



**ANNUAL FINANCIAL REPORT
CANNON COUNTY, TENNESSEE**



FOR THE YEAR ENDED JUNE 30, 2013



**ANNUAL FINANCIAL REPORT
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FOR THE YEAR ENDED JUNE 30, 2013**

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

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

CANNON COUNTY, TENNESSEE

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Audit Highlights

Annual Financial Report
Cannon County, Tennessee
For the Year Ended June 30, 2013

Scope

We have audited the basic financial statements of Cannon County as of and for the year ended June 30, 2013.

Results

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

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

Findings and Best Practice

The following are summaries of the audit findings and best practice:

OFFICES OF COUNTY EXECUTIVE AND SHERIFF

- ◆ Cannon County does not require all eligible employees to participate in the Tennessee Consolidated Retirement System.

OFFICES OF COUNTY EXECUTIVE AND ROAD SUPERVISOR

- ◆ A capital outlay note was not issued in compliance with state statutes.

OFFICE OF COUNTY EXECUTIVE

- ◆ The office made unauthorized salary expenditures.
- ◆ The Ambulance Service Fund had a cash overdraft at June 30, 2013.

OFFICE OF ROAD SUPERVISOR

- ◆ Material audit adjustments were required in the Highway/Public Works Fund for proper financial statement presentation.
-

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ The office had deficiencies in budget operations.
-

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

- ◆ The accounting software did not identify the user who processed each transaction.
-

OFFICE OF CLERK AND MASTER

- ◆ Supplemental payments made to a county employee were not made through the county's payroll system.
 - ◆ Unclaimed funds were not reported and paid to the state.
-

OFFICES OF COUNTY CLERK AND CIRCUIT AND GENERAL SESSIONS COURTS CLERK

- ◆ Multiple employees operated from the same cash drawer.
-

BEST PRACTICE

Cannon County does not have a central system of accounting, budgeting, and purchasing. The Division of Local Government Audit strongly believes that a central system of accounting, budgeting, and purchasing is a best practice that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Cannon County.

INTRODUCTORY SECTION

Cannon County Officials
June 30, 2013

Officials

Mike Gannon, County Executive
Wayne Hancock, Road Supervisor
Barbara Parker, Director of Schools
Wayne Prater, Trustee
Donald Preston, Assessor of Property
Bobby Smith, County Clerk
Lynne Foster, Circuit and General Sessions Courts Clerk
William Bryson, Clerk and Master
Deborah Morris, Register of Deeds
Darrell Young, Sheriff

Board of County Commissioners

Robert Stoetzel, Chairman
Mark Barker
Jim Bush
Kevin George
Clint Higgins

Todd Hollandsworth
Jimmy Mingle
Kevin Mooneyham
Tony Neal
Russell Reed

Highway Commission

Jerry Pelham, Chairman
Doyle Duke

James Hancock

Board of Education

Randy Gannon, Chairman
Chris Blackburn
Bruce Daniel

Roy Parker
Nathan Sanders

Industrial Development Board

Randall Reid, Chairman
Neal Appelbaum
Doug Bodary
Corey Davenport

Mindy Gunter
Dean More
David Vance

Audit Committee

Glenn Steakley, Chairman
Gary Hancock
Ed Sissom

Pat Sissom
Hope Tenpenny

FINANCIAL SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
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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, 2013, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Cannon County Emergency Communications District, which represent 4.43 percent, 4.5 percent, and 3.63 percent, respectively, of the assets, net position, and revenues of the discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Cannon County Emergency Communications District, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United

States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our report and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cannon County, Tennessee, as of June 30, 2013, and the respective changes in financial position and the respective budgetary comparison for the General, Ambulance Service, and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note V.B., Cannon County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*; Statement No. 61, *The Financial Reporting Entity: Omnibus (an amendment of GASB Statements No. 14 and No. 34)*; Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; and Statement No. 63, *Reporting Deferred Outflows, Deferred Inflows and Net Position*, which became effective for the year ended June 30, 2013. Cannon County early implemented Statement No. 65, *Items Previously Reported as Assets and Liabilities* and Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62*, which have an effective date of June 30, 2014.

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 schedules of funding progress – pension plan and other postemployment benefit plan on pages 70 - 72 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Cannon County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Cannon County School Department and the Cannon County Industrial Development Board (discretely presented component units), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Cannon County School Department and the Cannon County Industrial Development Board (discretely presented component units), and miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial

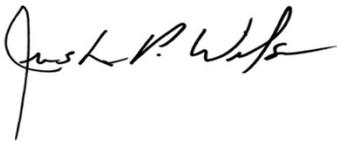
statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Cannon County School Department and the Cannon County Industrial Development Board (discretely presented component units), and miscellaneous schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2014, on our consideration of Cannon County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cannon County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

January 30, 2014

JPW/yu

BASIC FINANCIAL STATEMENTS

Cannon County, Tennessee
Statement of Net Position
June 30, 2013

	Primary Government Governmental Activities	Component Units		
		Cannon County School Department	Cannon County Industrial Development Board	Cannon County Emergency Communications District
<u>ASSETS</u>				
Cash	\$ 23,506	\$ 100	\$ 209,682	\$ 193,595
Equity in Pooled Cash and Investments	4,200,774	3,513,384	0	0
Accounts Receivable	818,261	93	0	26,782
Allowance for Uncollectibles	(639,133)	0	0	0
Due from Other Governments	413,831	282,559	0	0
Prepaid Items	20,167	0	0	0
Property Taxes Receivable	3,805,783	2,032,933	0	0
Allowance for Uncollectible Property Taxes	(81,853)	(44,290)	0	0
Notes Receivable - Long-term	91,193	0	0	0
Capital Assets:				
Assets Not Depreciated:				
Land	271,349	170,879	372,500	20,000
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	2,372,654	9,950,998	1,796,675	234,884
Other Capital Assets	1,130,414	521,214	17,383	397,066
Infrastructure	12,409,774	0	0	0
Total Assets	\$ 24,836,720	\$ 16,427,870	\$ 2,396,240	\$ 872,327
<u>LIABILITIES</u>				
Accounts Payable	\$ 74,495	\$ 0	\$ 0	\$ 3,898
Payroll Deductions Payable	31,625	0	0	25,500
Accrued Interest Payable	7,667	0	0	0
Cash Overdraft	333	0	0	0
Due to State of Tennessee	0	616	0	0
Noncurrent Liabilities:				
Due Within One Year	877,774	47,227	46,815	1,241
Due in More Than One Year	8,869,082	516,793	362,605	89,952
Total Liabilities	\$ 9,860,976	\$ 564,636	\$ 409,420	\$ 120,591
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 3,563,423	\$ 1,900,492	\$ 0	\$ 0
Total Deferred Inflow of Resources	\$ 3,563,423	\$ 1,900,492	\$ 0	\$ 0
<u>NET POSITION</u>				
Net Investment in Capital Assets	\$ 14,871,126	\$ 10,643,091	\$ 1,777,138	\$ 560,757
Restricted for:				
Solid Waste/Sanitation	105,017	0	0	0
Drug Control	87,310	0	0	0
Highway/Public Works	1,165,684	0	0	0
Debt Service	2,725,551	0	0	0
School Federal Projects	0	990	0	0
Central Cafeteria	0	228,275	0	0
Other Purposes	304,846	1,527	0	0
Unrestricted	(7,847,213)	3,088,859	209,682	190,979
Total Net Position	\$ 11,412,321	\$ 13,962,742	\$ 1,986,820	\$ 751,736

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

Cannon County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Position					
	Program Revenues			Component Units		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Cannon County School Department	Cannon County Industrial Development Board	Cannon County Emergency Communications District
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes				\$ 1,916,580	\$ 0	\$ 0
Property Taxes Levied for Debt Service				0	0	0
Local Option Sales Taxes				532,043	0	0
Wheel Tax				0	0	0
Litigation Tax - General				0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse				0	0	0
Business Tax				58,836	0	0
Wholesale Beer Tax				52,682	0	0
Mineral Severance Tax				54,782	0	0
Other Local Taxes				734	0	0
Grants and Contributions Not Restricted to Specific Programs				1,228	0	0
Unrestricted Investment Earnings				162,130	12,125,572	0
Miscellaneous				62,930	183	798
Sale of Equipment				40,819	70,105	4,943
Total General Revenues				3,229	0	0
				\$ 4,830,342	\$ 14,645,711	\$ 5,741
Change in Net Position				\$ 967,977	\$ (97,317)	\$ 75,174
Net Position, July 1, 2012				10,444,344	14,060,059	676,562
Net Position, June 30, 2013				\$ 11,412,321	\$ 13,962,742	\$ 751,736

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

Cannon County, Tennessee
Balance Sheet
Governmental Funds
 June 30, 2013

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	General Debt Service	Other Governmental Funds	
\$	0	0	0	0	23,506	23,506
Cash	467,221	0	903,499	2,617,782	212,272	4,200,774
Equity in Pooled Cash and Investments	5,000	812,753	0	0	508	818,261
Accounts Receivable	0	(639,133)	0	0	0	(639,133)
Allowance for Uncollectibles	119,685	0	262,804	0	31,342	413,831
Due from Other Governments	54,793	0	0	0	0	54,793
Due from Other Funds	2,945,132	461,191	0	70,643	328,817	3,805,783
Property Taxes Receivable	(62,056)	(9,898)	0	(1,777)	(8,122)	(81,853)
Allowance for Uncollectible Property Taxes	0	0	0	20,167	0	20,167
Prepaid Items	0	0	0	91,193	0	91,193
Notes Receivable - Long-term						
Total Assets	\$ 3,529,775	\$ 624,913	\$ 1,166,303	\$ 2,798,008	\$ 588,323	\$ 8,707,322

ASSETS

Cash	467,221
Equity in Pooled Cash and Investments	5,000
Accounts Receivable	812,753
Allowance for Uncollectibles	(639,133)
Due from Other Governments	119,685
Due from Other Funds	54,793
Property Taxes Receivable	2,945,132
Allowance for Uncollectible Property Taxes	(62,056)
Prepaid Items	0
Notes Receivable - Long-term	0

LIABILITIES

Accounts Payable	44,254
Payroll Deductions Payable	25,757
Cash Overdraft	0
Due to Other Funds	0
Total Liabilities	70,011

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes	2,764,352
Deferred Delinquent Property Taxes	105,912
Other Deferred/Unavailable Revenue	8,303
Total Deferred Inflows of Resources	2,878,567

(Continued)

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	General Debt Service	Other	Governmental Funds	
Nonspendable:							
Prepaid Items	\$ 0	\$ 0	\$ 0	\$ 20,167	\$ 0	\$ 0	\$ 20,167
Restricted:							
Restricted for General Government	4,839	0	0	0	0	0	4,839
Restricted for Administration of Justice	41,904	0	0	0	0	0	41,904
Restricted for Public Safety	182,786	0	0	0	87,310	87,310	270,096
Restricted for Public Health and Welfare	73,833	0	0	0	81,126	81,126	154,959
Restricted for Highways/Public Works	0	0	1,036,823	0	0	0	1,036,823
Restricted for Capital Outlay	1,477	0	0	0	7	7	1,484
Restricted for Debt Service	0	0	0	2,618,222	0	0	2,618,222
Committed:							
Committed for Finance	0	0	0	0	19,966	19,966	19,966
Committed for Public Safety	25,439	0	0	0	0	0	25,439
Committed for Public Health and Welfare	0	21,267	0	0	0	0	21,267
Committed for Social, Cultural, and Recreational Services	0	0	0	0	40	40	40
Assigned:							
Assigned for Debt Service	0	0	0	91,193	0	0	91,193
Unassigned	250,919	0	0	0	0	0	250,919
Total Fund Balances	\$ 581,197	\$ 21,267	\$ 1,036,823	\$ 2,729,582	\$ 188,449	\$ 188,449	\$ 4,557,318
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,529,775	\$ 624,913	\$ 1,166,303	\$ 2,798,008	\$ 588,323	\$ 588,323	\$ 8,707,322

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

Cannon County, Tennessee
Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Position
June 30, 2013

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$	4,557,318
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	271,349	
Add: buildings and improvements net of accumulated depreciation		2,372,654	
Add: other capital assets net of accumulated depreciation		1,130,414	
Add: infrastructure net of accumulated depreciation		<u>12,409,774</u>	16,184,191
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: notes payable	\$	(768,065)	
Less: other loans payable		(8,930,000)	
Less: compensated absences payable		(48,791)	
Less: accrued interest on notes and other loans		<u>(7,667)</u>	(9,754,523)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>425,335</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>11,412,321</u></u>

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

Cannon County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2013

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	General Debt Service	Other		
					Governmental Funds	Other Funds	
Revenues							
Local Taxes	\$ 2,879,034	\$ 396,817	\$ 56,282	\$ 771,435	\$ 475,681	\$ 475,681	\$ 4,579,249
Licenses and Permits	824	0	0	0	0	0	824
Fines, Forfeitures, and Penalties	85,055	0	0	0	57,293	57,293	142,348
Charges for Current Services	96,990	490,270	0	0	165,337	165,337	752,597
Other Local Revenues	202,309	0	90,173	0	100	100	292,582
Fees Received from County Officials	420,324	0	0	0	0	0	420,324
State of Tennessee	378,694	0	1,768,272	0	57,101	57,101	2,204,067
Federal Government	355,267	15,000	0	0	103,352	103,352	473,619
Other Governments and Citizens Groups	242,709	0	0	250,000	42,157	42,157	534,866
Total Revenues	\$ 4,661,206	\$ 902,087	\$ 1,914,727	\$ 1,021,435	\$ 901,021	\$ 901,021	\$ 9,400,476

Expenditures							
Current:							
General Government	\$ 664,498	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 664,498
Finance	327,285	0	0	0	128,605	128,605	455,890
Administration of Justice	449,206	0	0	0	0	0	449,206
Public Safety	2,231,406	0	0	0	58,076	58,076	2,289,482
Public Health and Welfare	116,282	880,820	0	0	477,296	477,296	1,474,398
Social, Cultural, and Recreational Services	216,262	0	0	0	178,148	178,148	394,410
Agriculture and Natural Resources	67,017	0	0	0	0	0	67,017
Other Operations	599,864	0	0	0	0	0	599,864
Highways	0	0	1,839,970	0	0	0	1,839,970
Capital Outlay	471,358	0	0	0	0	0	471,358
Debt Service:							
Principal on Debt	0	0	0	697,134	5,700	5,700	702,834
Interest on Debt	0	0	0	47,380	0	0	47,380
Other Debt Service	0	0	0	68,686	0	0	68,686
Capital Projects	2,500	0	0	0	42,744	42,744	45,244
Total Expenditures	\$ 5,145,678	\$ 880,820	\$ 1,839,970	\$ 813,200	\$ 890,569	\$ 890,569	\$ 9,570,237

Excess (Deficiency) of Revenues Over Expenditures	\$ (484,472)	\$ 21,267	\$ 74,757	\$ 208,235	\$ 10,452	\$ 10,452	\$ (169,761)
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Other Financing Sources (Uses)							
Notes Issued	\$ 435,883	\$ 0	\$ 68,000	\$ 0	\$ 0	\$ 0	\$ 503,883
Total Other Financing Sources (Uses)	\$ 435,883	\$ 0	\$ 68,000	\$ 0	\$ 0	\$ 0	\$ 503,883

(Continued)

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	General Debt Service	Other Governmental Funds	Governmental Funds	
Net Change in Fund Balances	\$ (48,589)	\$ 21,267	\$ 142,757	\$ 208,235	\$ 10,452	\$ 334,122	
Fund Balance, July 1, 2012	629,786	0	894,066	2,521,347	177,997	4,223,196	
Fund Balance, June 30, 2013	\$ 581,197	\$ 21,267	\$ 1,036,823	\$ 2,729,582	\$ 188,449	\$ 4,557,318	

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

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, 2013

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)		\$ 334,122
<p>(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:</p>		
Add: capital assets purchased in the current period	\$ 1,293,298	
Less: current-year depreciation expense	<u>(840,783)</u>	452,515
<p>(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.</p>		
Less: loss on disposal of capital assets		(41,322)
<p>(3) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2013	\$ 425,335	
Less: deferred delinquent property taxes and other deferred June 30, 2012	<u>(390,206)</u>	35,129
<p>(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:</p>		
Less: note proceeds	\$ (503,883)	
Add: principal payments on notes	96,834	
Add: principal payments on other loans	<u>606,000</u>	198,951
<p>(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.</p>		
Change in accrued interest payable	\$ (6,311)	
Change in compensated absences payable	<u>(5,107)</u>	(11,418)
Change in net position of governmental activities (Exhibit B)		<u>\$ 967,977</u>

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

Cannon County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,879,034	\$ 2,820,090	\$ 2,820,090	\$ 58,944
Licenses and Permits	824	650	650	174
Fines, Forfeitures, and Penalties	85,055	67,800	68,200	16,855
Charges for Current Services	96,990	91,920	97,918	(928)
Other Local Revenues	202,309	110,348	166,660	35,649
Fees Received from County Officials	420,324	415,950	415,950	4,374
State of Tennessee	378,694	330,173	340,853	37,841
Federal Government	355,267	4,500	372,397	(17,130)
Other Governments and Citizens Groups	242,709	189,276	222,289	20,420
Total Revenues	\$ 4,661,206	\$ 4,030,707	\$ 4,505,007	\$ 156,199
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 6,565	\$ 10,564	\$ 10,564	\$ 3,999
Other Boards and Committees	67	491	491	424
County Mayor/Executive	170,547	172,341	172,341	1,794
Election Commission	164,383	167,667	167,667	3,284
Register of Deeds	111,579	114,463	114,463	2,884
County Buildings	211,357	207,747	229,931	18,574
Preservation of Records	0	100	100	100
<u>Finance</u>				
Property Assessor's Office	132,833	145,327	145,327	12,494
County Trustee's Office	147,598	148,078	148,078	480
County Clerk's Office	46,854	51,119	51,119	4,265
<u>Administration of Justice</u>				
Circuit Court	196,355	202,349	202,349	5,994
General Sessions Court	100,566	100,788	100,788	222
Chancery Court	99,501	100,852	100,852	1,351
Juvenile Court	27,324	27,738	27,738	414
Judicial Commissioners	24,605	24,186	24,646	41
Victims Assistance Programs	855	500	900	45
<u>Public Safety</u>				
Sheriff's Department	860,301	904,507	934,347	74,046
Administration of the Sexual Offender Registry	1,344	0	1,345	1
Jail	738,158	772,354	774,987	36,829
Fire Prevention and Control	72,999	87,777	87,777	14,778
Rescue Squad	10,585	10,585	10,585	0
Other Emergency Management	12,739	13,760	13,760	1,021
County Coroner/Medical Examiner	36,121	21,919	37,969	1,848
Public Safety Grant Programs	336,515	304,749	337,762	1,247
Other Public Safety	162,644	0	163,065	421
<u>Public Health and Welfare</u>				
Local Health Center	30,511	33,318	33,318	2,807
Regional Mental Health Center	29,000	42,600	42,600	13,600
General Welfare Assistance	17,865	17,948	17,948	83
Sanitation Management	38,906	39,200	39,200	294

(Continued)

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	\$ 170,801	\$ 159,708	\$ 174,392	\$ 3,591
Parks and Fair Boards	45,461	50,620	50,620	5,159
<u>Agriculture and Natural Resources</u>				
Agriculture Extension Service	65,517	66,044	66,044	527
Other Agriculture and Natural Resources	1,500	0	1,500	0
<u>Other Operations</u>				
Other Economic and Community Development	254,832	0	254,832	0
Veterans' Services	14,466	14,450	14,466	0
Other Charges	215,758	240,553	240,537	24,779
Contributions to Other Agencies	40,704	40,704	40,704	0
Employee Benefits	23,336	53,000	53,000	29,664
Miscellaneous	50,768	19,893	55,103	4,335
<u>Capital Outlay</u>				
Regular Capital Outlay	471,358	0	472,883	1,525
<u>Capital Projects</u>				
Social, Cultural, and Recreation Projects	2,500	0	2,500	0
Total Expenditures	<u>\$ 5,145,678</u>	<u>\$ 4,367,999</u>	<u>\$ 5,418,598</u>	<u>\$ 272,920</u>
Excess (Deficiency) of Revenues				
Over Expenditures	\$ (484,472)	\$ (337,292)	\$ (913,591)	\$ 429,119
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 435,883	\$ 0	\$ 435,883	\$ 0
Insurance Recovery	0	0	21,324	(21,324)
Total Other Financing Sources	<u>\$ 435,883</u>	<u>\$ 0</u>	<u>\$ 457,207</u>	<u>\$ (21,324)</u>
Net Change in Fund Balance	\$ (48,589)	\$ (337,292)	\$ (456,384)	\$ 407,795
Fund Balance, July 1, 2012	<u>629,786</u>	<u>457,316</u>	<u>457,316</u>	<u>172,470</u>
Fund Balance, June 30, 2013	<u>\$ 581,197</u>	<u>\$ 120,024</u>	<u>\$ 932</u>	<u>\$ 580,265</u>

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

Cannon County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Ambulance Service Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 396,817	\$ 381,558	\$ 381,558	\$ 15,259
Charges for Current Services	490,270	510,000	510,000	(19,730)
State of Tennessee	0	15,000	0	0
Federal Government	15,000	0	15,000	0
Total Revenues	<u>\$ 902,087</u>	<u>\$ 906,558</u>	<u>\$ 906,558</u>	<u>\$ (4,471)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Ambulance/Emergency Medical Services	\$ 880,820	\$ 901,056	\$ 901,056	\$ 20,236
Total Expenditures	<u>\$ 880,820</u>	<u>\$ 901,056</u>	<u>\$ 901,056</u>	<u>\$ 20,236</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 21,267</u>	<u>\$ 5,502</u>	<u>\$ 5,502</u>	<u>\$ 15,765</u>
Net Change in Fund Balance	\$ 21,267	\$ 5,502	\$ 5,502	\$ 15,765
Fund Balance, July 1, 2012	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance, June 30, 2013	<u><u>\$ 21,267</u></u>	<u><u>\$ 5,502</u></u>	<u><u>\$ 5,502</u></u>	<u><u>\$ 15,765</u></u>

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

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, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 56,282	\$ 0	\$ 56,282	\$ 12,100	\$ 86,009	\$ (29,727)
Other Local Revenues	90,173	0	90,173	91,000	162,000	(71,827)
State of Tennessee	1,768,272	0	1,768,272	3,106,165	3,106,165	(1,337,893)
Federal Government	0	0	0	50,000	50,000	(50,000)
Total Revenues	\$ 1,914,727	\$ 0	\$ 1,914,727	\$ 3,259,265	\$ 3,404,174	\$ (1,489,447)
<u>Expenditures</u>						
<u>Highways</u>						
Administration	\$ 148,580	\$ 0	\$ 148,580	\$ 145,089	\$ 155,144	\$ 6,564
Highway and Bridge Maintenance	660,976	0	660,976	1,341,050	1,341,050	680,074
Operation and Maintenance of Equipment	261,442	0	261,442	310,470	310,470	49,028
Other Charges	74,167	0	74,167	74,493	74,493	326
Employee Benefits	88,550	0	88,550	94,500	94,500	5,950
Capital Outlay	606,255	(181,753)	424,502	1,203,000	1,274,331	849,829
Total Expenditures	\$ 1,839,970	\$ (181,753)	\$ 1,658,217	\$ 3,168,602	\$ 3,249,988	\$ 1,591,771
Excess (Deficiency) of Revenues Over Expenditures	\$ 74,757	\$ 181,753	\$ 256,510	\$ 90,663	\$ 154,186	\$ 102,324
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 68,000	\$ 0	\$ 68,000	\$ 0	\$ 68,000	\$ 0
Total Other Financing Sources	\$ 68,000	\$ 0	\$ 68,000	\$ 0	\$ 68,000	\$ 0
Net Change in Fund Balance Fund Balance, July 1, 2012	\$ 142,757	\$ 181,753	\$ 324,510	\$ 90,663	\$ 222,186	\$ 102,324
Fund Balance, July 1, 2012	894,066	(181,753)	712,313	593,135	593,135	119,178
Fund Balance, June 30, 2013	\$ 1,036,823	\$ 0	\$ 1,036,823	\$ 683,798	\$ 815,321	\$ 221,502

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

Cannon County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2013

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 976,529
Due from Other Governments	<u>67,953</u>
Total Assets	<u>\$ 1,044,482</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 67,953
Due to Litigants, Heirs, and Others	<u>976,529</u>
Total Liabilities	<u>\$ 1,044,482</u>

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

CANNON COUNTY, TENNESSEE
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CANNON COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

Cannon County is a public municipal corporation governed by an elected ten-member board. As required by GAAP, these financial statements present Cannon County (the primary government) and its component units. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

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

The Cannon County Industrial Development Board provides assistance in industrial recruitment in Cannon County, and the Cannon County Commission appoints its ten-member board. The board is fiscally dependent on the county because its budget is subject to the County Commission's approval. The board is funded primarily through lease payments collected from industries that lease buildings from the Industrial Development Board.

The Cannon County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Cannon County, and the Cannon County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County Commission's approval.

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

Administrative Office:

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

B. Government-wide and Fund Financial Statements

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

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

Cannon County issues all debt for the discretely presented Cannon County School Department. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2013.

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

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

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

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

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

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

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

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

Cannon County reports the following major governmental funds:

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

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

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

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

Additionally, Cannon County reports the following fund types:

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

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

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

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

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

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

The discretely presented Cannon County Industrial Development Board reports the following major governmental fund:

General Fund – This is the Cannon County Industrial Development Board’s operating fund. It accounts for all financial resources of the board.

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

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

1. Deposits and Investments

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

The county trustee maintains a cash and internal investment pool that is used by all funds, the discretely presented Cannon County School Department, and the discretely presented Cannon County Industrial Development Board. 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, the School Department, and the Industrial Development Board have adopted a policy of reporting U.S. Treasury obligations, U.S. agency

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

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

Property taxes receivable are recognized as of the date an enforceable legal claim to the taxable property arises. This date is January 1 and is referred to as the lien date. However, revenues from property taxes are recognized in the period for which the taxes are levied, which is the ensuing fiscal year. Since the receivable is recognized before the period of revenue recognition, the entire amount of the receivable, less an estimated allowance for uncollectible taxes, is reported as a deferred inflow of resources as of June 30.

Property taxes receivable are also reported as of June 30 for the taxes that are levied, collected, and reported as revenue during the current fiscal year. These property taxes receivable are presented on the balance sheet as a deferred inflow of resources to reflect amounts not available as of June 30. Property taxes collected within 30 days of year-end are considered available and accrued. The allowance for

uncollectible taxes represents the estimated amount of the receivable that will be filed in court for collection. Delinquent taxes filed in court for collection are not included in taxes receivable since they are neither measurable nor available.

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

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

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as an expenditure when consumed rather than when purchased. Prepaids are offset in the nonspendable fund balance account in governmental funds.

4. Capital Assets

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

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

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

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

Property, plant, equipment, and infrastructure of the primary government, the discretely presented School Department, and the discretely presented Industrial Development Board are depreciated

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	25 - 50
Other Capital Assets	5 - 50
Infrastructure	20 - 50

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 no items that qualify for reporting in this category.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These revenues are from the following sources: current and delinquent property taxes and various receivables for revenues, which do not meet the availability criteria of governmental funds. These amounts are deferred and recognized as an inflow 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 component units. A liability for vacation pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

7. 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.

On the government-wide Statement of Net Assets (Exhibit A), the account Restricted for Other Purposes for the primary government consists of various restrictions totaling \$304,846, with the primary restrictions being for alcohol and drug treatment (\$73,833) and litigation taxes collected for maintenance of the county jail (\$170,052).

As of June 30, 2013, Cannon County had \$8,385,000 in outstanding debt for capital purposes for the discretely presented Cannon County School Department. This debt is a liability of Cannon County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Cannon County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

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

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

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

Restricted Fund Balance – includes amounts that have constraints placed on the use of the resources that are either (a) externally imposed by creditors, grantors, contributors or

laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

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

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

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

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

Discretely Presented Cannon County School Department

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

Discretely Presented Cannon County Industrial Development Board

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

Discretely Presented Cannon County Industrial Development Board

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

In prior years, the budgetary statements for the General Fund and major special revenue funds were presented as required supplementary information in the financial statements of its external financial report. Effective for the year ended June 30, 2013, these budgetary statements are presented as part of the basic financial statements. This change in presentation was done to be consistent in the presentation of the information for both municipal and county governments in Tennessee.

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

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

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

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

At June 30, 2013, the Cannon County School Department reported the following significant encumbrances:

Fund	Description	Amount
School Department:		
Major Fund:		
General Purpose School	Textbooks	\$ 115,590
"	Bus	84,910
"	Construction costs	40,466

B. Unauthorized Salary Expenditures

The salary paid to the director of the county's REACH after-school program exceeded the line-item appropriation approved by the County Commission in the REACH Fund by \$14,792. The county's budget resolution does not allow salary expenditures to be in excess of the amounts set forth in the resolution; therefore, salaries exceeding line-item appropriations were expenditures not approved by the County Commission.

C. Cash Overdraft

The Ambulance Service Fund had a cash overdraft of \$333 at June 30, 2013. This cash overdraft resulted from the issuance of checks exceeding cash on deposit with the county trustee. The cash overdraft was liquidated subsequent to June 30, 2013.

D. The Actual Fund Balance Exceeded the Estimated Beginning Fund Balance by a Material Amount

The General Purpose School Fund's actual fund balance at July 1, 2012, was \$2,639,295; however, the estimated fund balance reflected in the county's budget was \$1,137,777. Therefore the actual fund balance

exceeded the estimated fund balance presented to the County Commission during the budget approval process by \$1,501,518.

E. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the County Commission by \$35,009 in the Transfers Out major appropriation category (the legal level of control) in the General Purpose School Fund. Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balance.

F. Cash Shortage – Prior Year

On February 27, 2012, our office issued a special investigative report on the Cannon County REACH Program for the period July 1, 2008, through March 31, 2011, that revealed a cash shortage of \$37,259. On October 4, 2012, the former director of the REACH program pled guilty to theft over \$10,000 and was sentenced to probation and ordered to pay restitution. On October 11, 2012, the county received a payment of \$36,259 from its insurance company, which represents the amount of the shortage less the county's deductible of \$1,000. County officials stated that the county is not going to pursue repayment of the deductible amount, and they now consider the matter closed.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Cannon County, the Cannon County School Department, and the Cannon County Industrial Development Board 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 reflected on the balance sheets or statements of net position represents nonpooled amounts held separately by individual funds.

Deposits

Legal Provisions. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their

public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the county.

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

The county had no pooled or nonpooled investments as of June 30, 2013.

B. Notes Receivable

Notes receivable in the General Debt Service Fund resulted from the issuance of \$100,000 in capital outlay notes for a building on behalf of the Cannon County Emergency Communications District in prior years. This debt was retired by the county in 2012; however, the district is repaying the county in accordance with an agreed-upon payment schedule. Under the terms of this agreement, the loan bears no interest and matures in the fiscal year ending June 30, 2047. The district's building is pledged as collateral on the indebtedness until the existing principal is paid in full. The balance of the notes receivable is \$91,193 at June 30, 2013.

C. Capital Assets

Capital assets activity for the year ended June 30, 2013, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Capital Assets Not Depreciated:				
Land	\$ 271,349	\$ 0	\$ 0	\$ 271,349
Construction in Progress	898,696	0	(898,696)	0
Total Capital Assets Not Depreciated	\$ 1,170,045	\$ 0	\$ (898,696)	\$ 271,349
Capital Assets Depreciated:				
Buildings and Improvements	\$ 5,873,580	\$ 220,430	\$ 0	\$ 6,094,010
Infrastructure	22,333,033	1,425,886	(80,250)	23,678,669
Other Capital Assets	1,847,160	545,678	(161,869)	2,230,969
Total Capital Assets Depreciated	\$ 30,053,773	\$ 2,191,994	\$ (242,119)	\$ 32,003,648
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 3,578,934	\$ 142,422	\$ 0	\$ 3,721,356
Infrastructure	10,799,027	550,118	(80,250)	11,268,895
Other Capital Assets	1,072,859	148,243	(120,547)	1,100,555
Total Accumulated Depreciation	\$ 15,450,820	\$ 840,783	\$ (200,797)	\$ 16,090,806
Total Capital Assets Depreciated, Net	\$ 14,602,953	\$ 1,351,211	\$ (41,322)	\$ 15,912,842
Governmental Activities Capital Assets, Net	\$ 15,772,998	\$ 1,351,211	\$ (940,018)	\$ 16,184,191

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

Governmental Activities:

General Government	\$	79,532
Public Safety		137,143
Public Health and Welfare		29,279
Social, Cultural, and Recreational Services		21,472
Highways/Public Works		<u>573,357</u>
Total Depreciation Expense - Governmental Activities	\$	<u><u>840,783</u></u>

Discretely Presented Cannon County School Department

Governmental Activities:

	Balance 7-1-12	Increases	Balance 6-30-13
Capital Assets Not Depreciated:			
Land	\$ 140,635	\$ 30,244	\$ 170,879
Total Capital Assets Not Depreciated	<u>\$ 140,635</u>	<u>\$ 30,244</u>	<u>\$ 170,879</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 19,077,951	\$ 149,967	\$ 19,227,918
Other Capital Assets	823,105	79,958	903,063
Total Capital Assets Depreciated	<u>\$ 19,901,056</u>	<u>\$ 229,925</u>	<u>\$ 20,130,981</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 8,839,567	\$ 437,353	\$ 9,276,920
Other Capital Assets	324,086	57,763	381,849
Total Accumulated Depreciation	<u>\$ 9,163,653</u>	<u>\$ 495,116</u>	<u>\$ 9,658,769</u>
Total Capital Assets Depreciated, Net	<u>\$ 10,737,403</u>	<u>\$ (265,191)</u>	<u>\$ 10,472,212</u>
Governmental Activities Capital Assets, Net	<u>\$ 10,878,038</u>	<u>\$ (234,947)</u>	<u>\$ 10,643,091</u>

There were no decreases in capital assets to report during the year ended June 30, 2013.

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

Governmental Activities:

Instruction	\$ 447,285
Support Services	<u>47,831</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 495,116</u></u>

Discretely Presented Cannon County Industrial Development Board

Governmental Activities:

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Capital Assets Not Depreciated:				
Land	\$ 574,512	\$ 0	\$ (202,012)	\$ 372,500
Total Capital Assets Not Depreciated	<u>\$ 574,512</u>	<u>\$ 0</u>	<u>\$ (202,012)</u>	<u>\$ 372,500</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 3,572,752	\$ 0	\$ (70,402)	\$ 3,502,350
Other Capital Assets	21,000	0		21,000
Total Capital Assets Depreciated	<u>\$ 3,593,752</u>	<u>\$ 0</u>	<u>\$ (70,402)</u>	<u>\$ 3,523,350</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 1,650,970	\$ 89,319	\$ (34,614)	\$ 1,705,675
Other Capital Assets	2,217	1,400		3,617
Total Accumulated Depreciation	<u>\$ 1,653,187</u>	<u>\$ 90,719</u>	<u>\$ (34,614)</u>	<u>\$ 1,709,292</u>
Total Capital Assets Depreciated, Net	<u>\$ 1,940,565</u>	<u>\$ (90,719)</u>	<u>\$ (35,788)</u>	<u>\$ 1,814,058</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 2,515,077</u></u>	<u><u>\$ (90,719)</u></u>	<u><u>\$ (237,800)</u></u>	<u><u>\$ 2,186,558</u></u>

Depreciation expense was charged to functions of the Industrial Development Board as follows:

Governmental Activities:

Other Operations	<u>\$ 90,719</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 90,719</u></u>

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2013, was as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 54,793
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	37,009

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

Interfund Transfers:

Interfund transfers for the year ended June 30, 2013, consisted of the following amounts:

Discretely Presented Cannon County School Department

<u>Transfer Out</u>	<u>Transfers In</u>	
	General Purpose School Fund	Nonmajor Govern- mental Fund
Nonmajor governmental fund	\$ 56,758	\$ 0
General Purpose School Fund	0	35,009

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

E. Long-term Obligations

Primary Government

Notes and Other Loans

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

Capital outlay notes and other loans are direct obligations and pledge the full faith and credit of the government. Capital outlay notes and other loans outstanding were issued for original terms of up to 12 years for notes and up to 24 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All notes and other loans included in long-term debt as of June 30, 2013, will be retired from the General Debt Service and Highway/Public Works funds.

Capital outlay notes and other loans outstanding, as of June 30, 2013, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-13
Capital Outlay Notes	1.98 to 3.95 %	7-1-23	\$ 958,608	\$ 768,065
Other Loans	variable	5-25-26	14,462,000	8,930,000

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

The following table summarizes loan agreements outstanding at June 30, 2013:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-13	Interest Type	Interest Rate as of 6-30-13	Approximate Fee Rate as of 6-30-13		
					%	%	
Series 1999	\$ 1,642,000	\$ 673,000	Variable	.31	%	.65	%
Series 2002	11,400,000	7,712,000	Variable	.31		.65	
Series 2002	1,420,000	545,000	Variable	.33		.65	

The annual requirements to amortize all notes and other loans outstanding as of June 30, 2013, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Notes		
	Principal	Interest	Total
2014	\$ 240,341	\$ 21,070	\$ 261,411
2015	183,943	14,769	198,712
2016	187,481	10,455	197,936
2017	18,000	6,044	24,044
2018	18,000	5,332	23,332
2019-2023	103,000	14,990	117,990
2024	17,300	455	17,755
Total	\$ 768,065	\$ 73,115	\$ 841,180

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2014	\$ 635,000	\$ 27,792	\$ 61,105	\$ 723,897
2015	666,000	25,803	56,978	748,781
2016	699,000	23,718	52,649	775,367
2017	732,000	21,529	48,105	801,634
2018	765,000	19,237	43,347	827,584
2019-2023	3,197,000	64,530	141,424	3,402,954
2024-2026	2,236,000	14,089	32,602	2,282,691
Total	\$ 8,930,000	\$ 196,698	\$ 436,210	\$ 9,562,908

There is \$2,729,582 available in the General Debt Service Fund to service long-term debt. Debt per capita, including notes and other loans totaled \$703, based on the 2010 federal census.

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2013, was as follows:

Governmental Activities:

	Notes	Other Loans	Compensated Absences
Balance, July 1, 2012	\$ 361,016	\$ 9,536,000	\$ 43,684
Additions	503,883	0	66,436
Reductions	(96,834)	(606,000)	(61,329)
Balance, June 30, 2013	<u>\$ 768,065</u>	<u>\$ 8,930,000</u>	<u>\$ 48,791</u>
Balance Due Within One Year	<u>\$ 240,341</u>	<u>\$ 635,000</u>	<u>\$ 2,433</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2013	\$ 9,746,856
Less: Balance Due Within One Year	<u>(877,774)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 8,869,082</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, 2013, was as follows:

Governmental Activities:

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2012	\$ 74,136	\$ 374,336
Additions	54,255	216,079
Reductions	(52,130)	(102,657)
Balance, June 30, 2013	<u>\$ 76,261</u>	<u>\$ 487,758</u>
Balance Due Within One Year	<u>\$ 47,227</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2013	\$ 564,020
Less: Balance Due Within One Year	<u>(47,227)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 516,793</u>

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

Discretely Presented Cannon County Industrial Development Board

Other Loans

The Industrial Development Board issues other loans to provide funds for the acquisition and construction of major capital facilities. Other loans are direct obligations and pledge the full faith and credit of the government. Other loans outstanding were issued for original terms of up to 20 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All other loans included in long-term debt as of June 30, 2013, will be retired from the General Fund.

Other loans outstanding as of June 30, 2013, for governmental activities are as follows:

<u>Type</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Original Amount of Issue</u>	<u>Balance 6-30-13</u>
Other Loans	1 to 4.5 %	12-10-23	\$ 782,500	409,420

In prior years, the Cannon County Industrial Development Board entered into a loan agreement with Cumberland Area Investment Corporation. Under this loan agreement, Cumberland Area Investment Corporation loaned \$300,000 at an interest rate of 4.5 percent to the Cannon County Industrial Development Board for industrial development.

Also, in prior years, the Cannon County Industrial Development Board entered into a loan agreement with the Tennessee Department of Economic and Community Development. Under this loan agreement, the Tennessee Department of Economic and Community Development loaned \$482,500 at interest rates of one to three percent to the Cannon County Industrial Development Board for industrial development.

The annual requirements to amortize all other loans outstanding as of June 30, 2013, including interest payments, are presented in the following table:

Year Ending June 30	Other Loans		Total
	Principal	Interest	
2014	\$ 46,815	\$ 12,357	\$ 59,172
2015	47,703	12,003	59,706
2016	48,988	11,100	60,088
2017	50,743	9,345	60,088
2018	52,544	7,544	60,088
2019-2023	151,178	15,560	166,738
2024	11,449	153	11,602
Total	\$ 409,420	\$ 68,062	\$ 477,482

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Cannon County Industrial Development Board for the year ended June 30, 2013, was as follows:

Governmental Activities:

	<u>Other Loans</u>
Balance, July 1, 2012	\$ 454,958
Reductions	<u>(45,538)</u>
Balance, June 30, 2013	<u>\$ 409,420</u>
Balance Due Within One Year	<u>\$ 46,815</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2013	\$ 409,420
Less: Balance Due Within One Year	<u>(46,815)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 362,605</u>

F. On-Behalf Payments

Discretely Presented Cannon County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Cannon County School Department. These payments are

made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2013, were \$17,710 and \$13,264, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

G. Short-term Debt

Cannon County issued tax anticipation notes in advance of property tax collections and deposited the proceeds in the General Fund (\$500,000), the Solid Waste/Sanitation Fund (\$100,000), the Ambulance Service Fund (\$118,000), and the REACH Fund (\$20,000). These notes were necessary because funds were not available to meet obligations coming due before current tax collections. Short-term debt activity for the year ended June 30, 2013, was as follows:

	Balance 7-1-12	Issued	Paid	Balance 6-30-13
Tax Anticipation Notes	\$ 0	\$ 738,000	\$ (738,000)	\$ 0

V. OTHER INFORMATION

A. Risk Management

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

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

The School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, *Tennessee Code Annotated (TCA)*, all local education agencies are eligible to participate. The LEGIF is included in the

Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. Section 8-27-303, *TCA*, provides for the LEGIF to be self-sustaining through member premiums.

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*; Statement No. 61, *The Financial Reporting Entity: Omnibus (an amendment of GASB Statements No. 14 and No. 34)*; Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; and Statement No. 63, *Reporting Deferred Outflows, Deferred Inflows and Net Position* became effective for the year ended June 30, 2013. Cannon County early implemented Statement No. 65, *Items Previously Reported as Assets and Liabilities* and Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62*, which have an effective date of June 30, 2014.

GASB Statement No. 60 provides accounting and financial reporting guidance related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The standard establishes criteria for determining whether a SCA exists, how to account for SCAs, and requires certain disclosures associated with a SCA.

GASB Statement No. 61 amends Statements No. 14 and No. 34 and modifies certain requirements for inclusion of component units in the financial reporting entity to ensure that the reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. Statement No. 61 also clarifies the criteria for blending component units and presenting business-type component units.

GASB Statement No. 62 incorporates into GASB's literature the provisions in Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants' Committee on Accounting Procedure issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements. The option to use subsequent FASB guidance has been removed.

GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources that were introduced and defined by Concepts Statement No. 4, *Elements of Financial Statements*. Previous financial reporting standards did not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. In addition, the previous Statement of Net Assets was renamed to a Statement of Financial Position.

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassifies, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

GASB Statement No. 66 resolves conflicting guidance by removing the provision that limits fund based reporting of an entity's risk financing activities to the General Fund and the internal service fund type. Under Statement No. 66 decisions about fund type classifications are based on the nature of the activity to be reported as required by Statements No. 54 and No. 34. This statement also modifies guidance on operating lease payments, purchased loans, and servicing fees related to mortgage loans.

C. Subsequent Events

Between July 19 and December 20, 2013, the county's General Debt Service Fund issued tax/revenue anticipation notes totaling \$1,011,786 for temporary operating funds to the General (\$700,000), Solid Waste/Sanitation (\$53,568), Ambulance Service (\$161,218), and the REACH Program (\$97,000) funds.

The financial transactions of the Cannon County Industrial Board had been maintained by the Cannon County Executive's Office for many years. On June 25, 2013, the Industrial Development Board transferred its financial operations from the county and took over the administration of its assets and accounting records. We have audited the financial statements of the Industrial Development Board through June 30, 2013; however, beginning July 1, 2013, the audit of this board will be performed by other contracted auditors.

D. Contingent Liabilities

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

E. Joint Venture

Cannon County is a participant with Coffee, Rutherford, and Warren counties in a multi-county Municipal Solid Waste Planning Region. This entity was created to promote the preparation of municipal solid waste regional plans to effectively and efficiently manage solid waste. This entity is governed by a 13-member board comprising appointees from Cannon County (2), Coffee County (2), Rutherford County (3), Warren County (2), the City of Manchester (1), the City of McMinnville (1), the City of Murfreesboro (1), and the City of Woodbury (1). Funding is provided from member contributions and grants. There are no separately issued financial statements for the Municipal Solid Waste Planning Region. Rutherford

County has been designated as the fiscal agent for the Planning Region and accounts for its activities through the Joint Venture Fund (agency fund), which is included in the financial statements reflected in Rutherford County's comprehensive annual financial report. Cannon County does not have an equity interest in this joint venture.

F. Retirement Commitments

Plan Description

Employees of Cannon County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Cannon County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at <http://www.tn.gov/treasury/tcrs/PS/>.

Funding Policy

Cannon County requires employees to contribute five percent of their earnable compensation to the plan. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2013, was 9.65 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2013, Cannon County's annual pension cost of \$383,402 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2011, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected three percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected postretirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The county's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2011, was one year. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-13	\$383,402	100%	\$0
6-30-12	382,103	100	0
6-30-11	370,757	100	0

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 98.46 percent funded. The actuarial accrued liability for benefits was \$9.3 million, and the actuarial value of assets was \$9.16 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.14 million. The covered payroll (annual payroll of active employees covered by the plan) was \$3.57 million, and the ratio of the UAAL to the covered payroll was 4.01 percent.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

SCHOOL TEACHERS

Plan Description

The Cannon County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.tn.gov/treasury/tcrs/Schools.

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2013, was 8.88 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2013, 2012, and 2011, were \$678,643, \$694,111, and \$694,668, respectively, equal to the required contributions for each year.

G. Other Postemployment Benefits (OPEB)

Plan Description

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

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop their own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. The required contribution rate for retirees ranges from 55 to 75 percent based on the years of service. During the year ended June 30, 2013, the discretely presented School Department contributed \$102,657 for postemployment health care.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan
	<hr/>
ARC	\$ 217,000
Interest on the NOPEBO	14,973
Adjustment to the ARC	(15,894)
	<hr/>
Annual OPEB cost	\$ 216,079
Amount of contribution	(102,657)
	<hr/>
Increase/decrease in NOPEBO	\$ 113,422
Net OPEB obligation, 7-1-12	<hr/>
	374,336
	<hr/>
Net OPEB obligation, 6-30-13	<hr/> <hr/>
	\$ 487,758

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
		<hr/>		
6-30-11	Local Education Group	\$ 171,483	67	% \$ 259,310
6-30-12	"	214,362	46	374,336
6-30-13	"	216,079	48	487,758

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2011, was as follows:

	Local Education Group Plan
	<hr/>
Actuarial valuation date	7-1-11
Actuarial accrued liability (AAL)	\$ 1,822,000
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 1,822,000
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 9,184,573
UAAL as a % of covered payroll	20%

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

Actuarial Methods and Assumptions

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

In the July 1, 2011, actuarial valuation for the Local Education Plan, the projected unit credit actuarial cost method was used, and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 8.75 percent for fiscal year 2013. The trend rate will decrease to 8.25 percent in fiscal year 2014 and then be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. The rate includes a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with July 1, 2007.

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.

Cannon County Industrial Development Board

Purchasing procedures utilized by the Industrial Development Board are governed by the County Purchasing Law of 1983, Sections 5-14-201 through 5-14-206, *TCA*, which provide for all purchases exceeding \$10,000 to be made after public advertisement and solicitation of competitive bids.

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

A. Summary of Significant Accounting Policies

1. Reporting Entity

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

2. Basis of Accounting

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

3. Cash and Cash Equivalents

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

4. Supply Inventory

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

5. Net Position Flow Assumption

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

6. Capital Assets

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

7. Estimates

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

8. Budgets and Budgetary Accounting

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

Districts establishes the legal budget level of control at the line-item level.

9. Operating Revenues and Operating Expenses

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

B. Cash and Certificates of Deposit

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

C. Capital Assets

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

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Capital Assets Not Depreciated:				
Land	\$ 20,000	\$ 0	\$ 0	\$ 20,000
Total Capital Assets Not Depreciated	<u>\$ 20,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 20,000</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 266,740	\$ 10,389	\$ 0	\$ 277,129
Other Capital Assets	317,571	339,123	(96,838)	559,856
Total Capital Assets Depreciated	<u>\$ 584,311</u>	<u>\$ 349,512</u>	<u>\$ 0</u>	<u>\$ 836,985</u>

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Less Accumulated Depreciation	\$ 209,629	\$ 67,437	\$ (72,031)	\$ 205,035
Total Capital Assets Depreciated, Net	\$ 374,682	\$ 282,075	\$ 72,031	\$ 631,950
Capital Assets, Net	\$ 394,682	\$ 282,075	\$ 72,031	\$ 651,950

D. Long-term Debt

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

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

	Notes
Balance, July 1, 2012	\$ 96,734
Reductions	(5,541)
Balance, June 30, 2013	\$ 91,193
Balance Due Within One Year	\$ 1,241

Future maturities of note principal are as follows:

Year Ending June 30	Note Principal
2014	\$ 1,241
2015	1,297
2016	1,355
2017	1,416
2018	1,480
2019-2023	8,461
2024-2028	10,543
2029-2033	13,139
2034-2038	16,373
2039-2043	20,404
2044-2047	15,484
Total	\$ 91,193

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

E. Risk Management

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

**REQUIRED SUPPLEMENTARY
INFORMATION**

Cannon County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Cannon County School Department
June 30, 2013

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Frozen Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7-1-11	\$ 9,156	\$ 9,299	\$ 143	98.46	% \$ 3,571	4.01 %
7-1-09	7,172	7,372	201	97.28	3,756	5.34
7-1-07	6,642	6,892	250	96.37	3,171	7.88

Cannon County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plan
Discretely Presented Cannon County School Department
June 30, 2013

(Dollar amounts in thousands)

Plan	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Projected Unit Credit (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Local Education Group	7-1-09	\$ 0	\$ 1,487	\$ 1,487	0 %	\$ 9,502	16 %
"	7-1-10	0	1,546	1,546	0	9,502	16
"	7-1-11	0	1,822	1,822	0	9,185	20

CANNON COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2013

BUDGETARY INFORMATION

In prior years, the budgetary statements for the General Fund and major special revenue funds were presented as required supplementary information in the financial statements of its external financial report. Effective for the year ended June 30, 2013, these budgetary statements are presented as part of the basic financial statements. This change in presentation was done to be consistent in the presentation of the information for both municipal and county governments in Tennessee.

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

Capital Projects Fund

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

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

	Special Revenue Funds				Capital Projects Fund		Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	REACH Program	Constitutional Officers - Fees	Total	General Capital Projects	
\$	0	0	3,540	19,966	23,506	0	23,506
Equity in Pooled Cash and Investments	90,482	87,310	34,473	0	212,265	7	212,272
Accounts Receivable	508	0	0	0	508	0	508
Due from Other Governments	14,294	0	17,048	0	31,342	0	31,342
Property Taxes Receivable	328,817	0	0	0	328,817	0	328,817
Allowance for Uncollectible Property Taxes	(8,122)	0	0	0	(8,122)	0	(8,122)
Total Assets	\$ 425,979	\$ 87,310	\$ 55,061	\$ 19,966	\$ 588,316	\$ 7	\$ 588,323

ASSETS

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

Total Assets

LIABILITIES

Accounts Payable
 Payroll Deductions Payable
 Due to Other Funds
 Total Liabilities

\$	18,040	0	228	0	18,268	0	18,268
	571	0	0	0	571	0	571
	0	0	54,793	0	54,793	0	54,793
Total Liabilities	\$ 18,611	\$ 0	\$ 55,021	\$ 0	\$ 73,632	\$ 0	\$ 73,632

DEFERRED INFLOWS OF RESOURCES

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

\$	302,351	0	0	0	302,351	0	302,351
	16,364	0	0	0	16,364	0	16,364
	7,527	0	0	0	7,527	0	7,527
Total Deferred Inflows of Resources	\$ 326,242	\$ 0	\$ 0	\$ 0	\$ 326,242	\$ 0	\$ 326,242

FUND BALANCES

Restricted:
 Restricted for Public Safety
 Restricted for Public Health and Welfare
 Restricted for Capital Outlay
 Committed:
 Committed for Finance
 Committed for Social, Cultural, and Recreational Services
 Total Fund Balances

\$	0	87,310	0	0	87,310	0	87,310
	81,126	0	0	0	81,126	0	81,126
	0	0	0	0	0	7	7
Committed for Finance	0	0	0	19,966	19,966	0	19,966
Committed for Social, Cultural, and Recreational Services	0	0	40	0	40	0	40
Total Fund Balances	\$ 81,126	\$ 87,310	\$ 40	\$ 19,966	\$ 188,442	\$ 7	\$ 188,449

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

\$	425,979	87,310	55,061	19,966	588,316	7	588,323
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Cannon County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2013

	Special Revenue Funds						Capital		Total
	Solid Waste / Sanitation	Drug Control	REACH Program	Constitu- tional Officers - Fees	Total	Projects Fund		Nonmajor Governmental Funds	
						General Capital Projects	Total		
Revenues									
Local Taxes	\$ 475,681	\$ 0	\$ 0	\$ 0	\$ 475,681	\$ 0	\$ 0	\$ 475,681	
Fines, Forfeitures, and Penalties	0	57,293	0	0	57,293	0	0	57,293	
Charges for Current Services	19,240	0	16,454	129,643	165,337	0	0	165,337	
Other Local Revenues	0	100	0	0	100	0	0	100	
State of Tennessee	876	0	56,225	0	57,101	0	0	57,101	
Federal Government	0	0	103,352	0	103,352	0	0	103,352	
Other Governments and Citizens Groups	40,000	0	2,157	0	42,157	0	0	42,157	
Total Revenues	\$ 555,797	\$ 57,393	\$ 178,188	\$ 129,643	\$ 901,021	\$ 0	\$ 0	\$ 901,021	
Expenditures									
Current:									
Finance	0	0	0	128,605	128,605	0	0	128,605	
Public Safety	0	58,076	0	0	58,076	0	0	58,076	
Public Health and Welfare	477,296	0	0	0	477,296	0	0	477,296	
Social, Cultural, and Recreational Services	0	0	178,148	0	178,148	0	0	178,148	
Debt Service:									
Principal on Debt	0	0	0	0	0	5,700	0	5,700	
Capital Projects	0	0	0	0	0	42,744	0	42,744	
Total Expenditures	\$ 477,296	\$ 58,076	\$ 178,148	\$ 128,605	\$ 842,125	\$ 48,444	\$ 0	\$ 890,569	
Excess (Deficiency) of Revenues Over Expenditures	\$ 58,501	\$ (683)	\$ 40	\$ 1,038	\$ 58,896	\$ (48,444)	\$ 0	\$ 10,452	
Net Change in Fund Balances	\$ 58,501	\$ (683)	\$ 40	\$ 1,038	\$ 58,896	\$ (48,444)	\$ 0	\$ 10,452	
Fund Balance, July 1, 2012	22,625	87,993	0	18,928	129,546	48,451	0	177,997	
Fund Balance, June 30, 2013	\$ 81,126	\$ 87,310	\$ 40	\$ 19,966	\$ 188,442	\$ 7	\$ 0	\$ 188,449	

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, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 475,681	\$ 448,163	\$ 448,163	\$ 27,518
Charges for Current Services	19,240	19,000	19,000	240
State of Tennessee	876	2,900	2,900	(2,024)
Other Governments and Citizens Groups	40,000	40,000	40,000	0
Total Revenues	<u>\$ 535,797</u>	<u>\$ 510,063</u>	<u>\$ 510,063</u>	<u>\$ 25,734</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Sanitation Management	\$ 477,296	\$ 509,696	\$ 509,696	\$ 32,400
Total Expenditures	<u>\$ 477,296</u>	<u>\$ 509,696</u>	<u>\$ 509,696</u>	<u>\$ 32,400</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 58,501</u>	<u>\$ 367</u>	<u>\$ 367</u>	<u>\$ 58,134</u>
Net Change in Fund Balance	\$ 58,501	\$ 367	\$ 367	\$ 58,134
Fund Balance, July 1, 2012	<u>22,625</u>	<u>16,781</u>	<u>16,781</u>	<u>5,844</u>
Fund Balance, June 30, 2013	<u>\$ 81,126</u>	<u>\$ 17,148</u>	<u>\$ 17,148</u>	<u>\$ 63,978</u>

Cannon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 57,293	\$ 16,500	\$ 25,530	\$ 31,763
Other Local Revenues	100	100	100	0
Total Revenues	<u>\$ 57,393</u>	<u>\$ 16,600</u>	<u>\$ 25,630</u>	<u>\$ 31,763</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Sheriff's Department	\$ 58,076	\$ 81,394	\$ 90,424	\$ 32,348
Total Expenditures	<u>\$ 58,076</u>	<u>\$ 81,394</u>	<u>\$ 90,424</u>	<u>\$ 32,348</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (683)</u>	<u>\$ (64,794)</u>	<u>\$ (64,794)</u>	<u>\$ 64,111</u>
Net Change in Fund Balance	\$ (683)	\$ (64,794)	\$ (64,794)	\$ 64,111
Fund Balance, July 1, 2012	<u>87,993</u>	<u>87,993</u>	<u>87,993</u>	<u>0</u>
Fund Balance, June 30, 2013	<u>\$ 87,310</u>	<u>\$ 23,199</u>	<u>\$ 23,199</u>	<u>\$ 64,111</u>

Cannon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
REACH Program Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 16,454	\$ 25,000	\$ 25,000	\$ (8,546)
State of Tennessee	56,225	0	56,225	0
Federal Government	103,352	97,000	97,000	6,352
Other Governments and Citizens Groups	2,157	40,000	40,000	(37,843)
Total Revenues	<u>\$ 178,188</u>	<u>\$ 162,000</u>	<u>\$ 218,225</u>	<u>\$ (40,037)</u>
<u>Expenditures</u>				
<u>Social, Cultural, and Recreational Services</u>				
Other Social, Cultural, and Recreational	\$ 178,148	\$ 162,000	\$ 218,225	\$ 40,077
Total Expenditures	<u>\$ 178,148</u>	<u>\$ 162,000</u>	<u>\$ 218,225</u>	<u>\$ 40,077</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 40</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 40</u>
Net Change in Fund Balance	\$ 40	\$ 0	\$ 0	\$ 40
Fund Balance, July 1, 2012	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance, June 30, 2013	<u><u>\$ 40</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 40</u></u>

Major Governmental Fund

General Debt Service Fund

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

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, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive - (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 771,435	\$ 713,224	\$ 713,224	\$ 58,211
Other Local Revenues	0	5,541	5,541	(5,541)
Other Governments and Citizens Groups	250,000	250,000	250,000	0
Total Revenues	<u>\$ 1,021,435</u>	<u>\$ 968,765</u>	<u>\$ 968,765</u>	<u>\$ 52,670</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 188,134	\$ 232,000	\$ 213,500	\$ 25,366
Education	509,000	509,000	509,000	0
<u>Interest on Debt</u>				
General Government	15,528	36,000	37,480	21,952
Education	31,852	40,000	40,000	8,148
<u>Other Debt Service</u>				
General Government	12,668	12,300	13,300	632
Education	56,018	40,000	56,020	2
Total Expenditures	<u>\$ 813,200</u>	<u>\$ 869,300</u>	<u>\$ 869,300</u>	<u>\$ 56,100</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 208,235</u>	<u>\$ 99,465</u>	<u>\$ 99,465</u>	<u>\$ 108,770</u>
Net Change in Fund Balance	\$ 208,235	\$ 99,465	\$ 99,465	\$ 108,770
Fund Balance, July 1, 2012	<u>2,521,347</u>	<u>2,364,471</u>	<u>2,364,471</u>	<u>156,876</u>
Fund Balance, June 30, 2013	<u>\$ 2,729,582</u>	<u>\$ 2,463,936</u>	<u>\$ 2,463,936</u>	<u>\$ 265,646</u>

Fiduciary Funds

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

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

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

Cannon County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2013

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 976,529	\$ 976,529
Due from Other Governments	67,953	0	67,953
Total Assets	<u>\$ 67,953</u>	<u>\$ 976,529</u>	<u>\$ 1,044,482</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 67,953	\$ 0	\$ 67,953
Due to Litigants, Heirs, and Others	0	976,529	976,529
Total Liabilities	<u>\$ 67,953</u>	<u>\$ 976,529</u>	<u>\$ 1,044,482</u>

Cannon County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2013

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 378,298	\$ 378,298	\$ 0
Due from Other Governments	66,797	67,953	66,797	67,953
Total Assets	\$ 66,797	\$ 446,251	\$ 445,095	\$ 67,953
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 66,797	\$ 446,251	\$ 445,095	\$ 67,953
Total Liabilities	\$ 66,797	\$ 446,251	\$ 445,095	\$ 67,953
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 944,115	\$ 4,163,676	\$ 4,131,262	\$ 976,529
Total Assets	\$ 944,115	\$ 4,163,676	\$ 4,131,262	\$ 976,529
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 944,115	\$ 4,163,676	\$ 4,131,262	\$ 976,529
Total Liabilities	\$ 944,115	\$ 4,163,676	\$ 4,131,262	\$ 976,529
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 944,115	\$ 4,163,676	\$ 4,131,262	\$ 976,529
Equity in Pooled Cash and Investments	0	378,298	378,298	0
Due from Other Governments	66,797	67,953	66,797	67,953
Total Assets	\$ 1,010,912	\$ 4,609,927	\$ 4,576,357	\$ 1,044,482
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 66,797	\$ 446,251	\$ 445,095	\$ 67,953
Due to Litigants, Heirs, and Others	944,115	4,163,676	4,131,262	976,529
Total Liabilities	\$ 1,010,912	\$ 4,609,927	\$ 4,576,357	\$ 1,044,482

Cannon County School Department

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

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

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

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

Cannon County, Tennessee
Statement of Activities
Discretely Presented Cannon County School Department
For the Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Total Governmental Activities
Governmental Activities:				
Instruction	\$ 10,467,337	\$ 11,400	\$ 881,530	\$ (9,574,407)
Support Services	4,856,956	46,643	275,124	(4,535,189)
Operation of Non-Instructional Services	1,492,911	339,143	770,336	(383,432)
Other Debt Service	250,000	0	0	(250,000)
	<u>\$ 17,067,204</u>	<u>\$ 397,186</u>	<u>\$ 1,926,990</u>	<u>\$ (14,743,028)</u>
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 1,916,580
Local Option Sales Taxes				532,043
Other Local Taxes				1,228
Grants and Contributions Not Restricted to Specific Programs				12,125,572
Unrestricted Investment Earnings				183
Miscellaneous				70,105
Total General Revenues				<u>\$ 14,645,711</u>
Change in Net Position				\$ (97,317)
Net Position, July 1, 2012				14,060,059
Net Position, June 30, 2013				<u>\$ 13,962,742</u>

Cannon County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Cannon County School Department
June 30, 2013

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	<u>General</u>	<u>Other</u>	
	<u>Purpose</u>	<u>Govern- mental</u>	<u>Total</u>
	<u>School</u>	<u>Funds</u>	<u>Governmental</u>
			<u>Funds</u>
<u>ASSETS</u>			
Cash	\$ 0	\$ 100	\$ 100
Equity in Pooled Cash and Investments	3,284,650	228,734	3,513,384
Accounts Receivable	93	0	93
Due from Other Governments	232,697	49,862	282,559
Due from Other Funds	37,009	0	37,009
Property Taxes Receivable	2,032,933	0	2,032,933
Allowance for Uncollectible Property Taxes	(44,290)	0	(44,290)
Total Assets	<u>\$ 5,543,092</u>	<u>\$ 278,696</u>	<u>\$ 5,821,788</u>
<u>LIABILITIES</u>			
Due to Other Funds	\$ 0	\$ 37,009	\$ 37,009
Due to State of Tennessee	0	617	617
Total Liabilities	<u>\$ 0</u>	<u>\$ 37,626</u>	<u>\$ 37,626</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 1,900,492	\$ 0	\$ 1,900,492
Deferred Delinquent Property Taxes	78,638	0	78,638
Other Deferred/Unavailable Revenue	51,004	0	51,004
Total Deferred Inflows of Resources	<u>\$ 2,030,134</u>	<u>\$ 0</u>	<u>\$ 2,030,134</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 1,527	\$ 222,314	\$ 223,841
Committed:			
Committed for Education	1,701,193	0	1,701,193
Assigned:			
Assigned for Education	405,794	18,756	424,550
Unassigned	1,404,444	0	1,404,444
Total Fund Balances	<u>\$ 3,512,958</u>	<u>\$ 241,070</u>	<u>\$ 3,754,028</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 5,543,092</u>	<u>\$ 278,696</u>	<u>\$ 5,821,788</u>

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, 2013

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$	3,754,028
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	170,879	
Add: buildings and improvements net of accumulated depreciation		9,950,998	
Add: other capital assets net of accumulated depreciation		<u>521,214</u>	10,643,091
(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	\$	(76,261)	
Less: other postemployment benefits liability		<u>(487,758)</u>	(564,019)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>129,642</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>13,962,742</u></u>

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, 2013

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 2,464,334	\$ 0	\$ 2,464,334
Licenses and Permits	417	0	417
Charges for Current Services	58,043	339,143	397,186
Other Local Revenues	76,605	183	76,788
State of Tennessee	11,899,726	10,564	11,910,290
Federal Government	11,445	2,113,922	2,125,367
Total Revenues	<u>\$ 14,510,570</u>	<u>\$ 2,463,812</u>	<u>\$ 16,974,382</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 8,575,792	\$ 1,077,061	\$ 9,652,853
Support Services	4,602,000	277,623	4,879,623
Operation of Non-Instructional Services	398,166	1,102,080	1,500,246
Capital Outlay	433,988	0	433,988
Debt Service:			
Other Debt Service	250,000	0	250,000
Total Expenditures	<u>\$ 14,259,946</u>	<u>\$ 2,456,764</u>	<u>\$ 16,716,710</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 250,624</u>	<u>\$ 7,048</u>	<u>\$ 257,672</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 56,758	\$ 35,009	\$ 91,767
Transfers Out	(35,009)	(56,758)	(91,767)
Total Other Financing Sources (Uses)	<u>\$ 21,749</u>	<u>\$ (21,749)</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 272,373	\$ (14,701)	\$ 257,672
Fund Balance, July 1, 2012	<u>3,240,585</u>	<u>255,771</u>	<u>3,496,356</u>
Fund Balance, June 30, 2013	<u>\$ 3,512,958</u>	<u>\$ 241,070</u>	<u>\$ 3,754,028</u>

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, 2013

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

Net change in fund balances - total governmental funds (Exhibit I-4)		\$ 257,672
<p>(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:</p>		
Add: capital assets purchased in the current period	\$ 260,169	
Less: current-year depreciation expense	<u>(495,116)</u>	(234,947)
<p>(2) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2013	\$ 129,642	
Less: deferred delinquent property taxes and other deferred June 30, 2012	<u>(134,137)</u>	(4,495)
<p>(3) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
Change in compensated absences payable	\$ (2,125)	
Change in other postemployment benefits liability	<u>(113,422)</u>	<u>(115,547)</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ (97,317)</u>

Cannon County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Cannon County School Department
June 30, 2013

	<u>Special Revenue Funds</u>		<u>Total</u>
	<u>School</u>	<u>Central</u>	<u>Nonmajor</u>
	<u>Federal</u>	<u>Cafeteria</u>	<u>Governmental</u>
	<u>Projects</u>		<u>Funds</u>
<u>ASSETS</u>			
Cash	\$ 0	\$ 100	\$ 100
Equity in Pooled Cash and Investments	0	228,734	228,734
Due from Other Governments	49,862	0	49,862
Total Assets	<u>\$ 49,862</u>	<u>\$ 228,834</u>	<u>\$ 278,696</u>
<u>LIABILITIES</u>			
Due to Other Funds	\$ 37,009	\$ 0	\$ 37,009
Due to State of Tennessee	58	559	617
Total Liabilities	<u>\$ 37,067</u>	<u>\$ 559</u>	<u>\$ 37,626</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 990	\$ 221,324	\$ 222,314
Assigned:			
Assigned for Education	11,805	6,951	18,756
Total Fund Balances	<u>\$ 12,795</u>	<u>\$ 228,275</u>	<u>\$ 241,070</u>
Total Liabilities and Fund Balances	<u>\$ 49,862</u>	<u>\$ 228,834</u>	<u>\$ 278,696</u>

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, 2013

	<u>Special Revenue Funds</u>		Total
	School	Central	Nonmajor
	Federal	Cafeteria	Governmental
	Projects		Funds
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 339,143	\$ 339,143
Other Local Revenues	0	183	183
State of Tennessee	0	10,564	10,564
Federal Government	1,354,150	759,772	2,113,922
Total Revenues	<u>\$ 1,354,150</u>	<u>\$ 1,109,662</u>	<u>\$ 2,463,812</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 1,077,061	\$ 0	\$ 1,077,061
Support Services	277,623	0	277,623
Operation of Non-Instructional Services	0	1,102,080	1,102,080
Total Expenditures	<u>\$ 1,354,684</u>	<u>\$ 1,102,080</u>	<u>\$ 2,456,764</u>
Excess (Deficiency) of Revenues			
Over Expenditures	<u>\$ (534)</u>	<u>\$ 7,582</u>	<u>\$ 7,048</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 35,009	\$ 0	\$ 35,009
Transfers Out	(56,758)	0	(56,758)
Total Other Financing Sources (Uses)	<u>\$ (21,749)</u>	<u>\$ 0</u>	<u>\$ (21,749)</u>
Net Change in Fund Balances	\$ (22,283)	\$ 7,582	\$ (14,701)
Fund Balance, July 1, 2012	35,078	220,693	255,771
Fund Balance, June 30, 2013	<u>\$ 12,795</u>	<u>\$ 228,275</u>	<u>\$ 241,070</u>

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, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 2,464,334	\$ 0	\$ 0	\$ 2,464,334	\$ 2,488,092	\$ 2,488,092	\$ (23,758)
Licenses and Permits	417	0	0	417	400	400	17
Charges for Current Services	58,043	0	0	58,043	34,000	34,000	24,043
Other Local Revenues	76,605	0	0	76,605	70,030	75,530	1,075
State of Tennessee	11,899,726	0	0	11,899,726	11,710,412	11,744,123	155,603
Federal Government	11,445	0	0	11,445	11,000	11,000	445
Total Revenues	\$ 14,510,570	\$ 0	\$ 0	\$ 14,510,570	\$ 14,313,934	\$ 14,353,145	\$ 157,425
Expenditures							
Instruction							
Regular Instruction Program	\$ 6,819,795	\$ (40,988)	\$ 130,152	\$ 6,908,959	\$ 7,069,125	\$ 7,069,125	\$ 160,166
Alternative Instruction Program	56,907	0	0	56,907	60,478	60,478	3,571
Special Education Program	1,180,380	0	17,904	1,198,284	1,198,484	1,198,284	0
Vocational Education Program	518,710	(370)	1,203	519,543	527,858	527,858	8,315
Support Services							
Attendance	51,823	0	0	51,823	50,028	54,028	2,205
Health Services	182,147	(8,495)	9,936	183,588	172,826	184,126	538
Other Student Support	232,500	0	100	232,600	250,322	239,022	6,422
Regular Instruction Program	584,749	0	0	584,749	593,561	593,561	8,812
Special Education Program	112,214	0	0	112,214	112,015	112,215	1
Other Programs	30,974	0	0	30,974	0	30,974	0
Board of Education	237,835	(32,125)	6,602	212,312	223,100	234,500	22,188
Director of Schools	141,808	0	4,415	146,223	146,237	146,237	14
Office of the Principal	1,061,276	(1,445)	0	1,059,831	1,103,247	1,095,084	35,253
Fiscal Services	173,830	(12,339)	10,664	172,155	180,534	180,534	8,379
Operation of Plant	924,389	(9,800)	14,700	929,289	1,103,194	1,103,194	173,905
Maintenance of Plant	179,928	(20,983)	16,075	175,020	229,891	228,491	53,471
Transportation	688,527	(95,922)	115,205	707,810	736,644	732,644	24,834

(Continued)

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 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Operation of Non-Instructional Services</u>							
<u>Early Childhood Education</u>	\$ 398,166	\$ (28,824)	\$ 38,372	\$ 407,714	\$ 412,912	\$ 412,912	\$ 5,198
<u>Capital Outlay</u>	433,988	(349,999)	40,466	124,455	350,000	356,400	231,945
<u>Regular Capital Outlay</u>	250,000	0	0	250,000	250,000	250,000	0
<u>Other Debt Service</u>	183,988	(349,999)	40,466	(124,455)	50,000	106,400	231,945
<u>Education</u>	250,000	0	0	250,000	250,000	250,000	0
<u>Total Expenditures</u>	\$ 14,259,946	\$ (601,290)	\$ 405,794	\$ 14,064,450	\$ 14,770,456	\$ 14,809,667	\$ 745,217
<u>Excess (Deficiency) of Revenues</u>	\$ 250,624	\$ 601,290	\$ (405,794)	\$ 446,120	\$ (456,522)	\$ (456,522)	\$ 902,642
<u>Over Expenditures</u>							
<u>Other Financing Sources (Uses)</u>							
<u>Transfers In</u>	\$ 56,758	0	0	\$ 56,758	\$ 15,000	\$ 15,000	\$ 41,758
<u>Transfers Out</u>	(35,009)	0	0	(35,009)	0	0	(35,009)
<u>Total Other Financing Sources</u>	\$ 21,749	\$ 0	\$ 0	\$ 21,749	\$ 15,000	\$ 15,000	\$ 6,749
<u>Net Change in Fund Balance</u>	\$ 272,373	\$ 601,290	\$ (405,794)	\$ 467,869	\$ (441,522)	\$ (441,522)	\$ 909,391
<u>Fund Balance, July 1, 2012</u>	3,240,555	(601,290)	0	2,639,295	1,137,777	1,137,777	1,501,518
<u>Fund Balance, June 30, 2013</u>	\$ 3,512,958	\$ 0	\$ (405,794)	\$ 3,107,164	\$ 696,255	\$ 696,255	\$ 2,410,909

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, 2013

	Actual (GAAP Basis)	Less:		Add:	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Encumbrances 7/1/2012	Encumbrances 6/30/2013			Original	Final	
<u>Revenues</u>								
State of Tennessee	0 \$	0 \$	0 \$	0 \$	0 \$	5,000 \$	5,000 \$	(5,000)
Federal Government	1,354,150	0	0	0	1,354,150	1,637,931	1,652,355	(298,205)
Total Revenues	\$ 1,354,150	\$ 0	\$ 0	\$ 0	\$ 1,354,150	\$ 1,642,931	\$ 1,657,355	\$ (303,205)
<u>Expenditures</u>								
<u>Instruction</u>								
Regular Instruction Program	660,934	0	4,936	0	665,870	758,766	791,560	125,690
Special Education Program	393,677	(76)	0	0	393,601	454,901	454,901	61,300
Vocational Education Program	22,450	(1,155)	869	0	22,164	22,055	22,347	183
<u>Support Services</u>								
Other Student Support	19,558	(479)	0	0	19,079	88,446	50,202	31,123
Regular Instruction Program	183,781	(680)	6,000	0	189,101	215,597	235,250	46,149
Special Education Program	52,841	0	0	0	52,841	56,875	56,676	3,835
Vocational Education Program	1,646	0	0	0	1,646	1,634	1,646	0
Transportation	19,797	0	0	0	19,797	33,459	30,593	10,796
Total Expenditures	\$ 1,354,684	\$ (2,390)	\$ 11,805	\$ 0	\$ 1,364,099	\$ 1,631,733	\$ 1,643,175	\$ 279,076
Excess (Deficiency) of Revenues Over Expenditures	\$ (534)	\$ 2,390	\$ (11,805)	\$ 0	\$ (9,949)	\$ 11,198	\$ 14,180	\$ (24,129)
<u>Other Financing Sources (Uses)</u>								
Transfers In	35,009	0	0	0	35,009	56,981	56,981	(21,972)
Transfers Out	(56,758)	0	0	0	(56,758)	(68,179)	(71,161)	14,403
Total Other Financing Sources	\$ (21,749)	\$ 0	\$ 0	\$ 0	\$ (21,749)	\$ (11,198)	\$ (14,180)	\$ (7,569)
Net Change in Fund Balance Fund Balance, July 1, 2012	\$ (22,283)	\$ 2,390	\$ (11,805)	\$ 0	\$ (31,698)	\$ 0	\$ 0	\$ (31,698)
Fund Balance, July 1, 2012	35,078	(2,390)	0	0	32,688	0	0	32,688
Fund Balance, June 30, 2013	\$ 12,795	\$ 0	\$ (11,805)	\$ 0	\$ 990	\$ 0	\$ 0	\$ 990

Cannon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Cannon County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2013

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 339,143	\$ 0	\$ 339,143	\$ 381,500	\$ 381,500	\$ (42,357)
Other Local Revenues	183	0	183	200	200	(17)
State of Tennessee	10,564	0	10,564	11,000	11,000	(436)
Federal Government	759,772	0	759,772	825,000	825,000	(65,228)
Total Revenues	\$ 1,109,662	\$ 0	\$ 1,109,662	\$ 1,217,700	\$ 1,217,700	\$ (108,038)
<u>Expenditures</u>						
Operation of Non-Instructional Services	\$ 1,102,080	\$ 6,951	\$ 1,109,031	\$ 1,321,800	\$ 1,321,800	\$ 212,769
Food Service	\$ 1,102,080	\$ 6,951	\$ 1,109,031	\$ 1,321,800	\$ 1,321,800	\$ 212,769
Total Expenditures	\$ 7,582	\$ (6,951)	\$ 631	\$ (104,100)	\$ (104,100)	\$ 104,731
Excess (Deficiency) of Revenues Over Expenditures	\$ 7,582	\$ (6,951)	\$ 631	\$ (104,100)	\$ (104,100)	\$ 104,731
Net Change in Fund Balance Fund Balance, July 1, 2012	220,693	0	220,693	216,419	216,419	4,274
Fund Balance, June 30, 2013	\$ 228,275	\$ (6,951)	\$ 221,324	\$ 112,319	\$ 112,319	\$ 109,005

Cannon County Industrial Development Board

This section presents combining and individual fund financial statements for the Cannon County Industrial Development Board, a discretely presented component unit. The Cannon County Industrial Development Board uses only one fund, a General Fund.

General Fund – The General Fund is used to account for general operations of the Industrial Development Board. The operations of this fund were maintained by the county executive for many years; however, in June 2013, the Industrial Development Board transferred its operations from the county and now maintains its own records and accounts.

Cannon County, Tennessee
Statement of Activities
Discretely Presented Cannon County Industrial Development Board
For the Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues Charges for Services	Net (Expense) Revenue and Changes in Net Position Total Governmental Activities
Governmental Activities:			
Other Operations	\$ 200,269	\$ 107,900	\$ (92,369)
Interest on Long-term Debt	13,634	0	(13,634)
Total Governmental Activities	\$ 213,903	\$ 107,900	\$ (106,003)
General Revenues:			
Total General Revenues			\$ 0
Change in Net Position			\$ (106,003)
Net Position, July 1, 2012			2,092,823
Net Position, June 30, 2013			\$ 1,986,820

Cannon County, Tennessee
Balance Sheet - Governmental Fund
Discretely Presented Cannon County Industrial Development Board
June 30, 2013

	<u>General Fund</u>
<u>ASSETS</u>	
Cash	<u>\$ 209,682</u>
Total Assets	<u><u>\$ 209,682</u></u>
<u>FUND BALANCE</u>	
Committed for Other Operations	<u>\$ 209,682</u>
Total Fund Balance	<u><u>\$ 209,682</u></u>

Cannon County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
Discretely Presented Cannon County Industrial Development Board
June 30, 2013

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)		\$	209,682
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	372,500	
Add: buildings and improvements net of accumulated depreciation		1,796,675	
Add: other capital assets net of accumulated depreciation		<u>17,383</u>	2,186,558
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: other loans payable			<u>(409,420)</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>1,986,820</u></u>

Cannon County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance
Discretely Presented Cannon County Industrial Development Board
For the Year Ended June 30, 2013

	General Fund
<hr/>	
<u>Revenues</u>	
Other Local Revenues	\$ 273,162
Total Revenues	<u>\$ 273,162</u>
<u>Expenditures</u>	
Current:	
Other Operations	\$ 37,012
Debt Service:	
Principal on Debt	45,538
Interest on Debt	<u>13,634</u>
Total Expenditures	<u>\$ 96,184</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 176,978</u>
Net Change in Fund Balances	\$ 176,978
Fund Balance, July 1, 2012	<u>32,704</u>
Fund Balance, June 30, 2013	<u><u>\$ 209,682</u></u>

Cannon County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance
of Governmental Funds to the Statement of Activities
Discretely Presented Cannon County Industrial Development Board
For the Year Ended June 30, 2013

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)	\$ 176,978
<p>(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:</p>	
Less: current-year depreciation expense	(90,719)
<p>(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.</p>	
Less: loss on disposal of capital assets	(237,800)
<p>(3) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>	
Add: principal payments on other loans	<u>45,538</u>
Change in net position of governmental activities (Exhibit B)	<u><u>\$ (106,003)</u></u>

Cannon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Cannon County Industrial Development Board
General Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 273,162	\$ 92,400	\$ 257,662	\$ 15,500
Total Revenues	\$ 273,162	\$ 92,400	\$ 257,662	\$ 15,500
<u>Expenditures</u>				
<u>Other Operations</u>				
Industrial Development	\$ 37,012	\$ 21,486	\$ 37,908	\$ 896
<u>Principal on Debt</u>				
General Government	45,538	45,539	45,539	1
<u>Interest on Debt</u>				
General Government	13,634	13,634	13,634	0
Total Expenditures	\$ 96,184	\$ 80,659	\$ 97,081	\$ 897
Excess (Deficiency) of Revenues Over Expenditures	\$ 176,978	\$ 11,741	\$ 160,581	\$ 16,397
Net Change in Fund Balance	\$ 176,978	\$ 11,741	\$ 160,581	\$ 16,397
Fund Balance, July 1, 2012	32,704	30,204	30,204	2,500
Fund Balance, June 30, 2013	\$ 209,682	\$ 41,945	\$ 190,785	\$ 18,897

MISCELLANEOUS SCHEDULES

Cannon County, Tennessee
Schedule of Changes in Long-term Notes and Other Loans
Primary Government and Discretely Presented Cannon County Industrial Development Board
For the Year Ended June 30, 2013

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-12	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-13
<u>PRIMARY GOVERNMENT</u>								
<u>NOTES PAYABLE</u>								
Payable through General Debt Service Fund								
Air Packs	\$ 59,000	2.96	12-7-09	12-7-12	\$ 20,242	0	\$ 20,242	0
Courthouse Revitalization	93,225	3.5	5-6-11	5-6-14	63,219	0	31,066	32,153
Ambulance	77,500	3.5	5-6-11	5-6-14	52,555	0	25,826	26,729
Jail Renovation	225,000	3.95	8-1-11	7-1-23	225,000	0	19,700 (1)	205,300
Ambulance	75,883	2.18	2-14-13	2-14-16	0	75,883	0	75,883
Sheriff Department Vehicles	150,000	2.25	11-8-12	11-8-15	0	150,000	0	150,000
Fire Truck	130,000	1.98	8-28-12	8-28-15	0	130,000	0	130,000
Ambulance - Heart Monitors	80,000	2.17	5-21-13	5-21-16	0	80,000	0	80,000
Total Payable through General Debt Service Fund					\$ 361,016	\$ 435,883	\$ 96,834	\$ 700,065
Payable through Highway/Public Works Fund								
Tractor and Mower	68,000	2.43	10-19-12	10-19-15	0	68,000	0	68,000
Total Payable through Highway/Public Works Fund					\$ 0	\$ 68,000	\$ 0	\$ 68,000
Total Notes Payable					\$ 361,016	\$ 503,883	\$ 96,834	\$ 768,065
<u>OTHER LOANS PAYABLE</u>								
Payable through General Debt Service Fund								
School Construction/Improvements - High School	1,642,000	Variable	9-17-1999	5-25-19	\$ 767,000	0	\$ 94,000	\$ 673,000
School Construction/Improvements - Elementary	11,400,000	Variable	5-25-02	5-25-26	8,127,000	0	415,000	7,712,000
Jail Construction Bond Refunding	1,420,000	Variable	7-18-02	5-25-18	642,000	0	97,000	545,000
Total Other Loans Payable					\$ 9,536,000	\$ 0	\$ 606,000	\$ 8,930,000

(Continued)

Cannon County, Tennessee
Schedule of Changes in Long-term Notes and Other Loans
Primary Government and Discretely Presented Cannon County Industrial Development Board (Cont.)

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-12	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-13
<u>DISCRETELY PRESENTED CANNON COUNTY</u>								
<u>INDUSTRIAL DEVELOPMENT BOARD</u>								
<u>OTHER LOANS PAYABLE</u>								
Payable through General Fund								
Industrial Development	\$ 300,000	4.5 %	12-10-03	12-10-23	\$ 204,274	\$ 0	\$ 13,865	\$ 190,409
Industrial Development	482,500	1 to 3	7-5-04	11-30-19	250,684	0	31,673	219,011
Total Other Loans Payable					<u>\$ 454,958</u>	<u>\$ 0</u>	<u>\$ 45,538</u>	<u>\$ 409,420</u>

(1) This payment includes \$5,700 paid directly from the General Capital Projects Fund. This amount represents unused note proceeds that had been issued for the jail renovation project in 2011.

Cannon County, Tennessee
Schedule of Long-term Debt Requirements by Year
Primary Government and Discretely Presented
Cannon County Industrial Development Board

PRIMARY GOVERNMENT

Year Ending June 30	Notes		
	Principal	Interest	Total
2014	\$ 240,341	\$ 21,070	\$ 261,411
2015	183,943	14,769	198,712
2016	187,481	10,455	197,936
2017	18,000	6,044	24,044
2018	18,000	5,332	23,332
2019	19,000	4,601	23,601
2020	20,000	3,831	23,831
2021	21,000	3,022	24,022
2022	21,000	2,193	23,193
2023	22,000	1,343	23,343
2024	17,300	455	17,755
Total	\$ 768,065	\$ 73,115	\$ 841,180

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2014	\$ 635,000	\$ 27,792	\$ 61,105	\$ 723,897
2015	666,000	25,803	56,978	748,781
2016	699,000	23,718	52,649	775,367
2017	732,000	21,529	48,105	801,634
2018	765,000	19,237	43,347	827,584
2019	682,000	16,842	37,355	736,197
2020	584,000	14,728	31,902	630,630
2021	613,000	12,918	28,106	654,024
2022	643,000	11,017	24,121	678,138
2023	675,000	9,024	19,942	703,966
2024	709,000	6,932	15,554	731,486
2025	745,000	4,734	10,946	760,680
2026	782,000	2,424	6,100	790,524
Total	\$ 8,930,000	\$ 196,698	\$ 436,210	\$ 9,562,908

(Continued)

Cannon County, Tennessee
Schedule of Long-term Debt Requirements by Year
Primary Government and Discretely Presented
Cannon County Industrial Development Board (Cont.)

DISCRETELY PRESENTED CANNON COUNTY
INDUSTRIAL DEVELOPMENT BOARD

Year Ending June 30	Other Loans		
	Principal	Interest	Total
2014	\$ 46,815	\$ 12,357	\$ 59,172
2015	47,703	12,003	59,706
2016	48,988	11,100	60,088
2017	50,743	9,345	60,088
2018	52,544	7,544	60,088
2019	54,412	5,677	60,089
2020	34,409	3,914	38,323
2021	19,860	2,916	22,776
2022	20,772	2,004	22,776
2023	21,725	1,049	22,774
2024	11,449	153	11,602
Total	<u>\$ 409,420</u>	<u>\$ 68,062</u>	<u>\$ 477,482</u>

Cannon County, Tennessee
Schedule of Notes Receivable
For the Year Ended June 30, 2013

Description	Debtor	Original Amount of Note	Date of Issue	Date of Maturity	Interest Rate	Balance 6-30-13
General Debt Service Fund						
Repayment of E-911 building renovation costs	Cannon County Emergency Communications District (E-911)	\$ 96,734 (1)	12-19-08	6-30-47	0 %	\$ 91,193
Total Notes Receivable						<u>\$ 91,193</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. In 2012, the county retired the outstanding amount of the loan and agreed to allow the E-911 District to repay the county the amount of the loan principal in accordance with the original loan payment schedule. The above notes receivable represents the amount of loan principal that would have been outstanding at 7-1-12 if the original loan had not been retired.

Cannon County, Tennessee
Schedule of Transfers
Discretely Presented Cannon County School Department
For the Year Ended June 30, 2013

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
School Federal Projects	General Purpose School	Operations	\$ 35,009
"	"	Indirect costs	21,749
General Purpose School	School Federal Projects	Operations	<u>35,009</u>
Total Transfers Discretely Presented Cannon County School Department			<u>\$ 91,767</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, 2013

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Executive	Section 8-24-102, TCA	\$ 67,843	\$ 25,000	Auto Owners Insurance Company
Road Supervisor	Section 8-24-102, TCA	64,613	100,000	"
Director of Schools	State Board of Education and Cannon County Board of Education	96,038 (1)	(2)	"
Trustee	Section 8-24-102, TCA	58,739	587,700	"
Assessor of Property	Section 8-24-102, TCA	58,739	10,000	"
County Clerk	Section 8-24-102, TCA	58,739	25,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, TCA	58,739	25,000	"
Clerk and Master	Section 8-24-102, TCA	58,739	50,000	"
Register of Deeds	Section 8-24-102, TCA	58,739	15,000	"
Sheriff	Section 8-24-102, TCA	65,213 (3)	25,000	"
Employee Blanket Bonds:				
Public Employee Dishonesty - County Employees			150,000	Tennessee Risk Management Trust
Public Employee Dishonesty - School Employees			150,000	"

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

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

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

Cannon County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2013

	Special Revenue Funds							Debt Service Fund		Total
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	REACH Program	Constitutional Officers - Fees	Highway / Public Works	Debt Service Fund		
								General	Debt	
Local Taxes										
County Property Taxes										
Current Property Tax	\$ 2,398,272	\$ 370,545	\$ 391,126	\$ 0	\$ 0	\$ 0	\$ 0	\$ 82,341	\$ 0	\$ 3,242,284
Trustee's Collections - Prior Year	140,768	18,742	2,090	0	0	0	0	2,797	0	164,397
Circuit/Clerk & Master Collections - Prior Years	32,379	4,866	0	0	0	0	0	0	0	37,245
Interest and Penalty	22,082	3,412	3,601	0	0	0	0	758	0	29,853
Payments in-Lieu-of Taxes - Other	2,841	0	0	0	0	0	0	0	0	2,841
County Local Option Taxes										
Local Option Sales Tax	77,893	75,718	0	0	0	0	0	0	0	153,611
Wheel Tax	0	0	0	0	0	0	0	632,932	0	632,932
Litigation Tax - General	39,802	0	0	0	0	0	0	0	0	39,802
Litigation Tax - Special Purpose	25,439	0	0	0	0	0	0	0	0	25,439
Litigation Tax - Jail, Workhouse, or Courthouse	14,366	0	0	0	0	0	0	52,386	0	66,752
Business Tax	57,336	0	0	0	0	0	1,500	0	0	58,836
Mineral Severance Tax	0	0	0	0	0	0	54,782	0	0	54,782
Statutory Local Taxes										
Bank Excise Tax	14,733	1,986	0	0	0	0	0	221	0	16,940
Wholesale Beer Tax	52,682	0	0	0	0	0	0	0	0	52,682
Interstate Telecommunications Tax	441	412	0	0	0	0	0	0	0	853
Total Local Taxes	\$ 2,879,034	\$ 475,681	\$ 396,817	\$ 0	\$ 0	\$ 0	\$ 56,282	\$ 771,435	\$ 0	\$ 4,579,249
Licenses and Permits										
Licenses										
Marriage Licenses	324	0	0	0	0	0	0	0	0	324
Permits	500	0	0	0	0	0	0	0	0	500
Beer Permits	824	0	0	0	0	0	0	0	0	824
Total Licenses and Permits	\$ 1,648	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,648
Fines, Forfeitures, and Penalties										
Circuit Court										
Fines	7,773	0	0	0	0	0	0	0	0	7,773
Drug Control Fines	0	0	8,091	0	0	0	0	0	0	8,091
DUI Treatment Fines	471	0	0	0	0	0	0	0	0	471
Data Entry Fee - Circuit Court	343	0	0	0	0	0	0	0	0	343
Courtroom Security Fee	6	0	0	0	0	0	0	0	0	6
General Sessions Court										
Fines	44,257	0	0	0	0	0	0	0	0	44,257
Officers Costs	14,756	0	0	0	0	0	0	0	0	14,756

(Continued)

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

	Special Revenue Funds						Debt Service Fund		Total
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	REACH Program	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>									
<u>General Sessions Court (Cont.)</u>									
Drug Control Fines	0	0	0	4,759	0	0	0	0	4,759
DUI Treatment Fines	3,420	0	0	0	0	0	0	0	3,420
Data Entry Fee - General Sessions Court	5,203	0	0	0	0	0	0	0	5,203
Courtroom Security Fee	568	0	0	0	0	0	0	0	568
<u>Juvenile Court</u>									
Jail Fees	630	0	0	0	0	0	0	0	630
Victims Assistance Assessments	841	0	0	0	0	0	0	0	841
<u>Chancery Court</u>									
Officers Costs	838	0	0	0	0	0	0	0	838
Data Entry Fee - Chancery Court	666	0	0	0	0	0	0	0	666
<u>Other Courts - In-county</u>									
Fines	5,283	0	0	0	0	0	0	0	5,283
Other Fines, Forfeitures, and Penalties									
Proceeds from Confiscated Property	0	0	0	44,443	0	0	0	0	44,443
Total Fines, Forfeitures, and Penalties	\$ 85,055	\$ 0	\$ 0	\$ 57,293	\$ 0	\$ 0	\$ 0	\$ 0	\$ 142,348
<u>Charges for Current Services</u>									
<u>General Service Charges</u>									
Commercial and Industrial Waste Collection Charge	0	19,240	0	0	0	0	0	0	19,240
Patient Charges	146	0	490,270	0	0	0	0	0	490,416
Other General Service Charges	6,960	0	0	0	0	0	0	0	6,960
Service Charges	175	0	0	0	0	0	0	0	175
<u>Fees</u>									
Copy Fees	336	0	0	0	0	0	0	0	336
Library Fees	51,929	0	0	0	0	0	0	0	51,929
Telephone Commissions	28,434	0	0	0	0	0	0	0	28,434
Constitutional Officers' Fees and Commissions	0	0	0	0	129,643	0	0	0	129,643
Data Processing Fee - Register	4,690	0	0	0	0	0	0	0	4,690
Data Processing Fee - Sheriff	2,370	0	0	0	0	0	0	0	2,370
Sexual Offender Registration Fees - Sheriff	1,950	0	0	0	0	0	0	0	1,950
<u>Education Charges</u>									
Community Service Fees - Children	0	0	0	0	16,454	0	0	0	16,454
Total Charges for Current Services	\$ 96,990	\$ 19,240	\$ 490,270	\$ 0	\$ 16,454	\$ 129,643	\$ 0	\$ 0	\$ 752,597

(Continued)

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

	Special Revenue Funds						Debt Service Fund		Total
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	REACH Program	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	
Other Local Revenues									
<u>Recurring Items</u>									
Investment Income	\$ 62,930	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 62,930
Lease/Rentals	30,100	0	0	0	0	0	0	0	30,100
Sale of Gasoline	4,580	0	0	0	0	0	74,118	0	78,698
Miscellaneous Refunds	24,764	0	0	0	0	0	16,055	0	40,819
<u>Nonrecurring Items</u>									
Sale of Equipment	4,679	0	0	0	0	0	0	0	4,679
Damages Recovered from Individuals	37,154	0	0	100	0	0	0	0	37,254
Contributions and Gifts	38,102	0	0	0	0	0	0	0	38,102
Total Other Local Revenues	\$ 202,309	\$ 0	\$ 0	\$ 100	\$ 0	\$ 0	\$ 90,173	\$ 0	\$ 292,582
<u>Fees Received from County Officials</u>									
<u>Fees in-Lieu-of-Salary</u>									
Circuit Court Clerk	\$ 37,114	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 37,114
General Sessions Court Clerk	104,880	0	0	0	0	0	0	0	104,880
Clerk and Master	25,813	0	0	0	0	0	0	0	25,813
Register	52,827	0	0	0	0	0	0	0	52,827
Sheriff	9,822	0	0	0	0	0	0	0	9,822
Trustee	189,868	0	0	0	0	0	0	0	189,868
Total Fees Received from County Officials	\$ 420,324	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 420,324
<u>State of Tennessee</u>									
<u>General Government Grants</u>									
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,000
Solid Waste Grants	0	876	0	0	0	0	0	0	876
Health and Welfare Grants									
Health Department Programs	29,000	0	0	0	0	0	0	0	29,000
Public Works Grants									
Bridge Program	0	0	0	0	0	0	396,286	0	396,286
Litter Program	39,200	0	0	0	0	0	0	0	39,200
<u>Other State Revenues</u>									
Income Tax	20,041	0	0	0	0	0	0	0	20,041
Beer Tax	18,586	0	0	0	0	0	0	0	18,586
Alcoholic Beverage Tax	28,366	0	0	0	0	0	0	0	28,366
Contracted Prisoner Boarding	208,227	0	0	0	0	0	0	0	208,227
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	1,362,028	0	1,362,028
Petroleum Special Tax	0	0	0	0	0	0	9,958	0	9,958

(Continued)

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

	Special Revenue Funds						Debt Service Fund		Total
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	REACH Program	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	
State of Tennessee (Cont.)									
Other State Revenues (Cont.)									
Registrar's Salary Supplement									
Other State Grants	15,164	0	0	0	0	0	0	0	15,164
Other State Revenues	1,500	0	0	0	56,225	0	0	0	57,725
Other State Revenues	9,610	0	0	0	0	0	0	0	9,610
Total State of Tennessee	3,788,694	876	0	0	56,225	0	1,768,272	0	2,204,067
Federal Government									
Federal Through State									
Community Development	232,186	0	0	0	0	0	0	0	232,186
Homeland Security Grants	112,436	0	0	0	0	0	0	0	112,436
Medicaid	4,400	0	0	0	0	0	0	0	4,400
Other Federal through State	6,245	0	0	0	103,352	0	0	0	109,597
Direct Federal Revenue	0	0	15,000	0	0	0	0	0	15,000
Other Direct Federal Revenue	355,267	0	15,000	0	103,352	0	0	0	473,619
Total Federal Government	355,267	0	15,000	0	103,352	0	0	0	473,619
Other Governments and Citizens Groups									
Other Governments									
Contributions	22,646	40,000	0	0	0	0	0	250,000	312,646
Contracted Services	220,063	0	0	0	0	0	0	0	220,063
Citizens Groups	0	0	0	0	2,157	0	0	0	2,157
Donations	242,709	40,000	0	0	2,157	0	0	250,000	534,866
Total Other Governments and Citizens Groups	4,661,206	535,797	902,087	57,393	178,188	129,643	1,914,727	1,021,435	9,400,476

Cannon County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Cannon County School Department
For the Year Ended June 30, 2013

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 1,656,407	\$ 0	\$ 0	\$ 1,656,407
Trustee's Collections - Prior Year	95,434	0	0	95,434
Circuit/Clerk & Master Collections - Prior Years	22,635	0	0	22,635
Interest and Penalty	16,395	0	0	16,395
Payments in-Lieu-of Taxes - T.V.A.	7,175	0	0	7,175
Payments in-Lieu-of Taxes - Local Utilities	124,280	0	0	124,280
<u>County Local Option Taxes</u>				
Local Option Sales Tax	530,792	0	0	530,792
<u>Statutory Local Taxes</u>				
Bank Excise Tax	9,988	0	0	9,988
Interstate Telecommunications Tax	1,228	0	0	1,228
Total Local Taxes	\$ 2,464,334	\$ 0	\$ 0	\$ 2,464,334
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 417	\$ 0	\$ 0	\$ 417
Total Licenses and Permits	\$ 417	\$ 0	\$ 0	\$ 417
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Other	\$ 11,400	\$ 0	\$ 0	\$ 11,400
Lunch Payments - Children	0	0	125,579	125,579
Lunch Payments - Adults	0	0	38,043	38,043
Income from Breakfast	0	0	121,071	121,071
A la carte Sales	0	0	54,450	54,450
Receipts from Individual Schools	42,777	0	0	42,777
<u>Other Charges for Services</u>				
Other Charges for Services	3,866	0	0	3,866
Total Charges for Current Services	\$ 58,043	\$ 0	\$ 339,143	\$ 397,186
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 183	\$ 183
Refund of Telecommunication & Internet Fees (E-Rate)	36,938	0	0	36,938
Miscellaneous Refunds	33,079	0	0	33,079
<u>Nonrecurring Items</u>				
Contributions and Gifts	6,500	0	0	6,500
<u>Other Local Revenues</u>				
Other Local Revenues	88	0	0	88
Total Other Local Revenues	\$ 76,605	\$ 0	\$ 183	\$ 76,788
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 30,974	\$ 0	\$ 0	\$ 30,974
<u>State Education Funds</u>				
Basic Education Program	10,688,862	0	0	10,688,862
Early Childhood Education	412,912	0	0	412,912
School Food Service	0	0	10,564	10,564
Energy Efficient School Initiative	48,400	0	0	48,400
Other State Education Funds	102,197	0	0	102,197
Career Ladder Program	71,240	0	0	71,240
Career Ladder - Extended Contract	17,200	0	0	17,200
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	366,014	0	0	366,014
Other State Grants	2,737	0	0	2,737

(Continued)

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

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>State of Tennessee (Cont.)</u>				
<u>Other State Revenues (Cont.)</u>				
Other State Revenues	\$ 159,190	\$ 0	\$ 0	\$ 159,190
Total State of Tennessee	\$ 11,899,726	\$ 0	\$ 10,564	\$ 11,910,290
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 487,195	\$ 487,195
USDA - Commodities	0	0	54,516	54,516
Breakfast	0	0	218,061	218,061
Vocational Education - Basic Grants to States	0	32,689	0	32,689
Title I Grants to Local Education Agencies	0	561,505	0	561,505
Special Education - Grants to States	0	518,860	0	518,860
Special Education Preschool Grants	0	12,888	0	12,888
Rural Education	0	36,652	0	36,652
Eisenhower Professional Development State Grants	0	79,100	0	79,100
Job Training Partnership Act	11,000	0	0	11,000
Race-to-the-Top - ARRA	0	112,456	0	112,456
Other Federal through State	445	0	0	445
Total Federal Government	\$ 11,445	\$ 1,354,150	\$ 759,772	\$ 2,125,367
Total	\$ 14,510,570	\$ 1,354,150	\$ 1,109,662	\$ 16,974,382

Cannon County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Cannon County Industrial Development Board
For the Year Ended June 30, 2013

	General Fund
<hr/>	
<u>Other Local Revenues</u>	
<u>Recurring Items</u>	
Lease/Rentals	\$ 107,900
<u>Nonrecurring Items</u>	
Sale of Property	165,262
Total Other Local Revenues	<u>\$ 273,162</u>
Total	<u><u>\$ 273,162</u></u>

Cannon County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2013

General Fund

General Government

County Commission

In-Service Training	\$	297	
Other Per Diem and Fees		3,628	
Social Security		215	
Employer Medicare		50	
Legal Services		312	
Legal Notices, Recording, and Court Costs		2,022	
Postal Charges		33	
Office Supplies		8	
Total County Commission			\$ 6,565

Other Boards and Committees

Postal Charges	\$	6	
Office Supplies		61	
Total Other Boards and Committees			67

County Mayor/Executive

County Official/Administrative Officer	\$	67,843	
Accountants/Bookkeepers		31,271	
Secretary(ies)		20,008	
Social Security		6,510	
State Retirement		10,336	
Employer Medicare		1,719	
Audit Services		4,140	
Communication		6,232	
Contracts with Government Agencies		7,400	
Contracts with Other Public Agencies		4,476	
Legal Services		1,400	
Legal Notices, Recording, and Court Costs		1,882	
Maintenance and Repair Services - Office Equipment		1,229	
Postal Charges		1,459	
Travel		38	
Office Supplies		3,800	
Other Charges		804	
Total County Mayor/Executive			170,547

Election Commission

County Official/Administrative Officer	\$	56,012	
Clerical Personnel		20,387	
Election Commission		4,785	
Election Workers		23,603	
In-Service Training		3,491	
Social Security		5,112	
Employee and Dependent Insurance		5,921	
Employer Medicare		1,196	
Communication		3,253	
Legal Notices, Recording, and Court Costs		6,354	
Maintenance Agreements		21,680	
Maintenance and Repair Services - Office Equipment		781	
Postal Charges		3,989	
Printing, Stationery, and Forms		2,059	

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Travel	\$	1,925	
Custodial Supplies		220	
Office Supplies		2,994	
Office Equipment		621	
Total Election Commission			\$ 164,383

Register of Deeds

County Official/Administrative Officer	\$	58,739	
Secretary(ies)		21,748	
Social Security		4,885	
State Retirement		7,767	
Employee and Dependent Insurance		5,921	
Employer Medicare		1,142	
Communication		1,624	
Data Processing Services		6,062	
Dues and Memberships		100	
Postal Charges		276	
Printing, Stationery, and Forms		484	
Office Supplies		2,831	
Total Register of Deeds			111,579

County Buildings

Maintenance Personnel	\$	22,660	
Social Security		2,334	
State Retirement		2,187	
Employer Medicare		546	
Communication		2,242	
Contracts with Private Agencies		200	
Janitorial Services		14,986	
Maintenance Agreements		840	
Maintenance and Repair Services - Buildings		28,353	
Maintenance and Repair Services - Equipment		15,000	
Maintenance and Repair Services - Vehicles		875	
Custodial Supplies		2,838	
Utilities		118,296	
Total County Buildings			211,357

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	58,739	
Secretary(ies)		24,039	
Other Salaries and Wages		8,647	
Board and Committee Members Fees		1,550	
Social Security		5,435	
State Retirement		7,988	
Employee and Dependent Insurance		11,834	
Employer Medicare		1,271	
Audit Services		2,910	
Communication		1,012	
Data Processing Services		3,701	

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Dues and Memberships	\$	660	
Legal Notices, Recording, and Court Costs		180	
Postal Charges		2,787	
Travel		779	
Office Supplies		1,301	
Total Property Assessor's Office			\$ 132,833

County Trustee's Office

County Official/Administrative Officer	\$	58,739	
Deputy(ies)		26,153	
Part-time Personnel		26,994	
Social Security		6,937	
State Retirement		10,797	
Employer Medicare		1,622	
Communication		1,714	
Data Processing Services		2,182	
Maintenance Agreements		5,860	
Postal Charges		3,730	
Printing, Stationery, and Forms		27	
Office Supplies		2,843	
Total County Trustee's Office			147,598

County Clerk's Office

Secretary(ies)	\$	8,846	
Board and Committee Members Fees		262	
Social Security		8,774	
State Retirement		12,389	
Employee and Dependent Insurance		5,914	
Employer Medicare		2,004	
Communication		1,097	
Postal Charges		1,658	
Printing, Stationery, and Forms		3,483	
Office Supplies		2,427	
Total County Clerk's Office			46,854

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	58,739	
Clerical Personnel		85,531	
Jury and Witness Expense		1,425	
Social Security		8,938	
State Retirement		13,911	
Employer Medicare		2,090	
Communication		3,611	
Contracts with Other Public Agencies		7,548	
Dues and Memberships		60	
Legal Notices, Recording, and Court Costs		212	
Maintenance and Repair Services - Office Equipment		1,359	
Postal Charges		2,262	
Printing, Stationery, and Forms		2,152	

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Other Contracted Services	\$	3,544	
Office Supplies		4,973	
Total Circuit Court			\$ 196,355

General Sessions Court

Judge(s)	\$	83,237	
Social Security		5,161	
State Retirement		8,032	
Employer Medicare		1,207	
Communication		1,246	
Other Contracted Services		1,200	
Office Supplies		483	
Total General Sessions Court			100,566

Chancery Court

County Official/Administrative Officer	\$	58,739	
Deputy(ies)		21,748	
Jury and Witness Expense		195	
Social Security		4,990	
State Retirement		2,099	
Employer Medicare		1,167	
Communication		2,243	
Contracts with Other Public Agencies		3,252	
Postal Charges		1,265	
Printing, Stationery, and Forms		736	
Office Supplies		3,067	
Total Chancery Court			99,501

Juvenile Court

Other Salaries and Wages	\$	19,382	
Social Security		1,202	
State Retirement		1,870	
Employer Medicare		281	
Contracts with Other Public Agencies		4,055	
Dues and Memberships		20	
Office Supplies		514	
Total Juvenile Court			27,324

Judicial Commissioners

Other Salaries and Wages	\$	20,050	
In-Service Training		352	
Social Security		1,243	
State Retirement		459	
Employer Medicare		291	
Communication		1,225	
Dues and Memberships		335	
Travel		650	
Total Judicial Commissioners			24,605

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Victims Assistance Programs

Other Charges	\$ 855	
Total Victims Assistance Programs		\$ 855

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$ 65,213	
Deputy(ies)	255,876	
Investigator(s)	54,818	
Captain(s)	36,650	
Sergeant(s)	32,197	
Accountants/Bookkeepers	25,377	
Dispatchers/Radio Operators	22,025	
Clerical Personnel	6,615	
Overtime Pay	12,575	
Other Salaries and Wages	17,336	
In-Service Training	5,496	
Social Security	31,690	
State Retirement	42,547	
Employee and Dependent Insurance	89,447	
Employer Medicare	7,633	
Advertising	310	
Communication	12,019	
Dues and Memberships	1,500	
Legal Services	1,550	
Maintenance and Repair Services - Equipment	17,104	
Maintenance and Repair Services - Vehicles	6,887	
Postal Charges	776	
Gasoline	77,002	
Office Supplies	3,927	
Uniforms	10,065	
Vehicle and Equipment Insurance	17,661	
Law Enforcement Equipment	6,005	
Total Sheriff's Department		860,301

Administration of the Sexual Offender Registry

Fines, Assessments, and Penalties	\$ 600	
Office Equipment	744	
Total Administration of the Sexual Offender Registry		1,344

Jail

Assistant(s)	\$ 26,212	
Supervisor/Director	25,145	
Truck Drivers	50,096	
Guards	243,762	
Cafeteria Personnel	43,108	
Maintenance Personnel	26,112	
Social Security	26,392	
Employer Medicare	6,172	
Maintenance and Repair Services - Buildings	11,704	
Medical and Dental Services	117,270	

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Travel	\$	570	
Custodial Supplies		18,968	
Food Supplies		80,300	
Utilities		52,864	
Other Supplies and Materials		7,602	
Food Service Equipment		490	
Office Equipment		1,391	
Total Jail			\$ 738,158

Fire Prevention and Control

In-Service Training	\$	662	
Communication		6,981	
Consultants		1,200	
Contracts with Other Public Agencies		5,287	
Maintenance and Repair Services - Equipment		4,941	
Maintenance and Repair Services - Vehicles		9,176	
Travel		456	
Data Processing Supplies		981	
Gasoline		6,810	
Office Supplies		119	
Uniforms		19,041	
Other Supplies and Materials		1,839	
Vehicle and Equipment Insurance		1,251	
Other Charges		2,799	
Communication Equipment		9,857	
Other Equipment		1,599	
Total Fire Prevention and Control			72,999

Rescue Squad

Uniforms	\$	1,669	
Communication Equipment		1,416	
Other Equipment		7,500	
Total Rescue Squad			10,585

Other Emergency Management

In-Service Training	\$	312	
Communication		5,756	
Maintenance and Repair Services - Vehicles		487	
Postal Charges		60	
Gasoline		2,333	
Other Supplies and Materials		2,459	
Other Charges		884	
Communication Equipment		448	
Total Other Emergency Management			12,739

County Coroner/Medical Examiner

In-Service Training	\$	4,275	
Contracts with Private Agencies		21,570	
Travel		4,641	
Other Contracted Services		5,400	
Office Supplies		235	
Total County Coroner/Medical Examiner			36,121

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Public Safety Grant Programs

Supervisor/Director	\$	38,500	
Dispatchers/Radio Operators		190,869	
Overtime Pay		40,157	
Social Security		16,654	
State Retirement		12,099	
Employee and Dependent Insurance		34,341	
Employer Medicare		3,895	
Total Public Safety Grant Programs			\$ 336,515

Other Public Safety

Consultants	\$	29,499	
Legal Notices, Recording, and Court Costs		478	
Other Charges		9,300	
Communication Equipment		40,651	
Other Equipment		82,716	
Total Other Public Safety			162,644

Public Health and Welfare

Local Health Center

Communication	\$	2,202	
Contracts with Government Agencies		16,414	
Dues and Memberships		200	
Janitorial Services		6,240	
Maintenance and Repair Services - Buildings		1,241	
Custodial Supplies		203	
Office Supplies		536	
Utilities		3,475	
Total Local Health Center			30,511

Regional Mental Health Center

Other Salaries and Wages	\$	26,076	
Social Security		1,617	
Employer Medicare		378	
Travel		929	
Total Regional Mental Health Center			29,000

General Welfare Assistance

Contributions	\$	16,948	
Other Contracted Services		917	
Total General Welfare Assistance			17,865

Sanitation Management

Accountants/Bookkeepers	\$	4,000	
Laborers		20,600	
Social Security		1,521	
State Retirement		1,147	
Employer Medicare		356	
Maintenance and Repair Services - Vehicles		766	
Gasoline		3,450	
Instructional Supplies and Materials		6,671	
Other Supplies and Materials		395	
Total Sanitation Management			38,906

(Continued)

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

General Fund (Cont.)

Social, Cultural, and Recreational Services

Libraries

Assistant(s)	\$	56,850	
Supervisor/Director		27,810	
In-Service Training		698	
Social Security		5,249	
State Retirement		5,384	
Employer Medicare		1,228	
Advertising		729	
Communication		7,237	
Contributions		19,445	
Maintenance Agreements		1,669	
Postal Charges		1,144	
Remittance of Revenue Collected		5,291	
Data Processing Supplies		4,153	
Instructional Supplies and Materials		1,749	
Library Books/Media		9,991	
Office Supplies		3,069	
Utilities		10,069	
Other Supplies and Materials		553	
Other Charges		742	
Furniture and Fixtures		6,729	
Office Equipment		1,012	
Total Libraries			\$ 170,801

Parks and Fair Boards

Assistant(s)	\$	5,107	
Supervisor/Director		21,115	
Other Salaries and Wages		6,728	
Social Security		2,043	
State Retirement		2,038	
Employer Medicare		478	
Communication		588	
Dues and Memberships		340	
Maintenance and Repair Services - Buildings		3,120	
Maintenance and Repair Services - Equipment		85	
Travel		158	
Custodial Supplies		172	
Gasoline		303	
Office Supplies		163	
Other Supplies and Materials		3,023	
Total Parks and Fair Boards			45,461

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$	47,224	
In-Service Training		70	
Other Fringe Benefits		11,319	
Communication		2,975	
Maintenance and Repair Services - Buildings		858	
Gasoline		202	
Office Supplies		2,664	

(Continued)

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Agriculture Extension Service (Cont.)

Other Supplies and Materials	\$	195	
Other Charges		10	
Total Agriculture Extension Service			\$ 65,517

Other Agriculture and Natural Resources

In-Service Training	\$	75	
Advertising		1,200	
Travel		225	
Total Other Agriculture and Natural Resources			1,500

Other Operations

Other Economic and Community Development

Advertising	\$	290	
Engineering Services		51,429	
Other Supplies and Materials		19,000	
Other Charges		184,113	
Total Other Economic and Community Development			254,832

Veterans' Services

Other Salaries and Wages	\$	10,815	
Social Security		671	
Employer Medicare		157	
Communication		1,516	
Dues and Memberships		25	
Postal Charges		135	
Travel		564	
Office Supplies		583	
Total Veterans' Services			14,466

Other Charges

Building and Contents Insurance	\$	49,081	
Premiums on Corporate Surety Bonds		1,519	
Trustee's Commission		70,152	
Workers' Compensation Insurance		93,535	
Other Charges		1,471	
Total Other Charges			215,758

Contributions to Other Agencies

Contributions	\$	40,704	
Total Contributions to Other Agencies			40,704

Employee Benefits

Employee and Dependent Insurance	\$	7,924	
Unemployment Compensation		15,412	
Total Employee Benefits			23,336

Miscellaneous

Financial Advisory Services	\$	5,400	
Legal Services		11,281	
Maintenance and Repair Services - Buildings		12,558	

(Continued)

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

General Fund (Cont.)

Other Operations (Cont.)

Miscellaneous (Cont.)

Gasoline	\$	4,510	
Other Charges		17,019	
Total Miscellaneous			\$ 50,768

Capital Outlay

Regular Capital Outlay

Other Capital Outlay	\$	471,358	
Total Regular Capital Outlay			471,358

Capital Projects

Social, Cultural, and Recreation Projects

Engineering Services	\$	2,500	
Total Social, Cultural, and Recreation Projects			2,500

Total General Fund \$ 5,145,678

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Laborers	\$	41,070	
Overtime Pay		3,653	
Social Security		2,773	
State Retirement		2,880	
Employer Medicare		648	
Communication		562	
Contracts with Other Public Agencies		381,106	
Legal Notices, Recording, and Court Costs		57	
Maintenance Agreements		1,500	
Maintenance and Repair Services - Equipment		14,977	
Maintenance and Repair Services - Vehicles		7,387	
Gasoline		3,114	
Utilities		2,893	
Other Supplies and Materials		2,237	
Trustee's Commission		9,956	
Other Charges		2,483	
Total Sanitation Management			\$ 477,296

Total Solid Waste/Sanitation Fund 477,296

Ambulance Service Fund

Public Health and Welfare

Ambulance/Emergency Medical Services

Supervisor/Director	\$	43,752	
Medical Personnel		511,360	
Overtime Pay		1,374	
In-Service Training		6,564	
Social Security		34,258	
State Retirement		48,001	
Employee and Dependent Insurance		77,920	
Employer Medicare		8,012	

(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.)

Advertising	\$	66	
Communication		7,109	
Contracts with Private Agencies		29,355	
Dues and Memberships		2,843	
Maintenance Agreements		3,261	
Maintenance and Repair Services - Equipment		272	
Maintenance and Repair Services - Vehicles		9,867	
Postal Charges		257	
Custodial Supplies		2,223	
Drugs and Medical Supplies		18,823	
Gasoline		25,474	
Office Supplies		2,054	
Uniforms		4,148	
Utilities		21	
Other Supplies and Materials		3,954	
Trustee's Commission		13,662	
Vehicle and Equipment Insurance		10,246	
Other Charges		15,944	
Total Ambulance/Emergency Medical Services			\$ 880,820

Total Ambulance Service Fund \$ 880,820

Drug Control Fund

Public Safety

Sheriff's Department

Investigator(s)	\$	16,244	
Overtime Pay		60	
In-Service Training		105	
Social Security		1,005	
State Retirement		1,573	
Employee and Dependent Insurance		2,921	
Employer Medicare		235	
Maintenance and Repair Services - Vehicles		72	
Veterinary Services		739	
Animal Food and Supplies		475	
Trustee's Commission		573	
Law Enforcement Equipment		1,757	
Motor Vehicles		28,451	
Other Equipment		3,866	
Total Sheriff's Department			\$ 58,076

Total Drug Control Fund 58,076

REACH Program Fund

Social, Cultural, and Recreational Services

Other Social, Cultural, and Recreational

Supervisor/Director	\$	46,800	
Educational Assistants		64,275	
Other Salaries and Wages		6,400	
Social Security		7,259	

(Continued)

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

REACH Program Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Other Social, Cultural, and Recreational (Cont.)

State Retirement	\$	5,172	
Employee and Dependent Insurance		18,572	
Employer Medicare		1,698	
Communication		2,490	
Travel		800	
Other Contracted Services		18,507	
Other Supplies and Materials		5,846	
Trustee's Commission		329	
Total Other Social, Cultural, and Recreational			\$ 178,148

Total REACH Program Fund \$ 178,148

Constitutional Officers - Fees Fund

Finance

County Clerk's Office

Constitutional Officers' Operating Expenses	\$	128,605	
Total County Clerk's Office			\$ 128,605

Total Constitutional Officers - Fees Fund 128,605

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	64,613	
Accountants/Bookkeepers		34,112	
Board and Committee Members Fees		1,200	
Social Security		5,982	
State Retirement		9,526	
Employer Medicare		1,399	
Communication		8,413	
Data Processing Services		4,060	
Dues and Memberships		2,198	
Legal Services		150	
Legal Notices, Recording, and Court Costs		1,901	
Postal Charges		449	
Printing, Stationery, and Forms		878	
Electricity		3,956	
Natural Gas		5,555	
Water and Sewer		215	
Other Supplies and Materials		3,973	
Total Administration			\$ 148,580

Highway and Bridge Maintenance

Equipment Operators	\$	136,196	
Truck Drivers		59,624	
Laborers		49,414	
Social Security		14,291	
State Retirement		8,810	
Employer Medicare		3,342	
Other Contracted Services		12,000	

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Asphalt	\$	30,021	
Asphalt - Cold Mix		19,897	
Asphalt - Liquid		89,982	
Concrete		2,500	
Crushed Stone		218,309	
Pipe - Metal		8,000	
Road Signs		6,000	
Structural Steel		330	
Wood Products		400	
Other Supplies and Materials		1,860	
Total Highway and Bridge Maintenance			\$ 660,976

Operation and Maintenance of Equipment

Mechanic(s)	\$	24,219	
Laborers		175	
Social Security		1,406	
State Retirement		74	
Employer Medicare		329	
Maintenance and Repair Services - Equipment		4,885	
Other Contracted Services		161	
Diesel Fuel		148,122	
Equipment and Machinery Parts		27,716	
Garage Supplies		8,411	
Gasoline		28,317	
Lubricants		4,000	
Tires and Tubes		13,605	
Other Supplies and Materials		22	
Total Operation and Maintenance of Equipment			261,442

Other Charges

Liability Insurance	\$	3,127	
Trustee's Commission		14,674	
Vehicle and Equipment Insurance		28,145	
Workers' Compensation Insurance		28,221	
Total Other Charges			74,167

Employee Benefits

Medical Insurance	\$	85,485	
Unemployment Compensation		3,065	
Total Employee Benefits			88,550

Capital Outlay

Engineering Services	\$	38,000	
Bridge Construction		409,049	
Building Improvements		228	
Highway Equipment		138,397	
State Aid Projects		20,581	
Total Capital Outlay			606,255

Total Highway/Public Works Fund \$ 1,839,970

(Continued)

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

<u>General Debt Service Fund</u>			
<u>Principal on Debt</u>			
<u>General Government</u>			
Principal on Notes	\$	91,134	
Principal on Other Loans		<u>97,000</u>	
Total General Government			\$ 188,134
<u>Education</u>			
Principal on Other Loans	\$	<u>509,000</u>	
Total Education			509,000
<u>Interest on Debt</u>			
<u>General Government</u>			
Interest on Notes	\$	13,267	
Interest on Other Loans		<u>2,261</u>	
Total General Government			15,528
<u>Education</u>			
Interest on Other Loans	\$	<u>31,852</u>	
Total Education			31,852
<u>Other Debt Service</u>			
<u>General Government</u>			
Trustee's Commission	\$	8,635	
Other Debt Service		<u>4,033</u>	
Total General Government			12,668
<u>Education</u>			
Other Debt Service	\$	<u>56,018</u>	
Total Education			<u>56,018</u>
Total General Debt Service Fund			\$ 813,200
<u>General Capital Projects Fund</u>			
<u>Principal on Debt</u>			
<u>General Government</u>			
Principal on Notes	\$	<u>5,700</u>	
Total General Government			\$ 5,700
<u>Capital Projects</u>			
<u>Administration of Justice Projects</u>			
Other Supplies and Materials	\$	685	
Building Improvements		33,664	
Food Service Equipment		6,786	
Office Equipment		<u>1,609</u>	
Total Administration of Justice Projects			<u>42,744</u>
Total General Capital Projects Fund			<u>48,444</u>
Total Governmental Funds - Primary Government			<u>\$ 9,570,237</u>

Cannon County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Cannon County School Department
For the Year Ended June 30, 2013

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	4,659,878	
Career Ladder Program		43,095	
Career Ladder Extended Contracts		16,410	
Homebound Teachers		23,957	
Educational Assistants		110,421	
Certified Substitute Teachers		20,542	
Non-certified Substitute Teachers		86,982	
Social Security		292,698	
State Retirement		431,004	
Medical Insurance		609,201	
Unemployment Compensation		10,690	
Employer Medicare		68,500	
Instructional Supplies and Materials		69,041	
Textbooks		182,080	
Other Supplies and Materials		1,978	
Regular Instruction Equipment		193,318	
Total Regular Instruction Program			\$ 6,819,795

Alternative Instruction Program

Teachers	\$	44,118	
Social Security		2,704	
State Retirement		3,667	
Medical Insurance		5,786	
Employer Medicare		632	
Total Alternative Instruction Program			56,907

Special Education Program

Teachers	\$	701,635	
Career Ladder Program		3,800	
Educational Assistants		8,770	
Speech Pathologist		96,740	
Social Security		47,677	
State Retirement		71,342	
Medical Insurance		105,606	
Employer Medicare		11,150	
Other Contracted Services		133,660	
Total Special Education Program			1,180,380

Vocational Education Program

Teachers	\$	344,873	
Career Ladder Program		3,000	
Educational Assistants		13,137	
Other Salaries and Wages		23,956	
Social Security		22,102	
State Retirement		34,286	
Medical Insurance		55,050	
Employer Medicare		5,169	
Instructional Supplies and Materials		17,137	
Total Vocational Education Program			518,710

(Continued)

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

Attendance

Supervisor/Director	\$	26,613	
Other Salaries and Wages		7,035	
Social Security		2,064	
State Retirement		3,042	
Medical Insurance		2,755	
Employer Medicare		483	
Travel		1,210	
Other Supplies and Materials		8,621	
Total Attendance			\$ 51,823

Health Services

Supervisor/Director	\$	26,613	
Career Ladder Extended Contracts		1,315	
Medical Personnel		73,204	
Educational Assistants		6,901	
Non-certified Substitute Teachers		742	
Social Security		6,320	
State Retirement		9,909	
Medical Insurance		18,283	
Employer Medicare		1,478	
Travel		6,502	
Other Contracted Services		1,000	
Drugs and Medical Supplies		776	
Other Supplies and Materials		29,104	
Total Health Services			182,147

Other Student Support

Career Ladder Program	\$	1,000	
Guidance Personnel		171,276	
Career Ladder Extended Contracts		3,100	
Social Security		10,814	
State Retirement		15,573	
Medical Insurance		10,966	
Employer Medicare		2,529	
Evaluation and Testing		7,629	
Travel		982	
Other Contracted Services		8,631	
Total Other Student Support			232,500

Regular Instruction Program

Supervisor/Director	\$	75,132	
Career Ladder Program		3,000	
Librarians		181,231	
Instructional Computer Personnel		159,806	
Educational Assistants		18,914	
Social Security		25,958	
State Retirement		38,954	
Medical Insurance		43,741	
Employer Medicare		6,071	

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Travel	\$	10,088	
Library Books/Media		21,030	
In Service/Staff Development		824	
Total Regular Instruction Program			\$ 584,749

Special Education Program

Supervisor/Director	\$	32,441	
Career Ladder Program		1,000	
Psychological Personnel		52,884	
Social Security		4,938	
State Retirement		7,666	
Medical Insurance		8,676	
Employer Medicare		1,155	
Travel		2,884	
Other Contracted Services		570	
Total Special Education Program			112,214

Other Programs

On-Behalf Payments to OPEB	\$	30,974	
Total Other Programs			30,974

Board of Education

Board and Committee Members Fees	\$	7,100	
Social Security		422	
Employer Medicare		103	
Audit Services		6,350	
Dues and Memberships		6,946	
Legal Services		2,709	
Travel		1,266	
Building and Contents Insurance		57,194	
Liability Insurance		23,699	
Trustee's Commission		67,221	
Workers' Compensation Insurance		57,351	
Other Charges		7,474	
Total Board of Education			237,835

Director of Schools

County Official/Administrative Officer	\$	94,038	
Career Ladder Program		2,000	
Social Security		5,597	
State Retirement		8,528	
Medical Insurance		9,810	
Employer Medicare		1,309	
Communication		10,118	
Dues and Memberships		1,333	
Postal Charges		2,998	
Travel		4,326	
Office Supplies		141	
Other Charges		1,610	
Total Director of Schools			141,808

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal

Principals	\$	442,829	
Career Ladder Program		5,000	
Assistant Principals		59,535	
Secretary(ies)		213,635	
Social Security		40,580	
State Retirement		65,335	
Medical Insurance		124,570	
Employer Medicare		9,491	
Communication		86,535	
Travel		7,811	
Office Supplies		2,394	
Other Charges		3,561	
Total Office of the Principal			\$ 1,061,276

Fiscal Services

Accountants/Bookkeepers	\$	43,257	
Secretary(ies)		30,900	
Clerical Personnel		41,535	
Social Security		6,622	
State Retirement		10,983	
Medical Insurance		15,508	
Employer Medicare		1,576	
Data Processing Services		8,341	
Travel		578	
Other Contracted Services		6,595	
Office Supplies		5,965	
Administration Equipment		1,970	
Total Fiscal Services			173,830

Operation of Plant

Custodial Personnel	\$	207,059	
Social Security		12,250	
State Retirement		18,121	
Medical Insurance		36,398	
Employer Medicare		2,865	
Other Contracted Services		34,228	
Electricity		437,367	
Natural Gas		63,874	
Water and Sewer		49,518	
Other Supplies and Materials		58,870	
Boiler Insurance		3,839	
Total Operation of Plant			924,389

Maintenance of Plant

Maintenance Personnel	\$	76,440	
Social Security		4,426	
State Retirement		7,029	
Medical Insurance		20,740	
Employer Medicare		1,035	

(Continued)

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 (Cont.)

Communication	\$	1,338	
Other Contracted Services		38,524	
Other Supplies and Materials		29,034	
Maintenance Equipment		1,362	
Total Maintenance of Plant			\$ 179,928

Transportation

Supervisor/Director	\$	7,210	
Bus Drivers		133,294	
Other Salaries and Wages		21,398	
Social Security		9,905	
State Retirement		12,123	
Employer Medicare		2,316	
Communication		2,041	
Contracts with Vehicle Owners		259,286	
Travel		2,784	
Gasoline		86,543	
Tires and Tubes		7,902	
Vehicle Parts		48,411	
Vehicle and Equipment Insurance		14,072	
Other Charges		1,284	
Transportation Equipment		79,958	
Total Transportation			688,527

Operation of Non-Instructional Services

Early Childhood Education

Teachers	\$	164,074	
Educational Assistants		59,879	
Other Salaries and Wages		7,010	
Non-certified Substitute Teachers		2,612	
Social Security		14,190	
State Retirement		20,169	
Medical Insurance		14,677	
Employer Medicare		3,322	
Communication		3,525	
Travel		569	
Other Contracted Services		11,901	
Other Supplies and Materials		90,200	
In Service/Staff Development		6,038	
Total Early Childhood Education			398,166

Capital Outlay

Regular Capital Outlay

Architects	\$	1,384	
Building Improvements		432,604	
Total Regular Capital Outlay			433,988

(Continued)

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

General Purpose School Fund (Cont.)

Other Debt Service

Education

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

Total General Purpose School Fund \$ 14,259,946

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 233,303	
Educational Assistants	18,550	
Other Salaries and Wages	3,945	
Non-certified Substitute Teachers	12,732	
Social Security	14,941	
State Retirement	22,386	
Medical Insurance	39,631	
Unemployment Compensation	817	
Employer Medicare	3,556	
Other Contracted Services	102,685	
Instructional Supplies and Materials	70,648	
Other Supplies and Materials	8,009	
Other Charges	45,006	
Regular Instruction Equipment	84,725	
Total Regular Instruction Program		\$ 660,934

Special Education Program

Teachers	\$ 46,330	
Homebound Teachers	9,492	
Educational Assistants	188,313	
Non-certified Substitute Teachers	1,320	
Social Security	13,536	
State Retirement	19,258	
Medical Insurance	60,560	
Unemployment Compensation	1,502	
Employer Medicare	3,167	
Evaluation and Testing	530	
Other Contracted Services	34,665	
Instructional Supplies and Materials	1,621	
Other Supplies and Materials	9,140	
Special Education Equipment	4,243	
Total Special Education Program		393,677

Vocational Education Program

Instructional Supplies and Materials	\$ 2,314	
Vocational Instruction Equipment	20,136	
Total Vocational Education Program		22,450

Support Services

Other Student Support

Other Salaries and Wages	\$ 2,333	
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(Continued)

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Social Security	\$	145	
State Retirement		225	
Employer Medicare		34	
Travel		13,476	
In Service/Staff Development		1,313	
Other Charges		2,032	
Total Other Student Support			\$ 19,558

Regular Instruction Program

Supervisor/Director	\$	37,499	
Social Security		2,147	
State Retirement		3,330	
Medical Insurance		3,925	
Unemployment Compensation		72	
Employer Medicare		502	
Consultants		22,000	
Travel		32,520	
Other Contracted Services		23,865	
Library Books/Media		9,922	
Other Supplies and Materials		7,455	
In Service/Staff Development		40,544	
Total Regular Instruction Program			183,781

Special Education Program

Supervisor/Director	\$	32,441	
Clerical Personnel		175	
Social Security		1,811	
State Retirement		2,898	
Medical Insurance		4,906	
Unemployment Compensation		73	
Employer Medicare		424	
Fiscal Agent Charges		418	
Maintenance and Repair Services - Equipment		152	
Travel		6,559	
Other Supplies and Materials		1,484	
In Service/Staff Development		1,500	
Total Special Education Program			52,841

Vocational Education Program

Supervisor/Director	\$	1,403	
Social Security		87	
State Retirement		125	
Unemployment Compensation		11	
Employer Medicare		20	
Total Vocational Education Program			1,646

Transportation

Bus Drivers	\$	457	
Other Salaries and Wages		14,757	

(Continued)

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.)

Transportation (Cont.)

Social Security	\$	915	
Unemployment Compensation		103	
Employer Medicare		229	
Contracts with Private Agencies		293	
Maintenance and Repair Services - Vehicles		3,043	
Total Transportation			\$ 19,797

Total School Federal Projects Fund \$ 1,354,684

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	41,471	
Accountants/Bookkeepers		20,600	
Cafeteria Personnel		338,386	
Social Security		23,497	
State Retirement		35,824	
Medical Insurance		80,643	
Unemployment Compensation		1,664	
Employer Medicare		5,495	
Communication		2,412	
Data Processing Services		1,648	
Maintenance and Repair Services - Equipment		12,932	
Travel		242	
Other Contracted Services		2,861	
Food Supplies		425,471	
Office Supplies		1,359	
USDA - Commodities		54,516	
Other Supplies and Materials		51,202	
Other Charges		1,857	
Total Food Service			\$ 1,102,080

Total Central Cafeteria Fund 1,102,080

Total Governmental Funds - Cannon County School Department \$ 16,716,710

Cannon County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Cannon County Industrial Development Board
For the Year Ended June 30, 2013

General Fund

Other Operations

Industrial Development

In-Service Training	\$	200	
Advertising		80	
Audit Services		1,110	
Consultants		1,850	
Dues and Memberships		40	
Engineering Services		2,922	
Legal Services		22,610	
Legal Notices, Recording, and Court Costs		342	
Maintenance and Repair Services - Buildings		4,666	
Rentals		600	
Travel		467	
Utilities		510	
Trustee's Commission		884	
Other Charges		731	
Total Industrial Development			\$ 37,012

Principal on Debt

General Government

Principal on Other Loans	\$	45,538	
Total General Government			45,538

Interest on Debt

General Government

Interest on Other Loans	\$	13,634	
Total General Government			13,634

Total Industrial/Economic Development Fund \$ 96,184

Total Governmental Funds - Cannon County Industrial Development Board \$ 96,184

Cannon County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2013

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 378,298
	<hr/>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 374,515
Trustee's Commission	3,783
Total Cash Disbursements	<hr/> \$ 378,298 <hr/>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0
Cash Balance, July 1, 2012	<hr/> 0 <hr/>
Cash Balance, June 30, 2013	<hr/> \$ 0 <hr/> <hr/>

SINGLE AUDIT SECTION



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

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

Independent Auditor's Report

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

To the County Executive and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cannon County, Tennessee, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Cannon County's basic financial statements, and have issued our report thereon dated January 30, 2014. Our report includes a reference to other auditors who audited the financial statements of the Cannon County Emergency Communications District as described in our report of Cannon County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

the effectiveness of Cannon County's internal control. Accordingly, we do not express an opinion on the effectiveness of Cannon County's internal control.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider one deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness: 2013-005.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 2013-004, 2013-007, 2013-008, and 2013-010.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cannon County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items: 2013-001, 2013-002, 2013-003, 2013-006, and 2013-009.

Cannon County's Responses to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the

effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cannon County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a long vertical stroke extending downwards from the end.

Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

January 30, 2014

JPW/yu



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

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

Independent Auditor's Report

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

To the County Executive and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Cannon County's compliance with the types of compliance requirements described in the *OMB Circular A-133 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, 2013. Cannon County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Cannon County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of

the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Cannon County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Cannon County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of Cannon County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Cannon County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Cannon County's internal control over compliance.

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

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

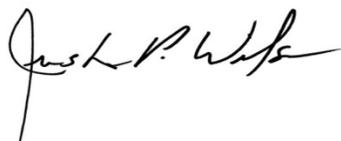
consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cannon County, Tennessee, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Cannon County's basic financial statements. We issued our report thereon dated January 30, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 Expenditure of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

January 30, 2014

JPW/yu

Cannon County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2013

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Program:			
Community Facilities Loans and Grants	10.766	N/A	\$ 15,000
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	218,061
National School Lunch Program	10.555	N/A	487,195 (3)
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	54,516 (3)
Total U.S. Department of Agriculture			\$ 774,772
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	(2)	\$ 232,186
U.S. Department of Labor:			
Passed-through Upper Cumberland Human Resource Agency:			
WIA Youth Activities	17.259	(2)	\$ 11,000
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
State and Community Highway Safety	20.600	(2)	\$ 6,245
U.S. Department of Energy:			
Passed-through Upper Cumberland Development District:			
Energy Efficiency and Conservation Block Grant Program, Recovery Act	81.128	(2)	\$ 48,400
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 596,175
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	464,880
Special Education - Preschool Grants	84.173	N/A	12,101
Career and Technical Education - Basic Grants to States	84.048	N/A	33,279
Twenty-first Century Community Learning Centers	84.287	N/A	103,352
Advanced Placement Program	84.330	(2)	445
Rural Education	84.358	N/A	34,852
Improving Teacher Quality State Grants	84.367	N/A	104,444
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	85.395	(2)	119,407
Total U.S. Department of Education			\$ 1,468,935
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Hazard Mitigation Grant	97.039	HMGP-1974-0010	\$ 79,947
Homeland Security Grant Program	97.067	(4)	82,697
Total U.S. Department of Homeland Security			\$ 162,644
Total Expenditures of Federal Awards			\$ 2,704,182

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
<u>State Grants</u>			
Juvenile Justice State Supplement Funds - State Commission on Children and Youth	N/A	(2)	\$ 9,000
Litter Program - State Department of Transportation	N/A	(2)	39,200
Tennessee Agricultural Enhancement Program - State Department of Agriculture	N/A	DG-08-22849-00	151,271
Lottery for Education Afterschool Programs (LEAPs) - State Department of Education	N/A	(2)	56,225
Statewide Student Management System (SSMS) - State Department of Education	N/A	(2)	5,466
Internet Connectivity - State Department of Education	N/A	(2)	6,731
Student Ticket Subsidy Grant (STS) - State Arts Commission	N/A	(2)	2,737
Coordinated School Health - State Department of Education	N/A	(2)	90,000
Safe Schools - State Department of Education	N/A	(2)	9,419
Development and Coordination of Rural Health Services - State Department of Health	N/A	(2)	29,000
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	876
High Schools That Work - State Department of Education	N/A	(2)	5,000
Total State Grants			\$ 404,925

CFDA = Catalog of Federal Domestic Assistance
N/A = Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Number not available.
- (3) Total for CFDA No. 10.555 is \$541,711.
- (4) 2010-SS-T0-0027: \$61,195; 2009-SS-T9-0086: \$21,502.

Cannon County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2013

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report for Cannon County, Tennessee, for the year ended June 30, 2012, which have not been corrected.

OFFICE OF COUNTY EXECUTIVE

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
12.02	154	Cannon County does not require all eligible employees to participate in the Tennessee Consolidated Retirement System

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
12.09	161	The accounting software did not identify the user who processed each transaction

OFFICE OF CLERK AND MASTER

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
12.10	161	Supplemental payments made to a county employee were not made through the county's payroll system

OFFICES OF COUNTY CLERK AND CIRCUIT AND GENERAL SESSIONS COURTS CLERK

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
12.11	162	Multiple employees operated from the same cash drawer

CANNON COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2013

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Cannon County is unmodified.
2. The audit of the financial statements of Cannon County disclosed significant deficiencies in internal control. One of these conditions was considered to be a material weakness.
3. The audit disclosed one instance of noncompliance that was material to the financial statements of Cannon County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unmodified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555), Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii (CFDA No. 14.228), Title I Grants to Local Educational Agencies (CFDA No. 84.010), and State Fiscal Stabilization Fund (SFSF) – Race-to-the-Top Incentive Grants, Recovery Act (CFDA No 84.395) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Cannon County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The written responses of the county executive and the director of schools are included in this report. Other management officials did not provide responses for inclusion in this report.

OFFICES OF COUNTY EXECUTIVE AND SHERIFF

FINDING 2013-001 **CANNON COUNTY DOES NOT REQUIRE ALL ELIGIBLE EMPLOYEES TO PARTICIPATE IN THE TENNESSEE CONSOLIDATED RETIREMENT SYSTEM**
(Material Noncompliance Under *Government Auditing Standards*)

As of June 30, 2013, the county's payroll records revealed that one Election Commission employee and 18 employees of the Sheriff's Department appear to be eligible for but were not participating in the Tennessee Consolidated Retirement System (TCRS). Title 8, Chapters 34-37 of *Tennessee Code Annotated (TCA)*, establish and govern the TCRS, and these statutes require mandatory participation in the TCRS for all employees of participating employers after a probationary period. This finding is the result of management's failure to correct the finding noted in the prior-year audit report. This finding has been reported to the TCRS.

RECOMMENDATION

Cannon County should comply with provisions of Title 8, Chapters 34-37, *TCA*, regarding employee participation in the TCRS. County officials should contact the TCRS to determine a corrective action plan.

MANAGEMENT'S RESPONSE – COUNTY EXECUTIVE

We concur. After the 2012 audit, the County Executive's Office sent a letter to all department heads notifying them that TCRS membership was mandatory for all full-time employees. The County Executive's Office has no authority over the employees who are currently not participating in TCRS.

OFFICES OF COUNTY EXECUTIVE AND ROAD SUPERVISOR

FINDING 2013-002 **A CAPITAL OUTLAY NOTE WAS NOT ISSUED IN COMPLIANCE WITH STATE STATUTES**
(Noncompliance Under *Government Auditing Standards*)

On October 19, 2012, the road supervisor signed a \$68,000 capital outlay note for Highway Department equipment without the approval of the state Comptroller's Office as required

by Section 9-21-601, *Tennessee Code Annotated (TCA)*. Also, county officials did not file a Report on Debt Obligation with the state Comptroller's Office for the capital outlay note. Section 9-21-151, *TCA*, requires that within 45 days following the issuance of debt, a county must provide to the state Comptroller's Office certain information, such as a description of the purchase for which the debt was issued, a description of the debt obligation, and an itemized description of the costs of issuance. This deficiency was the result of management's oversight. The county received retroactive note approval from the state Comptroller's Office and filed the Report on Debt Obligation in February 2013.

RECOMMENDATION

Capital outlay notes should be issued in compliance with state statutes. The county executive, as chief financial officer of the county, should be the official to contract for any debt issued by the county.

MANAGEMENT'S RESPONSE – COUNTY EXECUTIVE

We concur. The Cannon County Highway Commission received approval from the County Commission to issue a \$68,000 capital outlay note for road equipment. The County Executive's Office was never informed of this loan; therefore, we were unable to obtain approval from the Comptroller's Office. After this office was informed, proper procedures were followed.

OFFICE OF COUNTY EXECUTIVE

FINDING 2013-003

THE OFFICE MADE UNAUTHORIZED SALARY EXPENDITURES

(Noncompliance Under *Government Auditing Standards*)

The salary paid to the director of the county's REACH after-school program exceeded the line-item appropriation approved by the County Commission in the REACH Fund by \$14,792. The budget resolution approved by the County Commission provides that the salary, wages, or remuneration of each officer, employee, or agent of the county shall not be in excess of the amounts authorized by existing law or as set forth in the estimate of appropriations which accompanies this resolution. Therefore, salaries exceeding line-item appropriations were expenditures not approved by the County Commission.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – COUNTY EXECUTIVE

We concur. The salary for the REACH director did exceed line-item appropriations. The director's salary was the same as the previous year plus an increase of less than one percent. All other county employees received a three percent pay increase. When the

original budget was submitted, the line item for the director's pay was under budgeted. This was an oversight. The County Commission voted to have the REACH Program taken out of the county's General Fund and set up in its own fund beginning July 1, 2012. However, on July 1, 2012, there was not sufficient revenue to cover appropriations. The entire year all expenditures were paid out of the county's General Fund and as revenues were available in the REACH Fund, the General Fund was reimbursed. It was very difficult to keep track of revenues and expenditures working between the two funds. We were not aware that the salary line item was under budgeted until after the fiscal year ended.

AUDITOR'S COMMENT

The County Commission should provide sufficient revenues to fund appropriations. Properly approved interfund loans are a funding mechanism available for short term financing.

FINDING 2013-004

THE AMBULANCE SERVICE FUND HAD A CASH OVERDRAFT AT JUNE 30, 2013

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

The Ambulance Service Fund had a cash overdraft of \$333 at June 30, 2013. Sound business practices dictate that expenditures be held within available funds. The cash overdraft resulted from the issuance of checks exceeding cash on deposit with the county trustee. The cash overdraft was liquidated subsequent to June 30, 2013.

RECOMMENDATION

The office should not issue checks in excess of cash on deposit with the county trustee.

MANAGEMENT'S RESPONSE – COUNTY EXECUTIVE

We concur. This was the first year the Ambulance Service Fund operated outside the county's General Fund. The revenues fell short of what was anticipated. We will make every effort possible to correct this in the future.

OFFICE OF ROAD SUPERVISOR

FINDING 2013-005

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

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

At June 30, 2013, the balance of receivables reflected in the Highway/Public Works Fund was not materially correct, and audit adjustments totaling \$133,943 were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require Cannon County to have adequate internal controls over the maintenance of its accounting records. Material audit adjustments were required because the county's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the county has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

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

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 2013-006

**THE OFFICE HAD DEFICIENCIES IN BUDGET
OPERATIONS**

(Noncompliance Under *Government Auditing Standards*)

Our examination revealed the following deficiencies in budget operations. These deficiencies can be attributed to management's failure to adequately monitor and review budget procedures.

- A. The General Purpose School Fund's actual beginning fund balance at July 1, 2012, exceeded the estimated beginning fund balance presented to the County Commission by \$1,501,518. Sound business practices dictate that realistic estimates of beginning fund balances should be presented to the County Commission during the budget process. This deficiency is due to management's failure to properly estimate the actual ending fund balance for June 30, 2012. This deficiency resulted in materially understating the estimated beginning fund balance.
- B. Expenditures exceeded appropriations approved by the County Commission by \$35,009 in the Transfers Out major appropriation category (the legal level of control) in the General Purpose School Fund. Section 5-9-401, *Tennessee*

Code Annotated, states that “All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies.” Management failed to stay within the spending limits authorized by the County Commission, which resulted in unauthorized expenditures.

RECOMMENDATION

Estimates of the beginning fund balance should be made on a more realistic basis to provide county officials with accurate information to base funding decisions. The estimated beginning fund balance should be amended when it becomes apparent that the original estimate varies from the actual by a material amount. Expenditures should be held within appropriations approved by the County Commission.

MANAGEMENT’S RESPONSE – DIRECTOR OF SCHOOLS

- A. For the past several years, it has been the school system’s policy that the system’s proposed budget includes only undesignated funds in the year-end estimated fund balance. This was true for the 2012-2013 budget proposal presented to the County Commission in June 2012. Designated, or reserve funds, were not included on the proposed budget for the 2012-2013 school year. Reserves/designated funds cannot be spent for anything except the purpose for which they are designated. Therefore, it appears that the school fund balance was underestimated since only undesignated funds were included. For the 2013-14 proposed school budget, which was presented to the County Commission in June of 2013, both designated and undesignated funds were included, so the fund balance reflected should be more comprehensive.

- B. The decision to make a transfer to federal programs was made at the so-called eleventh hour right before the close of business on the last working day of the 2012-2013 fiscal year (June 28, 2013). Federal program guidelines are very specific in how funds are spent and drawn down within a certain number of days. The funds were spent, and the request was made on June 20, 2013, well in advance of the normal four days’ time it takes to receive funding from the state. When funds were not received by the Trustee’s Office after a normal waiting period, the federal programs bookkeeper began calling the state Department of Education’s Office of Local Finance on a daily basis, and she was assured the funds would be sent within a reasonable time frame. When it was determined that the funds were not going to be sent by the June 30 year-end deadline, it was then that a check was written from the General Purpose School Fund to the School Federal Projects Fund and deposited in the Trustee’s Office. This was the first time this had ever happened, and there was not adequate time to make a request to the County Commission for this transaction. In order for this not to happen again, there will be a transfer in the budget to allow a permanent transfer from the General Purpose School Fund to the School Federal Projects Fund to allow for needed cash flow. As a side note, federal programs transferred the allocated funds back to the General Purpose School Fund on July 12, 2013, which was the actual date the state requested funds were received by the Trustee’s Office.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

FINDING 2013-007

THE ACCOUNTING SOFTWARE DID NOT IDENTIFY THE USER WHO PROCESSED EACH TRANSACTION

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

Although each employee had been assigned a unique username and password for accessing the office's accounting software, the software did not record the user who processed each transaction. Since the vendor did not design the system with these controls, the employee responsible for this activity would not be easily identified if inappropriate activity were to occur. Sound business practices dictate that each transaction be identified to the individual creating the transaction. This deficiency exists because management failed to correct the finding noted in the prior-year audit report.

RECOMMENDATION

Management should contact the software vendor concerning the addition of controls to the software that would identify the user who performed each transaction.

OFFICE OF CLERK AND MASTER

FINDING 2013-008

SUPPLEMENTAL PAYMENTS MADE TO A COUNTY EMPLOYEE WERE NOT MADE THROUGH THE COUNTY'S PAYROLL SYSTEM

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

During the year examined, the clerk's bookkeeper received \$2,870 for work performed in conjunction with several court ordered sales of property. These payments were not paid through the county's payroll system and were in addition to the employee's regular salary. The court orders did not specify that a portion of the proceeds should be paid to a named individual, but provided that specified amounts of the sale proceeds should be paid to the clerk and master for work performed by the office; however, the clerk and master issued checks in the amounts specified by the orders to the bookkeeper. There was no documentation on file to support the time worked; however, the bookkeeper stated that the work was performed during regular work hours. Since these supplemental payments were not paid through the county's payroll system, the payments were not subjected to income tax, social security, and Medicare deductions. Also, the county did not report and pay its required matching portions of social security and Medicare associated with these supplemental payments. The clerk and master did not issue this employee a Form 1099 for federal reporting of this supplemental amount. This deficiency is the result of a management decision and resulted in unauthorized payments and unreported income. This deficiency also exists because management failed to correct the finding noted in the prior-year audit report.

RECOMMENDATION

All payroll related payments to county employees should be made through the county's payroll system to properly reflect the employee's total compensation. Also, all wages should be subject to the proper employee payroll taxes and the county's matching portions.

FINDING 2013-009

UNCLAIMED FUNDS WERE NOT REPORTED AND PAID TO THE STATE

(Noncompliance Under *Government Auditing Standards*)

The clerk did not report and pay to the state unclaimed funds totaling \$2,900. At June 30, 2013, the clerk and master had 29 United States Savings Bonds each valued at \$100. These bonds, dated between November 1990 and March 1996, were discovered several years ago in a property that was being auctioned by the court because the owner was deceased and no heirs could be found, and they have been held in a file in the clerk's office. For several years, auditors have advised the clerk to seek a court order allowing him to cash these bonds and turn over the funds to the state Treasurer's Office as abandoned property. The Unclaimed Property Act, Section 66-29-101, et seq., *Tennessee Code Annotated*, provides that any funds held by the court for more than one year and unclaimed by the owner are considered abandoned. This statute further provides for the funds to be reported and paid to the state Treasurer's Office. This situation has been discussed with the clerk for several years; therefore, this deficiency exists as the result of a management decision.

RECOMMENDATION

The clerk should report and pay to the state unclaimed funds held for more than one year as required by state statute.

OFFICES OF COUNTY CLERK AND CIRCUIT AND GENERAL SESSIONS COURTS CLERK

FINDING 2013-010

MULTIPLE EMPLOYEES OPERATED FROM THE SAME CASH DRAWER

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

Multiple employees operated from the same cash drawer in the Offices of County Clerk and Circuit and General Sessions Courts Clerk. Good internal controls dictate that each employee have their own cash drawer, start the day with a standard fixed amount of cash, and remove all but the beginning amount at the end of the day. This amount should be verified to the employee's receipts at the end of each day. Failure to adhere to this control regimen greatly increases the risk that a cash shortage may not be detected in a timely manner. Furthermore, in the event of a cash shortage, the official would not be able to determine who was responsible for the shortage because multiple employees were working

from one cash drawer. This deficiency in internal controls was the result of a lack of management oversight over risks related to safeguarding assets and management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

Officials should assign each employee their own cash drawer.

BEST PRACTICE

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

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

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

There were no findings and questioned costs for federal awards.

CANNON COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2013

There were no audit findings relative to federal awards presented in the current-year's Schedule of Findings and Questioned Costs. There were audit findings relative to federal awards presented in the prior-year's Schedule of Findings and Questioned Costs.

County Executive – Summary Schedule of Prior-Year's Findings

FINDINGS 12.01, 12.12, and 12.13

The county added the assets purchased in the prior year from Homeland Security Grant funds to the capital assets records during the year ended June 30, 2013.