u>State of Tennessee (Cont.)</u>					
Health and Welfare Grants					
Health Department Programs	\$ 5,105	\$ 0	\$ 0	\$ 0	\$ 0
Public Works Grants					
Bridge Program	0	0	0	0	697,006
State Aid Program	0	0	0	0	457,557
Litter Program	39,062	0	0	0	0
Other State Revenues					
Income Tax	46,491	0	0	0	0
Beer Tax	18,175	0	0	0	0
Vehicle Certificate of Title Fees	6,079	0	0	0	0
Alcoholic Beverage Tax	40,631	0	0	0	0
State Revenue Sharing - Telecommunications	38,351	0	0	0	0
Contracted Prisoner Boarding	145,000	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	1,950,999
Petroleum Special Tax	0	0	0	0	9,958
Registrar's Salary Supplement	18,955	0	0	0	0
Other State Grants	24,886	0	0	0	0
Other State Revenues	38,432	0	0	0	1,267
Total State of Tennessee	\$ 440,267	\$ 0	\$ 0	\$ 0	\$ 3,116,787
<u>Federal Government</u>					
Federal Through State					
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Homeland Security Grants	97,112	0	147,122	0	0
Medicaid	200	0	0	0	0
Law Enforcement Grants	5,164	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	Highway / Public Works
<u>Federal Government (Cont.)</u>					
<u>Federal Through State (Cont.)</u>					
COVID-19 Grant #1	\$ 0	\$ 0	\$ 15,963	\$ 0	\$ 0
COVID-19 Grant #2	7,159	0	0	0	0
Other Federal through State	1,764	0	0	0	0
Total Federal Government	<u>\$ 111,399</u>	<u>\$ 0</u>	<u>\$ 163,085</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 80	\$ 0	\$ 0
Total Other Governments and Citizens Groups	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 80</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total	<u>\$ 6,123,953</u>	<u>\$ 445,471</u>	<u>\$ 1,310,612</u>	<u>\$ 22,474</u>	<u>\$ 3,309,170</u>

(Continued)

Exhibit K-7

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

	Debt Service Funds		Capital Projects Funds			
	General Debt Service	Education Debt Service	General Capital Projects	Education Capital Projects	Other Capital Projects	Total
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 105,332	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,674,274
Trustee's Collections - Prior Year	399	0	0	0	0	127,723
Circuit Clerk/Clerk and Master Collections - Prior Years	120	0	0	0	0	41,956
Interest and Penalty	143	0	0	0	0	21,785
Payments in-Lieu-of Taxes - Other	0	0	0	0	0	3,654
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	0	0	0	405,843
Hotel/Motel Tax	0	0	0	0	0	3,379
Wheel Tax	0	708,140	0	0	0	708,140
Litigation Tax - General	0	0	0	0	0	45,308
Litigation Tax - Special Purpose	4,187	0	0	0	0	43,501
Litigation Tax - Jail, Workhouse, or Courthouse	64,562	0	0	0	0	80,752
Business Tax	0	0	0	0	0	75,273
Mineral Severance Tax	0	0	0	0	0	147,286
Adequate Facilities/Development Tax	0	0	0	2,709	0	2,709
<u>Statutory Local Taxes</u>						
Bank Excise Tax	796	0	0	0	0	35,338
Wholesale Beer Tax	0	0	0	0	0	68,919
Total Local Taxes	\$ 175,539	\$ 708,140	\$ 0	\$ 2,709	\$ 0	\$ 6,485,840
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 475
<u>Permits</u>						
Beer Permits	0	0	0	0	0	238
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 713

(Continued)

## Exhibit K-7

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

	Debt Service Funds		Capital Projects Funds			
	General Debt Service	Education Debt Service	General Capital Projects	Education Capital Projects	Other Capital Projects	Total
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	18,489
Drug Control Fines	0	0	0	0	0	10,689
Data Entry Fee - Circuit Court	0	0	0	0	0	780
<u>General Sessions Court</u>						
Fines	0	0	0	0	0	31,000
Officers Costs	0	0	0	0	0	216
Game and Fish Fines	0	0	0	0	0	274
Drug Control Fines	0	0	0	0	0	3,515
Veterans Treatment Court Fees	0	0	0	0	0	142
DUI Treatment Fines	0	0	0	0	0	2,125
Data Entry Fee - General Sessions Court	0	0	0	0	0	7,102
Courtroom Security Fee	0	0	0	0	0	522
<u>Juvenile Court</u>						
Victims Assistance Assessments	0	0	0	0	0	775
<u>Chancery Court</u>						
Officers Costs	0	0	0	0	0	235
Data Entry Fee - Chancery Court	0	0	0	0	0	980
<u>Other Courts - In-county</u>						
Fines	0	0	0	0	0	4,152
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	0	0	0	2,126
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	83,122

(Continued)

## Exhibit K-7

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

	Debt Service Funds		Capital Projects Funds			
	General Debt Service	Education Debt Service	General Capital Projects	Education Capital Projects	Other Capital Projects	Total
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Commercial and Industrial Waste Collection Charge	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	5,761
Convenience Waste Centers Collection Charge	0	0	0	0	0	4,800
Surcharge - Waste Tire Disposal	0	0	0	0	0	2,552
Patient Charges	0	0	0	0	0	578,875
Other General Service Charges	0	0	0	0	0	125
<u>Fees</u>						
Recreation Fees	0	0	0	0	0	650
Copy Fees	0	0	0	0	0	185
Library Fees	0	0	0	0	0	24,550
Archives and Records Management Fee	0	0	0	0	0	32,022
Greenbelt Late Application Fee	0	0	0	0	0	50
Telephone Commissions	0	0	0	0	0	42,175
Data Processing Fee - Register	0	0	0	0	0	5,906
Probation Fees	0	0	0	0	0	58,332
Data Processing Fee - Sheriff	0	0	0	0	0	1,980
Sexual Offender Registration Fee - Sheriff	0	0	0	0	0	1,950
Data Processing Fee - County Clerk	0	0	0	0	0	1,451
Vehicle Insurance Coverage and Reinstatement Fees	0	0	0	0	0	415
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	761,779
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	139,199
Lease/Rentals	0	0	0	0	0	34,380
Commissary Sales	0	0	0	0	25,540	26,485

(Continued)

Exhibit K-7

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

	Debt Service Funds		Capital Projects Funds			
	General Debt Service	Education Debt Service	General Capital Projects	Education Capital Projects	Other Capital Projects	Total
<u>Other Local Revenues (Cont.)</u>						
<u>Recurring Items (Cont.)</u>						
Sale of Gasoline	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	39,045
Miscellaneous Refunds	0	0	0	0	0	44,384
<u>Nonrecurring Items</u>						
Sale of Equipment	0	0	0	0	0	2,250
Damages Recovered from Individuals	0	0	0	0	0	600
Contributions and Gifts	0	0	0	0	0	26,769
Total Other Local Revenues	\$ 0	\$ 0	\$ 0	\$ 0	25,540	\$ 313,112
<u>Fees Received From County Officials</u>						
<u>Fees In-Lieu-of Salary</u>						
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	159,097
Circuit Court Clerk	0	0	0	0	0	40,929
General Sessions Court Clerk	0	0	0	0	0	103,340
Clerk and Master	0	0	0	0	0	43,841
Register	0	0	0	0	0	81,459
Sheriff	0	0	0	0	0	8,068
Trustee	0	0	0	0	0	210,690
Total Fees Received From County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	647,424
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	9,000
Other General Government Grants	0	0	0	0	0	2,100
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	0	0	0	0	0	8,000

(Continued)

## Exhibit K-7

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

	Debt Service Funds		Capital Projects Funds			
	General Debt Service	Education Debt Service	General Capital Projects	Education Capital Projects	Other Capital Projects	Total
<u>State of Tennessee (Cont.)</u>						
<u>Health and Welfare Grants</u>						
Health Department Programs	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	5,105
<u>Public Works Grants</u>						
Bridge Program	0	0	0	0	0	697,006
State Aid Program	0	0	0	0	0	457,557
Litter Program	0	0	0	0	0	39,062
<u>Other State Revenues</u>						
Income Tax	0	0	0	0	0	46,491
Beer Tax	0	0	0	0	0	18,175
Vehicle Certificate of Title Fees	0	0	0	0	0	6,079
Alcoholic Beverage Tax	0	0	0	0	0	40,631
State Revenue Sharing - Telecommunications	0	0	0	0	0	38,351
Contracted Prisoner Boarding	0	0	0	0	0	145,000
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,950,999
Petroleum Special Tax	0	0	0	0	0	9,958
Registrar's Salary Supplement	0	0	0	0	0	18,955
Other State Grants	0	0	100,000	0	0	124,886
Other State Revenues	0	0	0	0	0	39,699
Total State of Tennessee	\$ 0	\$ 0	\$ 100,000	\$ 0	\$ 0	3,657,054
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 0	\$ 0	\$ 750	\$ 0	\$ 0	750
Homeland Security Grants	0	0	0	0	0	244,234
Medicaid	0	0	0	0	0	200
Law Enforcement Grants	0	0	0	0	0	5,164

(Continued)

Exhibit K-7

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

	<u>Debt Service Funds</u>		<u>Capital Projects Funds</u>			
	General Debt Service	Education Debt Service	General Capital Projects	Education Capital Projects	Other Capital Projects	Total
<u>Federal Government (Cont.)</u>						
<u>Federal Through State (Cont.)</u>						
COVID-19 Grant #1	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	15,963
COVID-19 Grant #2	0	0	0	0	0	7,159
Other Federal through State	0	0	0	0	0	1,764
Total Federal Government	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 750</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>275,234</u>
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	80
Total Other Governments and Citizens Groups	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>80</u>
Total	<u>\$ 175,539</u>	<u>\$ 708,140</u>	<u>\$ 100,750</u>	<u>\$ 2,709</u>	<u>\$ 25,540</u>	<u>\$ 12,224,358</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, 2020

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 1,804,126	\$ 0	\$ 0	\$ 1,804,126
Trustee's Collections - Prior Year	51,305	0	0	51,305
Circuit Clerk/Clerk and Master Collections - Prior Years	16,478	0	0	16,478
Interest and Penalty	8,772	0	0	8,772
<u>County Local Option Taxes</u>				
Local Option Sales Tax	848,896	0	0	848,896
<u>Statutory Local Taxes</u>				
Bank Excise Tax	13,638	0	0	13,638
Total Local Taxes	<u>\$ 2,743,215</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,743,215</u>
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 423	\$ 0	\$ 0	\$ 423
Total Licenses and Permits	<u>\$ 423</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 423</u>
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Other	\$ 4,759	\$ 0	\$ 0	\$ 4,759
Lunch Payments - Children	0	0	106,996	106,996
Lunch Payments - Adults	0	0	20,075	20,075
Income from Breakfast	0	0	53,671	53,671
A la Carte Sales	0	0	28,345	28,345
Receipts from Individual Schools	26,386	0	0	26,386
Other Charges for Services	693	0	0	693
Total Charges for Current Services	<u>\$ 31,838</u>	<u>\$ 0</u>	<u>\$ 209,087</u>	<u>\$ 240,925</u>

(Continued)

## Exhibit K-8

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

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 2,566	\$ 0	\$ 50	\$ 2,616
Miscellaneous Refunds	17,437	0	2,375	19,812
<u>Nonrecurring Items</u>				
Sale of Equipment	5,642	0	0	5,642
Contributions and Gifts	22,259	0	600	22,859
Total Other Local Revenues	<u>\$ 47,904</u>	<u>\$ 0</u>	<u>\$ 3,025</u>	<u>\$ 50,929</u>
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-behalf Contributions for OPEB	\$ 56,007	\$ 0	\$ 0	\$ 56,007
<u>State Education Funds</u>				
Basic Education Program	11,849,000	0	0	11,849,000
Early Childhood Education	409,442	0	0	409,442
School Food Service	0	0	8,508	8,508
Driver Education	4,521	0	0	4,521
Other State Education Funds	346,482	0	0	346,482
Career Ladder Program	15,892	0	0	15,892
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	413,084	0	0	413,084
Other State Grants	0	0	5,000	5,000
Other State Revenues	1,359	0	0	1,359
Total State of Tennessee	<u>\$ 13,095,787</u>	<u>\$ 0</u>	<u>\$ 13,508</u>	<u>\$ 13,109,295</u>

(Continued)

## Exhibit K-8

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

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 511,339	\$ 511,339
USDA - Commodities	0	0	62,799	62,799
Breakfast	0	0	240,552	240,552
USDA - Other	0	0	16,163	16,163
Vocational Education - Basic Grants to States	0	53,800	0	53,800
Title I Grants to Local Education Agencies	0	468,203	0	468,203
Special Education - Grants to States	0	432,328	0	432,328
Special Education Preschool Grants	0	13,709	0	13,709
Eisenhower Professional Development State Grants	0	81,202	0	81,202
Other Federal through State	0	36,147	0	36,147
Total Federal Government	<u>\$ 0</u>	<u>\$ 1,085,389</u>	<u>\$ 830,853</u>	<u>\$ 1,916,242</u>
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 1,368,738	\$ 0	\$ 0	\$ 1,368,738
Total Other Governments and Citizens Groups	<u>\$ 1,368,738</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,368,738</u>
Total	<u>\$ 17,287,905</u>	<u>\$ 1,085,389</u>	<u>\$ 1,056,473</u>	<u>\$ 19,429,767</u>

## Exhibit K-9

Cannon County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2020

General FundGeneral GovernmentCounty Commission

County Official/Administrative Officer	\$	2,725	
Board and Committee Members Fees		2,320	
Social Security		300	
Employer Medicare		70	
Legal Notices, Recording, and Court Costs		2,746	
Total County Commission			\$ 8,161

County Mayor/Executive

County Official/Administrative Officer	\$	85,435	
Accountants/Bookkeepers		21,052	
Secretary(ies)		8,667	
Social Security		6,812	
Pensions		2,210	
Employee and Dependent Insurance		2,976	
Employer Medicare		1,593	
Other Fringe Benefits		312	
Communication		3,432	
Contracts with Other Public Agencies		9,914	
Legal Services		3,700	
Legal Notices, Recording, and Court Costs		5,923	
Postal Charges		1,056	
Travel		65	
Office Supplies		4,703	
Total County Mayor/Executive			157,850

Election Commission

County Official/Administrative Officer	\$	66,574	
Clerical Personnel		21,315	
Election Commission		1,650	
Election Workers		12,040	
In-service Training		350	
Social Security		4,773	
Pensions		1,705	
Employee and Dependent Insurance		4,893	
Medical Insurance		316	
Employer Medicare		1,116	
Other Fringe Benefits		534	
Communication		3,326	
Legal Notices, Recording, and Court Costs		1,425	
Maintenance Agreements		28,734	
Postal Charges		744	
Printing, Stationery, and Forms		1,624	
Travel		461	
Custodial Supplies		40	
Office Supplies		661	
Office Equipment		1,960	
Total Election Commission			154,241

(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	\$	73,971	
Secretary(ies)		24,000	
Social Security		6,074	
Pensions		1,901	
Employer Medicare		1,421	
Communication		1,396	
Data Processing Services		5,978	
Dues and Memberships		560	
Postal Charges		165	
Printing, Stationery, and Forms		1,600	
Office Supplies		284	
Total Register of Deeds			\$ 117,350

Planning

Contracts with Government Agencies	\$	10,750	
Legal Notices, Recording, and Court Costs		352	
Total Planning			11,102

County Buildings

Maintenance Personnel	\$	27,500	
Part-time Personnel		7,018	
Social Security		2,133	
Pensions		575	
Employee and Dependent Insurance		4,976	
Employer Medicare		499	
Other Fringe Benefits		297	
Communication		511	
Contracts with Private Agencies		200	
Janitorial Services		8,725	
Maintenance Agreements		1,127	
Maintenance and Repair Services - Buildings		73,165	
Maintenance and Repair Services - Office Equipment		1,200	
Custodial Supplies		3,941	
Gasoline		6,041	
Utilities		52,681	
Total County Buildings			190,589

Preservation of Records

Other Supplies and Materials	\$	1,508	
Other Charges		2,100	
Total Preservation of Records			3,608

FinanceAccounting and Budgeting

Assistant(s)	\$	8,615	
Supervisor/Director		28,846	
Accountants/Bookkeepers		1,615	

(Continued)

## Exhibit K-9

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

General Fund (Cont.)Finance (Cont.)Accounting and Budgeting (Cont.)

In-service Training	\$	938	
Social Security		2,014	
Pensions		591	
Employee and Dependent Insurance		2,000	
Employer Medicare		471	
Other Fringe Benefits		222	
Audit Services		5,244	
Legal Notices, Recording, and Court Costs		323	
Postal Charges		220	
Travel		103	
Custodial Supplies		194	
Office Supplies		1,861	
Other Supplies and Materials		862	
Office Equipment		37,930	
Total Accounting and Budgeting			\$ 92,049

Property Assessor's Office

County Official/Administrative Officer	\$	73,971	
Secretary(ies)		24,000	
Part-time Personnel		12,196	
Board and Committee Members Fees		1,200	
Social Security		5,852	
Pensions		2,130	
Employee and Dependent Insurance		9,951	
Employer Medicare		1,369	
Other Fringe Benefits		534	
Audit Services		2,100	
Communication		1,045	
Data Processing Services		4,130	
Legal Notices, Recording, and Court Costs		79	
Postal Charges		739	
Travel		1,060	
Office Supplies		1,703	
Total Property Assessor's Office			142,059

County Trustee's Office

County Official/Administrative Officer	\$	73,971	
Deputy(ies)		26,811	
Part-time Personnel		10,538	
In-service Training		250	
Social Security		6,284	
Pensions		2,055	
Employee and Dependent Insurance		9,376	
Employer Medicare		1,470	
Other Fringe Benefits		276	
Communication		2,078	
Data Processing Services		3,624	

(Continued)

## Exhibit K-9

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

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

Dues and Memberships	\$	795	
Maintenance Agreements		9,768	
Postal Charges		3,328	
Office Supplies		2,861	
Office Equipment		11,217	
Total County Trustee's Office			\$ 164,702

County Clerk's Office

County Official/Administrative Officer	\$	73,971	
Secretary(ies)		48,080	
In-service Training		235	
Social Security		7,567	
Pensions		1,952	
Employer Medicare		1,770	
Communication		1,140	
Dues and Memberships		815	
Postal Charges		2,963	
Printing, Stationery, and Forms		2,816	
Office Supplies		1,396	
Data Processing Equipment		8,614	
Office Equipment		951	
Total County Clerk's Office			152,270

Administration of JusticeCircuit Court

County Official/Administrative Officer	\$	73,971	
Clerical Personnel		80,520	
Jury and Witness Expense		2,190	
Social Security		9,470	
Pensions		2,668	
Employee and Dependent Insurance		7,776	
Employer Medicare		2,215	
Communication		3,110	
Contracts with Other Public Agencies		20,254	
Dues and Memberships		900	
Legal Notices, Recording, and Court Costs		126	
Maintenance and Repair Services - Office Equipment		1,006	
Postal Charges		999	
Printing, Stationery, and Forms		930	
Other Contracted Services		188	
Office Supplies		2,268	
Office Equipment		24,970	
Total Circuit Court			233,561

General Sessions Court

Judge(s)	\$	92,914	
Social Security		5,227	

(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 (Cont.)

Pensions	\$	1,803	
Employee and Dependent Insurance		4,976	
Employer Medicare		1,222	
Other Fringe Benefits		297	
Communication		1,473	
Other Contracted Services		1,000	
Total General Sessions Court			\$ 108,912

Chancery Court

County Official/Administrative Officer	\$	73,971	
Deputy(ies)		23,000	
Social Security		5,475	
Pensions		1,881	
Employee and Dependent Insurance		4,976	
Employer Medicare		1,280	
Other Fringe Benefits		297	
Communication		1,110	
Contracts with Other Public Agencies		5,304	
Dues and Memberships		935	
Postal Charges		302	
Printing, Stationery, and Forms		836	
Office Supplies		2,152	
Office Equipment		5,596	
Total Chancery Court			127,115

Juvenile Court

Other Salaries and Wages	\$	20,332	
Social Security		1,261	
Employer Medicare		295	
Contracts with Other Public Agencies		175	
Office Supplies		1,051	
Total Juvenile Court			23,114

Judicial Commissioners

Other Salaries and Wages	\$	27,000	
Social Security		1,674	
Pensions		175	
Employer Medicare		392	
Communication		2,124	
Dues and Memberships		225	
Travel		235	
Total Judicial Commissioners			31,825

Probation Services

Supervisor/Director	\$	42,700	
Social Security		2,639	
Pensions		653	

(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.)

Employee and Dependent Insurance	\$	976	
Employer Medicare		617	
Communication		2,862	
Data Processing Services		3,600	
Postal Charges		110	
Drugs and Medical Supplies		1,812	
Office Supplies		2,617	
Total Probation Services			\$ 58,586

Victim Assistance Programs

Other Charges	\$	647	
Total Victim Assistance Programs			647

Public SafetySheriff's Department

County Official/Administrative Officer	\$	81,368	
Deputy(ies)		351,861	
Investigator(s)		54,960	
Captain(s)		40,400	
Sergeant(s)		39,718	
Accountants/Bookkeepers		32,640	
Salary Supplements		8,000	
Dispatchers/Radio Operators		26,669	
Clerical Personnel		7,800	
School Resource Officer		56,384	
Overtime Pay		44,077	
Other Salaries and Wages		46,300	
In-service Training		21,179	
Social Security		47,108	
Pensions		22,504	
Employee and Dependent Insurance		102,720	
Medical Insurance		871	
Employer Medicare		11,017	
Other Fringe Benefits		907	
Communication		10,468	
Dues and Memberships		1,500	
Maintenance and Repair Services - Equipment		8,024	
Maintenance and Repair Services - Vehicles		15,329	
Postal Charges		666	
Gasoline		55,668	
Office Supplies		8,564	
Uniforms		7,323	
Vehicle and Equipment Insurance		34,096	
Law Enforcement Equipment		48,435	
Total Sheriff's Department			1,186,556

(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	\$	774	
Fines, Assessments, and Penalties		950	
Total Administration of the Sexual Offender Registry			\$ 1,724

Jail

Assistant(s)	\$	34,640	
Supervisor/Director		31,520	
Sergeant(s)		19,035	
Truck Drivers		56,020	
Guards		346,893	
Cafeteria Personnel		57,560	
Maintenance Personnel		26,800	
Social Security		35,001	
Employer Medicare		8,186	
Maintenance and Repair Services - Buildings		36,456	
Medical and Dental Services		220,898	
Travel		1,662	
Custodial Supplies		21,528	
Food Supplies		101,933	
Utilities		41,083	
Other Supplies and Materials		5,947	
Food Service Equipment		1,746	
Total Jail			1,046,908

Fire Prevention and Control

In-service Training	\$	797	
Communication		1,531	
Consultants		1,200	
Contracts with Other Public Agencies		7,362	
Maintenance and Repair Services - Equipment		14,684	
Maintenance and Repair Services - Vehicles		12,527	
Data Processing Supplies		500	
Gasoline		3,347	
Office Supplies		619	
Uniforms		32,794	
Utilities		17,702	
Other Supplies and Materials		1,475	
Vehicle and Equipment Insurance		4,468	
Other Charges		800	
Communication Equipment		11,658	
Total Fire Prevention and Control			111,464

Other Emergency Management

In-service Training	\$	297	
Communication		37,885	
Maintenance and Repair Services - Equipment		318	
Maintenance and Repair Services - Vehicles		7,200	

(Continued)

## Exhibit K-9

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

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

Gasoline	\$	251	
Uniforms		630	
Other Supplies and Materials		1,719	
Other Charges		1,641	
Other Equipment		6,444	
Total Other Emergency Management			\$ 56,385

County Coroner/Medical Examiner

Contracts with Private Agencies	\$	15,780	
Other Contracted Services		5,000	
Other Charges		4,500	
Total County Coroner/Medical Examiner			25,280

Public Health and WelfareLocal Health Center

Communication	\$	3,049	
Contracts with Government Agencies		15,864	
Dues and Memberships		200	
Janitorial Services		4,260	
Maintenance and Repair Services - Buildings		204	
Utilities		6,776	
Total Local Health Center			30,353

Regional Mental Health Center

Other Salaries and Wages	\$	4,185	
Social Security		259	
Employer Medicare		61	
Other Supplies and Materials		689	
Total Regional Mental Health Center			5,194

General Welfare Assistance

Contributions	\$	25,123	
Total General Welfare Assistance			25,123

Sanitation Management

Accountants/Bookkeepers	\$	2,461	
Laborers		22,000	
Social Security		1,434	
Pensions		427	
Employer Medicare		335	
Maintenance and Repair Services - Vehicles		2,970	
Gasoline		2,490	
Instructional Supplies and Materials		11,521	
Total Sanitation Management			43,638

Other Waste Collection

Overtime Pay	\$	6,152	
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(Continued)

## Exhibit K-9

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

General Fund (Cont.)Public Health and Welfare (Cont.)Other Waste Collection (Cont.)

Social Security	\$	376	
Employer Medicare		88	
Maintenance and Repair Services - Equipment		115	
Maintenance and Repair Services - Vehicles		238	
Custodial Supplies		517	
Gasoline		461	
Total Other Waste Collection			\$ 7,947

Other Public Health and Welfare

Other Charges	\$	2,386	
Total Other Public Health and Welfare			2,386

Social, Cultural, and Recreational ServicesLibraries

Assistant(s)	\$	78,969	
Supervisor/Director		33,000	
In-service Training		575	
Social Security		6,465	
Pensions		1,784	
Employee and Dependent Insurance		15,973	
Employer Medicare		1,512	
Advertising		344	
Contributions		17,618	
Maintenance Agreements		9,237	
Postal Charges		308	
Remittance of Revenue Collected		347	
Data Processing Supplies		283	
Instructional Supplies and Materials		1,755	
Library Books/Media		2,850	
Office Supplies		3,725	
Utilities		1,243	
Other Supplies and Materials		3,238	
Other Charges		4,938	
Total Libraries			184,164

Parks and Fair Boards

Utilities	\$	17,808	
Other Supplies and Materials		2,424	
Total Parks and Fair Boards			20,232

Agriculture and Natural ResourcesAgricultural Extension Service

Salary Supplements	\$	45,060	
Other Fringe Benefits		16,451	
Communication		3,401	
Utilities		4,123	
Total Agricultural Extension Service			69,035

(Continued)

## Exhibit K-9

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

General Fund (Cont.)Other OperationsVeterans' Services

Other Salaries and Wages	\$	2,040	
Social Security		126	
Employer Medicare		30	
Communication		942	
Dues and Memberships		60	
Travel		253	
Office Supplies		1,613	
Office Equipment		949	
Total Veterans' Services			\$ 6,013

Other Charges

Building and Contents Insurance	\$	62,773	
Premiums on Corporate Surety Bonds		1,425	
Trustee's Commission		89,888	
Workers' Compensation Insurance		101,642	
Other Charges		17,070	
Total Other Charges			272,798

Contributions to Other Agencies

Contributions	\$	241,485	
Total Contributions to Other Agencies			241,485

Employee Benefits

Employee and Dependent Insurance	\$	5,003	
Unemployment Compensation		267	
Total Employee Benefits			5,270

COVID-19 Grant #2

Other Charges	\$	7,159	
Total COVID-19 Grant #2			7,159

Miscellaneous

Other Charges	\$	48,844	
Total Miscellaneous			48,844

Capital OutlayRegular Capital Outlay

Other Capital Outlay	\$	8,200	
Total Regular Capital Outlay			8,200

Total General Fund \$ 5,183,899

Solid Waste/Sanitation FundPublic Health and WelfareSanitation Management

Supervisor/Director	\$	9,563	
Laborers		22,018	

(Continued)

## Exhibit K-9

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

Solid Waste/Sanitation Fund (Cont.)Public Health and Welfare (Cont.)Sanitation Management (Cont.)

Overtime Pay	\$	195	
In-service Training		582	
Social Security		1,888	
Pensions		327	
Employee and Dependent Insurance		2,976	
Employer Medicare		442	
Advertising		37	
Contracts with Other Public Agencies		237,106	
Dues and Memberships		100	
Engineering Services		10,024	
Legal Notices, Recording, and Court Costs		32	
Maintenance Agreements		1,500	
Maintenance and Repair Services - Equipment		4,762	
Maintenance and Repair Services - Vehicles		143	
Other Contracted Services		300	
Gasoline		838	
Utilities		3,520	
Other Supplies and Materials		2,960	
Trustee's Commission		6,643	
Site Development		17,964	
Total Sanitation Management			\$ 323,920

Total Solid Waste/Sanitation Fund \$ 323,920

Ambulance Service FundPublic Health and WelfareAmbulance/Emergency Medical Services

Supervisor/Director	\$	50,208	
Medical Personnel		584,058	
Part-time Personnel		7,326	
Overtime Pay		7,475	
Other Salaries and Wages		200	
In-service Training		2,938	
Social Security		37,109	
Pensions		11,705	
Employee and Dependent Insurance		54,749	
Medical Insurance		3,324	
Employer Medicare		8,679	
Other Fringe Benefits		773	
Communication		8,259	
Contracts with Private Agencies		29,908	
Dues and Memberships		2,180	
Maintenance Agreements		2,203	
Maintenance and Repair Services - Equipment		100	
Maintenance and Repair Services - Vehicles		14,381	
Postal Charges		15	
Remittance of Revenue Collected		18,007	

(Continued)

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

Ambulance Service Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Other Contracted Services	\$	2,000	
Custodial Supplies		554	
Drugs and Medical Supplies		26,149	
Electricity		4,209	
Gasoline		17,393	
Natural Gas		1,114	
Office Supplies		1,702	
Tires and Tubes		2,250	
Uniforms		4,308	
Water and Sewer		1,086	
Other Supplies and Materials		2,781	
Trustee's Commission		16,959	
Vehicle and Equipment Insurance		15,568	
Other Charges		159,074	
Total Ambulance/Emergency Medical Services			\$ 1,098,744

Other Operations

COVID-19 Grant #1

Other Supplies and Materials	\$	14,283	
Total COVID-19 Grant #1			14,283

Total Ambulance Service Fund \$ 1,113,027

Drug Control Fund

Public Safety

Sheriff's Department

Trustee's Commission	\$	148	
Law Enforcement Equipment		582	
Motor Vehicles		59,994	
Other Equipment		4,861	
Total Sheriff's Department			\$ 65,585

Total Drug Control Fund 65,585

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	81,368	
Accountants/Bookkeepers		36,367	
Board and Committee Members Fees		1,200	
Social Security		6,922	
Pensions		2,236	
Employer Medicare		1,619	
Communication		4,669	
Data Processing Services		8,696	
Dues and Memberships		2,657	
Legal Notices, Recording, and Court Costs		2,391	

(Continued)

## Exhibit K-9

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

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

Postal Charges	\$	476	
Printing, Stationery, and Forms		1,486	
Electricity		3,075	
Natural Gas		619	
Water and Sewer		252	
Other Supplies and Materials		3,105	
Total Administration			\$ 157,138

Highway and Bridge Maintenance

Equipment Operators	\$	168,327	
Truck Drivers		144,771	
Laborers		74,411	
Social Security		22,622	
Pensions		6,553	
Employer Medicare		5,291	
Other Contracted Services		25,266	
Asphalt		127,104	
Asphalt - Cold Mix		21,668	
Asphalt - Liquid		296,886	
Concrete		8,416	
Crushed Stone		169,525	
Pipe - Metal		14,504	
Road Signs		4,843	
Structural Steel		2,259	
Wood Products		1,820	
Other Supplies and Materials		3,991	
Total Highway and Bridge Maintenance			1,098,257

Operation and Maintenance of Equipment

Mechanic(s)	\$	18,958	
Social Security		1,056	
Pensions		368	
Employer Medicare		247	
Maintenance and Repair Services - Equipment		19,965	
Other Contracted Services		5,527	
Diesel Fuel		71,752	
Equipment and Machinery Parts		48,347	
Garage Supplies		23,548	
Gasoline		18,639	
Lubricants		6,287	
Tires and Tubes		11,204	
Other Supplies and Materials		75	
Total Operation and Maintenance of Equipment			225,973

Other Charges

Liability Insurance	\$	4,071	
Trustee's Commission		20,779	

(Continued)



## Exhibit K-9

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

Highway/Public Works Fund (Cont.)Highways (Cont.)Other Charges (Cont.)

Vehicle and Equipment Insurance	\$	36,796	
Workers' Compensation Insurance		35,710	
Other Charges		1,706	
Total Other Charges			\$ 99,062

Employee Benefits

Medical Insurance	\$	68,484	
Unemployment Compensation		4,190	
Other Charges		174	
Total Employee Benefits			72,848

Capital Outlay

Engineering Services	\$	75,481	
Bridge Construction		773,755	
Highway Equipment		104,888	
State Aid Projects		457,557	
Total Capital Outlay			1,411,681

Principal on DebtHighways and Streets

Principal on Capital Leases	\$	46,773	
Total Highways and Streets			46,773

Interest on DebtHighways and Streets

Interest on Capital Leases	\$	2,781	
Total Highways and Streets			2,781

Total Highway/Public Works Fund

\$ 3,114,513

General Debt Service FundPrincipal on DebtGeneral Government

Principal on Notes	\$	20,000	
Principal on Other Loans		26,000	
Total General Government			\$ 46,000

Interest on DebtGeneral Government

Interest on Notes	\$	3,606	
Interest on Other Loans		5,117	
Total General Government			8,723

Other Debt ServiceGeneral Government

Trustee's Commission	\$	2,784	
Total General Government			2,784

Total General Debt Service Fund

57,507

(Continued)

## Exhibit K-9

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

<u>Education Debt Service Fund</u>			
<u>Principal on Debt</u>			
<u>Education</u>			
Principal on Other Loans	\$ 584,000		
Total Education		\$ 584,000	
<u>Interest on Debt</u>			
<u>Education</u>			
Interest on Other Loans	\$ 67,468		
Total Education		67,468	
<u>Other Debt Service</u>			
<u>Education</u>			
Trustee's Commission	\$ 6,727		
Other Debt Service	32,730		
Total Education		39,457	
Total Education Debt Service Fund			\$ 690,925
<u>General Capital Projects Fund</u>			
<u>Capital Outlay</u>			
<u>Regular Capital Outlay</u>			
Other Charges	\$ 750		
Total Regular Capital Outlay		\$ 750	
<u>Other Debt Service</u>			
<u>Education</u>			
Other Debt Issuance Charges	\$ 13,026		
Total Education		13,026	
<u>Capital Projects</u>			
<u>General Administration Projects</u>			
Other Supplies and Materials	\$ 2,400		
Building Improvements	94,390		
Total General Administration Projects		96,790	
<u>Capital Projects - Donated</u>			
<u>Capital Projects Donated to School Department</u>			
Contributions	\$ 1,368,738		
Total Capital Projects Donated to School Department		1,368,738	
Total General Capital Projects Fund			1,479,304
Total Governmental Funds - Primary Government			<u>\$ 12,028,680</u>

Exhibit K-10

Cannon County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Cannon County School Department  
For the Year Ended June 30, 2020

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 5,389,724	
Career Ladder Program	25,000	
Homebound Teachers	1,120	
Educational Assistants	133,765	
Bonus Payments	69,500	
Certified Substitute Teachers	10,980	
Non-certified Substitute Teachers	73,380	
Social Security	330,808	
Pensions	490,404	
Medical Insurance	776,751	
Unemployment Compensation	3,298	
Employer Medicare	78,271	
Retirement - Hybrid Stabilization	29,437	
Tuition	7,402	
Instructional Supplies and Materials	77,110	
Textbooks - Bound	199,130	
Software	19,763	
Other Supplies and Materials	5,140	
Regular Instruction Equipment	123,243	
Total Regular Instruction Program		\$ 7,844,226

Alternative Instruction Program

Teachers	\$ 46,203	
Social Security	2,828	
Pensions	4,911	
Medical Insurance	6,922	
Employer Medicare	661	
Total Alternative Instruction Program		61,525

Special Education Program

Teachers	\$ 642,090	
Career Ladder Program	1,500	
Educational Assistants	83,571	
Speech Pathologist	160,811	
Bonus Payments	11,875	
Social Security	52,822	
Pensions	79,413	
Medical Insurance	136,465	
Employer Medicare	12,354	
Retirement - Hybrid Stabilization	3,127	
Other Contracted Services	20,115	
Total Special Education Program		1,204,143

Career and Technical Education Program

Teachers	\$ 463,248	
Career Ladder Program	3,000	

(Continued)

## Exhibit K-10

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

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

Educational Assistants	\$	16,128	
Bonus Payments		5,500	
Social Security		29,377	
Pensions		39,544	
Medical Insurance		61,267	
Employer Medicare		6,870	
Retirement - Hybrid Stabilization		3,875	
Instructional Supplies and Materials		10,483	
Total Career and Technical Education Program			\$ 639,292

Support ServicesAttendance

Supervisor/Director	\$	38,408	
Other Salaries and Wages		8,361	
Social Security		2,716	
Pensions		4,245	
Medical Insurance		4,701	
Employer Medicare		635	
Communication		882	
Travel		1,008	
Other Supplies and Materials		5,314	
Total Attendance			66,270

Health Services

Supervisor/Director	\$	38,408	
Career Ladder Extended Contracts		1,200	
Medical Personnel		102,481	
Educational Assistants		1,742	
Social Security		8,239	
Pensions		8,138	
Medical Insurance		17,535	
Employer Medicare		1,927	
Retirement - Hybrid Stabilization		1,330	
Communication		1,618	
Travel		4,565	
Drugs and Medical Supplies		635	
Other Supplies and Materials		7,641	
In Service/Staff Development		910	
Total Health Services			196,369

Other Student Support

Career Ladder Program	\$	1,000	
Guidance Personnel		238,074	
Bonus Payments		3,000	
Social Security		14,033	
Pensions		23,205	

(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 Student Support (Cont.)

Medical Insurance	\$	39,762	
Employer Medicare		3,282	
Retirement - Hybrid Stabilization		848	
Evaluation and Testing		7,613	
Other Contracted Services		2,000	
Total Other Student Support			\$ 332,817

Regular Instruction Program

Supervisor/Director	\$	77,441	
Career Ladder Program		3,000	
Librarians		215,503	
Educational Assistants		18,012	
Bonus Payments		2,500	
Social Security		18,502	
Pensions		28,823	
Medical Insurance		30,943	
Employer Medicare		4,327	
Retirement - Hybrid Stabilization		1,084	
Travel		11,133	
Other Contracted Services		5,428	
Library Books/Media		21,781	
In Service/Staff Development		849	
Total Regular Instruction Program			439,326

Special Education Program

Supervisor/Director	\$	34,419	
Career Ladder Program		1,000	
Psychological Personnel		54,650	
Social Security		5,125	
Pensions		9,574	
Medical Insurance		11,881	
Employer Medicare		1,199	
Communication		583	
Travel		181	
In Service/Staff Development		2,330	
Total Special Education Program			120,942

Career and Technical Education Program

Supervisor/Director	\$	4,015	
Social Security		249	
Pensions		427	
Employer Medicare		58	
Total Career and Technical Education Program			4,749

Technology

Supervisor/Director	\$	79,333	
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(Continued)

## Exhibit K-10

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

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

Instructional Computer Personnel	\$	99,541	
Social Security		10,423	
Pensions		10,364	
Medical Insurance		25,442	
Employer Medicare		2,438	
Communication		3,612	
Internet Connectivity		57,019	
Travel		3,326	
Other Contracted Services		289	
Cabling		7,639	
Software		19,003	
Other Supplies and Materials		2,361	
Other Charges		90	
Other Equipment		102,437	
Total Technology			\$ 423,317

Other Programs

On-behalf Payments to OPEB	\$	56,007	
Total Other Programs			56,007

Board of Education

Board and Committee Members Fees	\$	7,200	
Social Security		446	
Employer Medicare		104	
Audit Services		6,330	
Dues and Memberships		6,942	
Legal Services		4,625	
Travel		1,819	
Building and Contents Insurance		80,092	
Liability Insurance		33,372	
Trustee's Commission		68,273	
Workers' Compensation Insurance		54,448	
Criminal Investigation of Applicants - TBI		3,275	
Other Charges		7,766	
Total Board of Education			274,692

Director of Schools

County Official/Administrative Officer	\$	88,800	
Career Ladder Program		500	
Career Ladder Extended Contracts		500	
Social Security		5,508	
Pensions		9,546	
Medical Insurance		14,124	
Employer Medicare		1,288	
Communication		9,068	
Dues and Memberships		1,742	

(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.)Director of Schools (Cont.)

Postal Charges	\$	3,637	
Travel		4,361	
Office Supplies		2,878	
Total Director of Schools			\$ 141,952

Office of the Principal

Principals	\$	492,075	
Career Ladder Program		3,000	
Assistant Principals		123,735	
Secretary(ies)		227,891	
Social Security		49,528	
Pensions		70,195	
Medical Insurance		118,222	
Employer Medicare		11,583	
Communication		4,071	
Travel		8,351	
Office Supplies		460	
Other Charges		435	
Administration Equipment		9,359	
Total Office of the Principal			1,118,905

Fiscal Services

Accountants/Bookkeepers	\$	48,496	
Secretary(ies)		35,706	
Clerical Personnel		56,723	
Social Security		7,955	
Pensions		2,676	
Medical Insurance		31,721	
Employer Medicare		1,879	
Data Processing Services		14,700	
Travel		81	
Other Contracted Services		11,195	
Office Supplies		5,248	
Total Fiscal Services			216,380

Operation of Plant

Custodial Personnel	\$	245,690	
Social Security		14,932	
Pensions		4,451	
Medical Insurance		41,091	
Employer Medicare		3,492	
Other Contracted Services		67,117	
Electricity		428,199	
Natural Gas		37,192	
Water and Sewer		71,030	
Other Supplies and Materials		97,838	
Boiler Insurance		2,599	
Total Operation of Plant			1,013,631

(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.)Maintenance of Plant

Maintenance Personnel	\$	96,343	
Social Security		5,587	
Pensions		1,869	
Medical Insurance		22,011	
Employer Medicare		1,307	
Communication		812	
Other Contracted Services		73,860	
Other Supplies and Materials		31,815	
Other Charges		3,842	
Administration Equipment		23,772	
Maintenance Equipment		32,479	
Total Maintenance of Plant			\$ 293,697

Transportation

Supervisor/Director	\$	8,360	
Bus Drivers		241,724	
Other Salaries and Wages		41,906	
Social Security		18,022	
Pensions		4,978	
Employer Medicare		4,215	
Communication		883	
Contracts with Vehicle Owners		228,517	
Travel		2,490	
Gasoline		49,628	
Tires and Tubes		3,115	
Vehicle Parts		125,732	
Vehicle and Equipment Insurance		20,023	
Other Charges		88,984	
Transportation Equipment		7,843	
Total Transportation			846,420

Operation of Non-Instructional ServicesCommunity Services

Supervisor/Director	\$	16,721	
Teachers		21,318	
Educational Assistants		26,988	
Other Salaries and Wages		12,616	
Social Security		4,715	
Pensions		2,463	
Employer Medicare		1,103	
Retirement - Hybrid Stabilization		120	
Travel		130	
Instructional Supplies and Materials		1,379	
In Service/Staff Development		2,473	
Other Charges		35	
Regular Instruction Equipment		473	
Total Community Services			90,534

(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

Supervisor/Director	\$	38,475	
Teachers		162,670	
Clerical Personnel		9,673	
Educational Assistants		58,184	
Bonus Payments		3,750	
Non-certified Substitute Teachers		1,140	
Social Security		16,000	
Pensions		20,632	
Medical Insurance		50,790	
Employer Medicare		3,742	
Retirement - Hybrid Stabilization		885	
Communication		797	
Travel		754	
Other Contracted Services		4,560	
Food Supplies		305	
Instructional Supplies and Materials		11,680	
In Service/Staff Development		293	
Total Early Childhood Education			\$ 384,330

Capital OutlayRegular Capital Outlay

Architects	\$	119,291	
Building Improvements		1,344,138	
Total Regular Capital Outlay			1,463,429

Total General Purpose School Fund

\$ 17,232,953

School Federal Projects FundInstructionRegular Instruction Program

Teachers	\$	274,617	
Educational Assistants		24,610	
Bonus Payments		4,875	
Social Security		18,153	
Pensions		26,665	
Medical Insurance		48,011	
Unemployment Compensation		178	
Employer Medicare		4,245	
Retirement - Hybrid Stabilization		745	
Instructional Supplies and Materials		865	
Other Supplies and Materials		491	
Other Charges		201	
Total Regular Instruction Program			\$ 403,656

Special Education Program

Educational Assistants	\$	114,802	
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(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.)Special Education Program (Cont.)

Social Security	\$	6,296	
Pensions		2,003	
Medical Insurance		45,388	
Unemployment Compensation		252	
Employer Medicare		1,473	
Contracts with Other School Systems		5,119	
Instructional Supplies and Materials		13,889	
Other Supplies and Materials		7,408	
Special Education Equipment		6,443	
Total Special Education Program			\$ 203,073

Career and Technical Education Program

Instructional Supplies and Materials	\$	4,871	
Other Supplies and Materials		9,545	
Vocational Instruction Equipment		26,145	
Total Career and Technical Education Program			40,561

Support ServicesHealth Services

Other Contracted Services	\$	7,800	
Other Supplies and Materials		2,612	
In Service/Staff Development		1,720	
Total Health Services			12,132

Other Student Support

Travel	\$	2,610	
In Service/Staff Development		6,646	
Other Charges		3,750	
Total Other Student Support			13,006

Regular Instruction Program

Supervisor/Director	\$	38,340	
Other Salaries and Wages		22,402	
Social Security		3,524	
Pensions		6,288	
Medical Insurance		6,357	
Unemployment Compensation		70	
Employer Medicare		831	
Retirement - Hybrid Stabilization		61	
Consultants		51,312	
Travel		794	
Other Supplies and Materials		1,359	
In Service/Staff Development		2,843	
Total Regular Instruction Program			134,181

(Continued)

## Exhibit K-10

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

School Federal Projects Fund (Cont.)Support Services (Cont.)Special Education Program

Supervisor/Director	\$	34,419	
Psychological Personnel		14,027	
Other Salaries and Wages		22,975	
Social Security		4,164	
Pensions		3,931	
Medical Insurance		12,646	
Unemployment Compensation		76	
Employer Medicare		974	
Maintenance and Repair Services - Equipment		356	
Travel		3,626	
Other Contracted Services		104,159	
Other Supplies and Materials		5,896	
In Service/Staff Development		16,983	
Other Equipment		1,212	
Total Special Education Program			\$ 225,444

Career and Technical Education Program

Supervisor/Director	\$	1,633	
Social Security		101	
Pensions		174	
Unemployment Compensation		5	
Employer Medicare		24	
Total Career and Technical Education Program			1,937

Technology

In Service/Staff Development	\$	1,200	
Total Technology			1,200

Transportation

Other Salaries and Wages	\$	17,359	
Social Security		1,076	
Unemployment Compensation		52	
Employer Medicare		252	
Maintenance and Repair Services - Vehicles		4,932	
Total Transportation			23,671

Operation of Non-Instructional ServicesCommunity Services

Teachers	\$	16,135	
Other Salaries and Wages		3,168	
Social Security		1,197	
Pensions		1,209	
Unemployment Compensation		58	
Employer Medicare		280	
Retirement - Hybrid Stabilization		123	
Instructional Supplies and Materials		507	
In Service/Staff Development		15	
Total Community Services			22,692

Total School Federal Projects Fund \$ 1,081,553

(Continued)

Exhibit K-10

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

<u>Central Cafeteria Fund</u>		
<u>Operation of Non-Instructional Services</u>		
<u>Food Service</u>		
Supervisor/Director	\$ 53,334	
Accountants/Bookkeepers	13,011	
Cafeteria Personnel	334,866	
Social Security	23,473	
Pensions	6,796	
Medical Insurance	82,158	
Unemployment Compensation	543	
Employer Medicare	5,489	
Communication	1,528	
Maintenance and Repair Services - Equipment	9,166	
Travel	44	
Food Supplies	372,690	
Office Supplies	781	
USDA - Commodities	62,799	
Other Supplies and Materials	45,624	
Other Charges	1,414	
Food Service Equipment	813	
Total Food Service		\$ 1,014,529
Total Central Cafeteria Fund		\$ 1,014,529
Total Governmental Funds - Cannon County School Department		\$ 19,329,035

## 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, 2020

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 435,897
	<hr/>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 431,538
Trustee's Commission	4,359
Total Cash Disbursements	<hr/>
	\$ 435,897
	<hr/>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0
Cash Balance, July 1, 2019	<hr/>
	0
Cash Balance, June 30, 2020	<hr/>
	\$ 0
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## SINGLE AUDIT SECTION

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JASON E. MUMPOWER  
*Comptroller*

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

**Independent Auditor's Report**

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, 2020, and the related notes to the financial statements, which collectively comprise Cannon County's basic financial statements as listed in the table of contents, and have issued our report thereon dated February 19, 2021.

**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) as a basis for designing 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 financial statements. 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: 2020-001.

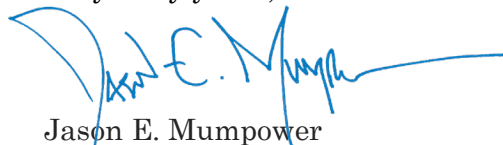
### **Cannon County's Response to the Finding**

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,



Jason E. Mumpower  
Comptroller of the Treasury  
Nashville, Tennessee

February 19, 2021

JEM/sl





JASON E. MUMPOWER  
*Comptroller*

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

**Independent Auditor's Report**

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, 2020. 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, 2020.

### **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, 2020, and the related notes to the financial statements, which collectively comprise Cannon County's basic financial statements. We issued our report thereon dated February 19, 2021, 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,



Jason E. Mumpower  
Comptroller of the Treasury  
Nashville, Tennessee

February 19, 2021

JEM/sl

Cannon County, Tennessee, and the Cannon County School Department  
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (3) (8) (9)  
For the Year Ended June 30, 2020

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: (5)			
School Breakfast Program	10.553	N/A	\$ 148,632 (6)
COVID-19 - School Breakfast Program	10.553	N/A	91,920 (6)
National School Lunch Program	10.555	N/A	379,218 (6) (7)
COVID-19 - National School Lunch Program	10.555	N/A	146,780 (6)
Passed-through State Department of Agriculture:			
Child Nutrition Cluster: (5)			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	62,799 (6)
National School Lunch Program - State Administrative Expenses	10.555	N/A	1,504 (6)
Total U.S. Department of Agriculture			<u>\$ 830,853</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants	14.228	(4)	<u>\$ 750</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Open Container Requirements	20.607	N/A	<u>\$ 5,164</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 458,662
Special Education Cluster: (5)			
Special Education - Grants to States	84.027	N/A	440,090
Special Education - Preschool Grants	84.173	N/A	13,829
Career and Technical Education - Basic Grants to States	84.048	N/A	51,754
Twenty-First Century Community Learning Centers	84.287	N/A	22,692
Supporting Effective Instruction State Grant	84.367	N/A	83,157
Student Support and Academic Enrichment Program	84.424	N/A	13,962
Total U.S. Department of Education			<u>\$ 1,084,146</u>
Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
2020 HAVA Election Security Grants	90.404	(4)	\$ 1,764 (6)
COVID-19 - 2020 Supplemental Election Security Grants	90.404	(4)	610 (6)
Total Election Assistance Commission			<u>\$ 2,374</u>
U.S. Department of Health and Human Services:			
Passed-through State Department of Education:			
CCDF Cluster: (5)			
Child Care and Development Block Grant	93.575	N/A	<u>\$ 1,071</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	(4)	\$ 5,000
Assistance to Firefighters Grant	97.044	(4)	147,122
Homeland Security Grant Program	97.067	(4)	92,112
Total U.S. Department of Homeland Security			<u>\$ 244,234</u>
Total Expenditures of Federal Awards			<u>\$ 2,168,592</u>

(Continued)

Cannon County, Tennessee, and the Cannon County School Department  
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (3) (8) (9) (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	(4)	\$ 9,000
Litter Program - State Department of Transportation	N/A	(4)	39,062
Rural Local Health Services - State Department of Health	N/A	(4)	5,105
Healthy Active Built Environments Grants - State Department of Health	N/A	(4)	20,000
Direct Appropriation Grant - State Department of Finance and Administration	N/A	(4)	100,000
Archives Development Program Grant - Tennessee Secretary of State	N/A	(4)	2,100
Technology Opportunities for the Public Grants - State Department of Economic and Community Development	N/A	(4)	2,500
Governor's Civics Seal and Mini-Grants Program - State Department of Education	N/A	(4)	12,774
Alternative Breakfast Mini-Grant - State Department of Education	N/A	(4)	5,000
ConnecTenn - State Department of Education	N/A	(4)	2,916
Lottery for Education Afterschool Programs (LEAPs) - State Department of Education	N/A	(4)	71,954
Early Childhood Education - State Department of Education	N/A	(4)	409,442
Coordinated School Health - State Department of Education	N/A	(4)	90,000
Safe Schools Act - State Department of Education	N/A	(4)	46,200
School Bus Seat Restraint Grant Program - State Department of Education	N/A	(4)	10,000
Total State Grants			<u>\$ 826,053</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) No amounts (\$0) were passed-through to subrecipients.  
(4) Information not available.  
(5) Child Nutrition Cluster total \$830,853; Special Education Cluster total \$453,919; CCDF Cluster total \$1,071.  
(6) Total for CFDA No. 10.553 is \$240,552. Total for CFDA No. 10.555 is \$590,301. Total for CFDA No. 90.404 is \$2,374.  
(7) National School Lunch Program \$364,559; After School Snack Program \$14,659.  
(8) For the year ended June 30, 2020, Cannon County received donated PPE valued at \$9,545 (\$7,159 federal and \$2,386 state) from the Tennessee Department of Military. These donations were unaudited.

(9) CONSOLIDATED ADMINISTRATION

The following amounts were consolidated for administration purposes:

Program Title	Federal CFDA Number	Amount Provided to Consolidated Administration
Title I Grants to Local Educational Agencies	84.010	\$ 50,708
Supporting Effective Instruction State Grant	84.367	1,280
Student Support and Academic Enrichment Program	84.424	631
Total amounts consolidated for administration purposes		<u>\$ 52,619</u>

Cannon County, Tennessee  
Summary Schedule of Prior-year Findings  
For the Year Ended June 30, 2020

*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, 2020.

***Prior-year Financial Statement Findings***

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
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**OFFICE OF COUNTY EXECUTIVE**

2019	188	2019-001	Competitive bids were not solicited for food and custodial supplies at the jail.	N/A	Corrected
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***Prior-year Federal Awards Findings***

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

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**CANNON COUNTY, TENNESSEE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2020**

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**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? **NONE REPORTED**
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 Numbers: 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? **YES**

## **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 plan, whether related to the financial statements or federal awards, is 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 ROAD SUPERVISOR**

#### **FINDING 2020-001**

#### **EXPENDITURES EXCEEDED APPROPRIATIONS**

(Noncompliance Under *Government Auditing Standards*)

Expenditures exceeded appropriations in the Employee Benefits major appropriation category (the legal level of control) of the Highway/Public Works Fund by \$55,848. Section 5-9-401, *Tennessee Code Annotated*, states that "All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs for the various departments, commissions, institutions, boards, offices, and agencies of county governments shall be appropriated to such use by the county legislative bodies." This deficit resulted from a lack of management oversight.

#### **RECOMMENDATION**

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

#### **MANAGEMENT'S RESPONSE – ROAD SUPERVISOR**

I concur with this finding. Amount for employee benefits medical insurance was a miscalculation. This amount was one month calculation of medical insurance expense instead of 12 months.



### **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, 2020.

**Cannon County, Tennessee**  
**Management's Corrective Action Plan**  
**For the Year Ended June 30, 2020**

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 ROAD SUPERVISOR - RESPONSE BY DIRECTOR OF FINANCE**

2020-001	Expenditures exceeded appropriations.	195
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***Diane Hickman***

**CANNON COUNTY DIRECTOR OF FINANCE**

301 W. Main Street, Ste. 200, Woodbury, TN 37190

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cannonex@dtccom.net

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**Corrective Action Plan**

**FINDING: EXPENDITURES EXCEEDED APPROPRIATIONS**

**Response and Corrective Action Plan Prepared by:**

Wayne Hancock, Road Supervisor and Diane Hickman, Finance Director

**Person Responsible for Implementing the Corrective Action:**

Diane Hickman, Finance Director

**Anticipated Completion Date of Corrective Action:**

June 30, 2021

**Repeat Finding:**

No

**Reason Corrective Action was Not Taken in the Prior Year:**

N/A

**Planned Corrective Action:**

We will monitor the budget and make amendments as needed to prevent overages.

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Diane Hickman, Finance Director