



ANNUAL FINANCIAL REPORT CANNON COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2014



**ANNUAL FINANCIAL REPORT
CANNON COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2014**

***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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Summary of Audit Findings

Annual Financial Report
Cannon County, Tennessee
For the Year Ended June 30, 2014

Scope

We have audited the basic financial statements of Cannon County as of and for the year ended June 30, 2014.

Results

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

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

Findings

The following are summaries of the audit findings:

OFFICES OF COUNTY EXECUTIVE AND SHERIFF

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

OFFICE OF COUNTY EXECUTIVE

- ◆ Expenditures exceeded appropriations.
-

OFFICE OF COUNTY CLERK

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

OFFICE OF CLERK AND MASTER

- ◆ Bank statements were not accurately reconciled with the general ledger.
- ◆ The office had deficiencies in receipting and depositing collections.

INTRODUCTORY SECTION

Cannon County Officials

June 30, 2014

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

Mark Barker, Chairman	Walter Holt
Jim Bush	Jim Jones
Kevin George	Jimmy Mingle
Clint Higgins	Tony Neal
Todd Hollandsworth	Russell Reed

Highway Commission

Doyle Duke, Chairman	
James Hancock	Ed Sissom

Board of Education

Randy Gannon, Chairman	
Chris Blackburn	Roy Parker
Bruce Daniel	Nathan Sanders

Audit Committee

Hope Tenpenny, Chairman	
Clyde Bush	Jackie Pitts
Gary Hancock	Glenn Steakley

FINANCIAL SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
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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, 2014, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Cannon County Emergency Communications District. 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 were unable to determine Cannon County Emergency Communications District's respective percentage of the assets, net position, and revenues of the aggregate discretely presented component units because the Cannon County Industrial Development Board, a component

unit requiring discrete presentation, was not included in the county's financial statements. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cannon County, Tennessee, as of June 30, 2014, and the respective changes in financial position and the respective budgetary comparisons for the General, Ambulance Service, and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note V.B., Cannon County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* and GASB Statement No. 70, *Accounting and Reporting for Nonexchange Financial Guarantees*, which have an effective date of June 30, 2014. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards

Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the schedules of funding progress – pension plan and other postemployment benefits plan on pages 64 - 66 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

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

September 19, 2014

JPW/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

Cannon County, Tennessee
Statement of Net Position
June 30, 2014

	Primary Governmental Activities	Component Units	
		Cannon County School Department	Cannon County Emergency Communications District
<u>ASSETS</u>			
Cash	\$ 15,805	\$ 100	\$ 157,683
Equity in Pooled Cash and Investments	4,175,091	3,606,894	0
Accounts Receivable	428,187	455	130,492
Allowance for Uncollectibles	(157,543)	0	0
Due from Other Governments	355,745	211,869	0
Prepaid Items	19,851	0	28,586
Property Taxes Receivable	3,746,473	1,998,119	0
Allowance for Uncollectible Property Taxes	(85,177)	(45,427)	0
Notes Receivable - Long-term	85,652	0	0
Capital Assets:			
Assets Not Depreciated:			
Land	279,849	170,879	20,000
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	2,306,114	9,510,208	224,679
Other Capital Assets	985,719	575,442	413,581
Infrastructure	12,124,603	0	0
Total Assets	<u>\$ 24,280,369</u>	<u>\$ 16,028,539</u>	<u>\$ 975,021</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 71,540	\$ 0	\$ 26,824
Payroll Deductions Payable	3,120	0	0
Accrued Interest Payable	6,355	0	0
Due to State of Tennessee	0	699	0
Other Current Liabilities	0	0	16,874
Noncurrent Liabilities:			
Due Within One Year	878,379	45,432	1,297
Due in More Than One Year	8,032,376	493,881	84,355
Total Liabilities	<u>\$ 8,991,770</u>	<u>\$ 540,012</u>	<u>\$ 129,350</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 3,532,329	\$ 1,883,909	\$ 0
Total Deferred Inflow of Resources	<u>\$ 3,532,329</u>	<u>\$ 1,883,909</u>	<u>\$ 0</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	\$ 14,699,262	\$ 10,256,529	\$ 572,608
Restricted for:			
General Government	4,761	0	0
Administration of Justice	19,757	0	0
Public Safety	286,014	0	0
Public Health and Welfare	120,537	0	0
Highway/Public Works	1,090,143	0	0
Education	0	229,853	0
Debt Service	2,804,552	0	0
Unrestricted	(7,268,756)	3,118,236	273,063
Total Net Position	<u>\$ 11,756,270</u>	<u>\$ 13,604,618</u>	<u>\$ 845,671</u>

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

Exhibit B

Cannon County, Tennessee
Statement of Activities
For the Year Ended June 30, 2014

Functions/Programs	Net (Expense) Revenue and Changes in Net Position																			
	Program Revenues					Component Units														
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Total Governmental Activities	Cannon County School Department	Cannon County Emergency Communications District													
Primary Government:																				
Governmental Activities:																				
General Government	\$ 931,451	\$ 53,846	\$ 25,021	\$ 0	\$ (852,584)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Finance	459,418	307,373	0	0	(152,045)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Administration of Justice	516,325	287,067	9,000	0	(220,258)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Public Safety	2,509,980	164,125	55,194	250,689	(2,039,972)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Public Health and Welfare	1,635,391	633,688	92,935	178,725	(730,043)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Social, Cultural, and Recreational Services	480,098	74,511	115,616	0	(289,971)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Agriculture and Natural Resources	143,880	28,410	78,599	39,300	2,429	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Highways/Public Works	2,594,368	86,262	1,376,370	723,859	(407,877)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Education	58,121	0	0	250,000	191,879	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest on Long-term Debt	40,623	0	0	0	(40,623)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Governmental Activities	\$ 9,369,655	\$ 1,635,282	\$ 1,752,735	\$ 1,442,573	\$ (4,539,065)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Primary Government	\$ 9,369,655	\$ 1,635,282	\$ 1,752,735	\$ 1,442,573	\$ (4,539,065)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Component Units:																				
School Department	\$ 17,240,091	\$ 359,823	\$ 1,946,814	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Emergency Communications District	605,613	134,570	146,182	176,986	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(147,875)
Total Component Units	\$ 17,845,704	\$ 494,393	\$ 2,092,996	\$ 176,986	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (147,875)

(Continued)

Exhibit B

Cannon County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Program Revenues			Component Units			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Cannon County Emergency Communications District
					Total Governmental Activities	Cannon County School Department	
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes		\$ 3,548,374	\$ 1,929,249	\$	0	0	0
Property Taxes Levied for Debt Service		66,654	0	0	0	0	0
Local Option Sales Taxes		150,394	535,605	0	0	0	0
Wheel Tax		630,313	0	0	0	0	0
Litigation Tax - General		47,987	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse		111,724	0	0	0	0	0
Business Tax		57,333	0	0	0	0	0
Wholesale Beer Tax		62,611	0	0	0	0	0
Mineral Severance Tax		39,619	0	0	0	0	0
Other Local Taxes		3,019	1,406	0	0	0	0
Grants and Contributions Not Restricted to Specific Programs		100,839	12,046,974	186,004	186,004	186,004	186,004
Unrestricted Investment Earnings		26,203	128	198	198	198	198
Miscellaneous		37,944	61,968	55,608	55,608	55,608	55,608
Total General Revenues		\$ 4,883,014	\$ 14,575,330	\$ 241,810	\$ 241,810	\$ 241,810	\$ 241,810
Change in Net Position		\$ 343,949	\$ (358,124)	\$ 93,935	\$ 93,935	\$ 93,935	\$ 93,935
Net Position, July 1, 2013		11,412,321	13,962,742	751,736	751,736	751,736	751,736
Net Position, June 30, 2014		\$ 11,756,270	\$ 13,604,618	\$ 845,671	\$ 845,671	\$ 845,671	\$ 845,671

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

Exhibit C-1

Cannon County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2014

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	General Debt Service	Other Governmental Funds	
ASSETS						
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 15,805	\$ 15,805
Equity in Pooled Cash and Investments	352,063	41,635	839,031	2,808,562	143,206	4,184,497
Accounts Receivable	6,574	421,277	0	0	336	428,187
Allowance for Uncollectibles	0	(157,543)	0	0	0	(157,543)
Due from Other Governments	71,842	0	257,414	0	26,489	355,745
Due from Other Funds	17,489	0	0	0	0	17,489
Property Taxes Receivable	2,863,023	454,118	0	68,118	361,214	3,746,473
Allowance for Uncollectible Property Taxes	(65,561)	(10,324)	0	(1,549)	(7,743)	(85,177)
Prepaid Items	0	0	0	19,851	0	19,851
Notes Receivable - Long-term	0	0	0	85,652	0	85,652
Total Assets	\$ 3,245,430	\$ 749,163	\$ 1,096,445	\$ 2,980,634	\$ 539,307	\$ 8,610,979
LIABILITIES						
Accounts Payable	\$ 25,374	\$ 4,318	\$ 3,182	\$ 0	\$ 38,666	\$ 71,540
Payroll Deductions Payable	0	0	3,120	0	0	3,120
Due to Other Funds	9,406	0	0	0	17,489	26,895
Total Liabilities	\$ 34,780	\$ 4,318	\$ 6,302	\$ 0	\$ 56,155	\$ 101,555
DEFERRED INFLOWS OF RESOURCES						
Deferred Current Property Taxes	\$ 2,697,415	\$ 428,161	\$ 0	\$ 64,224	\$ 342,529	\$ 3,532,329
Deferred Delinquent Property Taxes	86,472	13,511	0	2,027	9,458	111,468
Other Deferred/Unavailable Revenue	7,509	228,733	128,830	0	6,614	371,686
Total Deferred Inflows of Resources	\$ 2,791,396	\$ 670,405	\$ 128,830	\$ 66,251	\$ 358,601	\$ 4,015,483

(Continued)

Exhibit C-1

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

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Ambulance Service	Highway/ Public Works	General Debt Service	Other Governmental Funds	
Nonspendable:						
Prepaid Items	\$ 0	\$ 0	\$ 0	\$ 19,851	\$ 0	\$ 19,851
Restricted:						
Restricted for General Government	4,761	0	0	0	0	4,761
Restricted for Administration of Justice	19,757	0	0	0	0	19,757
Restricted for Public Safety	202,315	0	0	0	83,699	286,014
Restricted for Public Health and Welfare	92,156	0	0	0	12,309	104,465
Restricted for Highways/Public Works	0	0	961,313	0	0	961,313
Restricted for Debt Service	0	0	0	2,808,880	0	2,808,880
Committed:						
Committed for Finance	0	0	0	0	15,695	15,695
Committed for Public Safety	28,001	0	0	0	0	28,001
Committed for Public Health and Welfare	0	74,440	0	0	0	74,440
Committed for Social, Cultural, and Recreational Services	0	0	0	0	12,848	12,848
Assigned:						
Assigned for Debt Service	0	0	0	85,652	0	85,652
Unassigned	72,264	0	0	0	0	72,264
Total Fund Balances	\$ 419,254	\$ 74,440	\$ 961,313	\$ 2,914,383	\$ 124,551	\$ 4,493,941
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,245,430	\$ 749,163	\$ 1,096,445	\$ 2,980,634	\$ 539,307	\$ 8,610,979

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

Exhibit C-2

Cannon County, Tennessee
Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Position
June 30, 2014

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)		\$	4,493,941
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	279,849	
Add: buildings and improvements net of accumulated depreciation		2,306,114	
Add: other capital assets net of accumulated depreciation		985,719	
Add: infrastructure net of accumulated depreciation		<u>12,124,603</u>	15,696,285
(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	\$	(553,023)	
Less: other loans payable		(8,295,000)	
Less: compensated absences payable		(62,732)	
Less: accrued interest on notes and other loans		<u>(6,355)</u>	(8,917,110)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>483,154</u>
Net position of governmental activities (Exhibit A)			<u>\$ 11,756,270</u>

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

Exhibit C-3

Cannon County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	General Debt Service	Other	Governmental Funds	
<u>Revenues</u>							
Local Taxes	\$ 3,135,004	\$ 444,481	\$ 41,119	\$ 763,471	\$ 392,848	\$ 4,776,923	
Licenses and Permits	424	0	0	0	0	424	
Fines, Forfeitures, and Penalties	82,196	0	0	0	26,824	109,020	
Charges for Current Services	116,668	497,785	0	0	174,495	788,948	
Other Local Revenues	84,276	263	118,923	7	350	203,819	
Fees Received from County Officials	418,681	0	0	0	0	418,681	
State of Tennessee	301,318	0	2,100,260	0	55,996	2,457,574	
Federal Government	105,366	0	0	0	115,616	220,982	
Other Governments and Citizens Groups	250,659	0	0	385,875	42,850	679,414	
<u>Total Revenues</u>	<u>\$ 4,494,622</u>	<u>\$ 942,529</u>	<u>\$ 2,260,302</u>	<u>\$ 1,149,353</u>	<u>\$ 808,979</u>	<u>\$ 9,655,785</u>	

Expenditures

Current:							
General Government	\$ 687,326	\$ 0	\$ 0	\$ 0	\$ 0	\$ 687,326	
Finance	323,438	0	0	0	134,734	458,172	
Administration of Justice	514,626	0	0	0	0	514,626	
Public Safety	2,260,010	0	0	0	30,785	2,290,795	
Public Health and Welfare	125,603	889,356	0	0	527,121	1,542,080	
Social, Cultural, and Recreational Services	253,261	0	0	0	180,230	433,491	
Agriculture and Natural Resources	134,580	0	0	0	0	134,580	
Other Operations	347,861	0	0	0	0	347,861	
Highways	0	0	2,312,035	0	0	2,312,035	
Capital Outlay	25,860	0	0	0	0	25,860	
Debt Service:							
Principal on Debt	0	0	22,125	853,217	0	875,342	
Interest on Debt	0	0	1,652	40,283	0	41,935	

(Continued)

Exhibit C-3

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

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	General Debt Service	Other Governmental Funds	
<u>Expenditures (Cont.)</u>						
Debt Service (Cont.)						
Other Debt Service	\$ 0	\$ 0	\$ 0	\$ 71,052	\$ 0	\$ 71,052
Capital Projects	9,300	0	0	0	7	9,307
Total Expenditures	\$ 4,681,865	\$ 889,356	\$ 2,335,812	\$ 964,552	\$ 872,877	\$ 9,744,462
Excess (Deficiency) of Revenues Over Expenditures	\$ (187,243)	\$ 53,173	\$ (75,510)	\$ 184,801	\$ (63,898)	\$ (88,677)
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 25,300	\$ 0	\$ 0	\$ 0	\$ 0	\$ 25,300
Total Other Financing Sources (Uses)	\$ 25,300	\$ 0	\$ 0	\$ 0	\$ 0	\$ 25,300
Net Change in Fund Balances	\$ (161,943)	\$ 53,173	\$ (75,510)	\$ 184,801	\$ (63,898)	\$ (63,377)
Fund Balance, July 1, 2013	581,197	21,267	1,036,823	2,729,582	188,449	4,557,318
Fund Balance, June 30, 2014	\$ 419,254	\$ 74,440	\$ 961,313	\$ 2,914,383	\$ 124,551	\$ 4,493,941

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

Exhibit C-4

Cannon County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2014

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)		\$ (63,377)
<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	\$ 411,075	
Less: current-year depreciation expense	<u>(898,981)</u>	(487,906)
<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, 2014	\$ 483,154	
Less: deferred delinquent property taxes and other deferred June 30, 2013	<u>(425,335)</u>	57,819
<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>		
Less: note proceeds	\$ (25,300)	
Add: principal payments on notes	240,342	
Add: principal payments on other loans	<u>635,000</u>	850,042
<p>(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
Change in accrued interest payable	\$ 1,312	
Change in compensated absences payable	<u>(13,941)</u>	(12,629)
Change in net position of governmental activities (Exhibit B)		<u>\$ 343,949</u>

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

Exhibit C-5

Cannon County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
Revenues				
Local Taxes	\$ 3,135,004	\$ 3,045,186	\$ 3,046,982	\$ 88,022
Licenses and Permits	424	800	800	(376)
Fines, Forfeitures, and Penalties	82,196	86,430	86,930	(4,734)
Charges for Current Services	116,668	94,345	109,359	7,309
Other Local Revenues	84,276	149,058	157,141	(72,865)
Fees Received from County Officials	418,681	421,000	421,000	(2,319)
State of Tennessee	301,318	359,364	428,191	(126,873)
Federal Government	105,366	4,500	73,654	31,712
Other Governments and Citizens Groups	250,689	254,396	254,396	(3,707)
Total Revenues	\$ 4,494,622	\$ 4,415,079	\$ 4,578,453	\$ (83,831)
Expenditures				
General Government				
County Commission	\$ 4,920	\$ 8,164	\$ 8,164	\$ 3,244
Other Boards and Committees	211	466	466	255
County Mayor/Executive	180,613	180,180	181,180	567
Election Commission	175,304	159,908	189,762	14,458
Register of Deeds	114,781	118,936	118,936	4,155
County Buildings	211,497	208,018	217,018	5,521
Preservation of Records	0	100	100	100
Finance				
Property Assessor's Office	127,975	130,688	130,688	2,713
County Trustee's Office	148,566	153,421	153,421	4,855
County Clerk's Office	46,897	52,608	52,608	5,711
Administration of Justice				
Circuit Court	254,733	235,256	265,256	10,523
General Sessions Court	102,465	103,142	103,142	677
Chancery Court	103,733	104,782	104,782	1,049
Juvenile Court	27,239	28,876	28,876	1,637
Judicial Commissioners	25,275	25,310	25,310	35
Victims Assistance Programs	1,181	1,000	1,500	319
Public Safety				
Sheriff's Department	1,021,897	1,051,735	1,086,414	64,517
Administration of the Sexual Offender Registry	800	700	900	100
Jail	758,440	794,765	797,354	38,914
Fire Prevention and Control	69,386	77,487	77,487	8,101
Rescue Squad	8,700	8,700	8,700	0
Other Emergency Management	11,364	12,435	12,435	1,071
County Coroner/Medical Examiner	14,493	35,950	35,950	21,457
Public Safety Grant Programs	366,235	369,869	369,869	3,634
Other Public Safety	8,695	0	1,000	(7,695)
Public Health and Welfare				
Local Health Center	29,972	34,118	34,118	4,146
Other Local Health Services	1,029	0	16,261	15,232
Regional Mental Health Center	29,971	40,000	40,000	10,029
General Welfare Assistance	30,964	31,158	31,158	194
Sanitation Management	33,667	33,700	33,700	33

(Continued)

Exhibit C-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Social, Cultural, and Recreational Services</u>				
Libraries	\$ 204,356	\$ 188,585	\$ 209,383	\$ 5,027
Parks and Fair Boards	48,905	50,725	50,725	1,820
<u>Agriculture and Natural Resources</u>				
Agriculture Extension Service	64,078	71,889	71,889	7,811
Other Agriculture and Natural Resources	70,502	0	70,550	48
<u>Other Operations</u>				
Veterans' Services	15,628	15,668	15,668	40
Other Charges	250,619	261,892	258,892	8,273
Contributions to Other Agencies	36,954	36,954	36,954	0
Employee Benefits	23,799	30,350	30,350	6,551
Miscellaneous	20,861	9,500	27,636	6,775
<u>Capital Outlay</u>				
Regular Capital Outlay	25,860	0	25,860	0
<u>Capital Projects</u>				
Agriculture and Natural Resource Projects	9,300	0	9,300	0
Total Expenditures	\$ 4,681,865	\$ 4,667,035	\$ 4,933,762	\$ 251,897
Excess (Deficiency) of Revenues Over Expenditures				
	\$ (187,243)	\$ (251,956)	\$ (355,309)	\$ 168,066
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 25,300	\$ 0	\$ 25,300	\$ 0
Total Other Financing Sources	\$ 25,300	\$ 0	\$ 25,300	\$ 0
Net Change in Fund Balance	\$ (161,943)	\$ (251,956)	\$ (330,009)	\$ 168,066
Fund Balance, July 1, 2013	581,197	527,829	527,829	53,368
Fund Balance, June 30, 2014	\$ 419,254	\$ 275,873	\$ 197,820	\$ 221,434

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

Exhibit C-6

Cannon County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Ambulance Service Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 444,481	\$ 425,640	\$ 425,640	\$ 18,841
Charges for Current Services	497,785	500,000	500,000	(2,215)
Other Local Revenues	263	0	0	263
Total Revenues	<u>\$ 942,529</u>	<u>\$ 925,640</u>	<u>\$ 925,640</u>	<u>\$ 16,889</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Ambulance/Emergency Medical Services	\$ 889,356	\$ 920,177	\$ 920,177	\$ 30,821
Total Expenditures	<u>\$ 889,356</u>	<u>\$ 920,177</u>	<u>\$ 920,177</u>	<u>\$ 30,821</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 53,173</u>	<u>\$ 5,463</u>	<u>\$ 5,463</u>	<u>\$ 47,710</u>
Net Change in Fund Balance	\$ 53,173	\$ 5,463	\$ 5,463	\$ 47,710
Fund Balance, July 1, 2013	<u>21,267</u>	<u>5,177</u>	<u>5,177</u>	<u>16,090</u>
Fund Balance, June 30, 2014	<u><u>\$ 74,440</u></u>	<u><u>\$ 10,640</u></u>	<u><u>\$ 10,640</u></u>	<u><u>\$ 63,800</u></u>

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

Exhibit C-7

Cannon County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 41,119	\$ 35,500	\$ 35,500	\$ 5,619
Other Local Revenues	118,923	101,000	101,000	17,923
State of Tennessee	2,100,260	3,106,165	3,106,165	(1,005,905)
Federal Government	0	50,000	50,000	(50,000)
Total Revenues	<u>\$ 2,260,302</u>	<u>\$ 3,292,665</u>	<u>\$ 3,292,665</u>	<u>\$ (1,032,363)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 146,945	\$ 150,912	\$ 150,912	\$ 3,967
Highway and Bridge Maintenance	894,583	1,255,840	1,255,840	361,257
Operation and Maintenance of Equipment	254,916	289,395	289,395	34,479
Other Charges	80,495	79,754	82,103	1,608
Employee Benefits	79,543	84,500	84,500	4,957
Capital Outlay	855,553	1,256,332	1,185,000	329,447
<u>Principal on Debt</u>				
Highways and Streets	22,125	0	68,000	45,875
<u>Interest on Debt</u>				
Highways and Streets	1,652	0	3,332	1,680
Total Expenditures	<u>\$ 2,335,812</u>	<u>\$ 3,116,733</u>	<u>\$ 3,119,082</u>	<u>\$ 783,270</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (75,510)</u>	<u>\$ 175,932</u>	<u>\$ 173,583</u>	<u>\$ (249,093)</u>
Net Change in Fund Balance	\$ (75,510)	\$ 175,932	\$ 173,583	\$ (249,093)
Fund Balance, July 1, 2013	<u>1,036,823</u>	<u>554,795</u>	<u>554,795</u>	<u>482,028</u>
Fund Balance, June 30, 2014	<u>\$ 961,313</u>	<u>\$ 730,727</u>	<u>\$ 728,378</u>	<u>\$ 232,935</u>

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

Exhibit D

Cannon County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2014

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,006,374
Investments	74,197
Accounts Receivable	4,269
Due from Other Governments	69,108
Due from Other Funds	<u>9,406</u>
Total Assets	<u>\$ 1,163,354</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 69,108
Due to Litigants, Heirs, and Others	<u>1,094,246</u>
Total Liabilities	<u>\$ 1,163,354</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, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

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

The Cannon County Industrial Development Board provides assistance in industrial recruitment in Cannon County, and the Cannon County Commission appoints its seven-member board. The board is fiscally dependent on the county because its budget is subject to the County Commission's approval. The board is funded primarily through lease payments collected from industries that lease buildings from the Industrial Development Board. The financial statements of the Cannon County Industrial Development Board were not available from other auditors in time for inclusion in this report; however, in our opinion, this omission is not material to the component units' opinion unit.

The Cannon County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Cannon County, and the Cannon County Commission appoints its governing body. The district is funded

primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County Commission's approval.

The Cannon County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of contents. In prior years, the financial transactions of the Cannon County Industrial Development Board were maintained by the Cannon County Executive's Office and were audited as part of the county's financial statements. However, beginning July 1, 2013, the Industrial Development Board took over the administration of its assets and accounting records, and the audit of the board was performed by other contracted auditors. Although required by GAAP, the financial statements of the Cannon County Industrial Development Board were not available in time for inclusion, as previously mentioned. Complete financial statements of the Cannon County Emergency Communications District and the Cannon County Industrial Development Board can be obtained from their administrative offices at the following addresses:

Administrative Offices:

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

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

B. Government-wide and Fund Financial Statements

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

Cannon County School Department component unit only reports governmental activities in the government-wide financial statements.

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

Cannon County issues all debt for the discretely presented Cannon County School Department. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2014.

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

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

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

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

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

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

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

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

Cannon County reports the following major governmental funds:

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

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

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

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

Additionally, Cannon County reports the following fund types:

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

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

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

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

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

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

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

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

1. Deposits and Investments

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

debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Cannon County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Fund. Cannon County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost. Investments in the State Treasurer's Investment Pool are reported at fair value. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Accordingly, the pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value.

2. Receivables and Payables

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

All ambulance and property taxes receivables are shown with an allowance for uncollectibles. Ambulance receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to 1.19 percent of total taxes levied.

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

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

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

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

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

3. 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 and the discretely presented School Department are depreciated using the straight-line method over the following estimated useful lives:

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

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.

As of June 30, 2014, Cannon County had \$7,851,000 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.

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

Primary Government

Exhibit C-4 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total

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

Discretely Presented Cannon County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

At June 30, 2014, the Cannon County School Department reported the following significant encumbrances:

Fund	Description	Amount
Major Fund:		
General Purpose School	Textbooks	\$ 145,650
"	Bus	86,137
"	Building renovations/repairs	68,152

B. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the County Commission in the Other Public Safety major appropriations category (the legal level of control) of the General Fund by \$7,695 and \$331 in the Other Debt Service – General Government major appropriation category of the General Debt Service Fund. Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balances.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Cannon County and the Cannon County School Department participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, and investing most county funds. Each fund’s portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Cash and investments reflected on the balance sheets or statements of net position represent nonpooled amounts held separately by individual funds.

Deposits

Legal Provisions. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

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

Investments

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

Investment Balances. As of June 30, 2014, Cannon County had the following investment, which was established by a court order that required the funds to be held by the county clerk on behalf of litigants. This investment is carried at fair value.

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>
Fiduciary Funds:		
Farm Bureau - Annuity	On Demand	\$ 74,197

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. State statutes limit the maturities of certain investments as previously disclosed. Cannon County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Cannon County has no investment policy that would further limit its investment choices. As of June 30, 2014, Cannon County’s investment in Farm Bureau annuities was

unrated. Cannon County's investments are in private annuities that are not backed by the full faith and credit of the federal government and, therefore, the county could lose its investments if the enterprise fails.

Custodial Credit Risk. Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Cannon County does not have a formal policy that limits custodial credit risk for investments. Of the county's \$74,197 in annuities, all of the underlying securities were uninsured and held by the investment's counterparty, not in the name of the county.

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 \$85,652 at June 30, 2014.

C. Capital Assets

Capital assets activity for the year ended June 30, 2014, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-13	Increases	Balance 6-30-14
Capital Assets Not Depreciated:			
Land	\$ 271,349	\$ 8,500	\$ 279,849
Total Capital Assets Not Depreciated	<u>\$ 271,349</u>	<u>\$ 8,500</u>	<u>\$ 279,849</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 6,094,010	\$ 82,938	\$ 6,176,948
Infrastructure	23,678,669	296,637	23,975,306
Other Capital Assets	2,230,969	23,000	2,253,969
Total Capital Assets Depreciated	<u>\$ 32,003,648</u>	<u>\$ 402,575</u>	<u>\$ 32,406,223</u>

Governmental Activities (Cont.):

	Balance 7-1-13	Increases	Balance 6-30-14
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 3,721,356	\$ 149,478	\$ 3,870,834
Infrastructure	11,268,895	581,808	11,850,703
Other Capital Assets	1,100,555	167,695	1,268,250
Total Accumulated Depreciation	<u>\$ 16,090,806</u>	<u>\$ 898,981</u>	<u>\$ 16,989,787</u>
Total Capital Assets Depreciated, Net	<u>\$ 15,912,842</u>	<u>\$ (496,406)</u>	<u>\$ 15,416,436</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 16,184,191</u></u>	<u><u>\$ (487,906)</u></u>	<u><u>\$ 15,696,285</u></u>

There were no decreases in capital assets to report during the year ended June 30, 2014.

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

Governmental Activities:

General Government	\$ 107,190
Public Safety	150,363
Public Health and Welfare	46,046
Social, Cultural, and Recreational Services	16,412
Highways/Public Works	<u>578,970</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 898,981</u></u>

Discretely Presented Cannon County School Department

Governmental Activities:

	Balance 7-1-13	Increases	Balance 6-30-14
Capital Assets Not Depreciated:			
Land	<u>\$ 170,879</u>	<u>\$ 0</u>	<u>\$ 170,879</u>
Total Capital Assets Not Depreciated	<u>\$ 170,879</u>	<u>\$ 0</u>	<u>\$ 170,879</u>

Governmental Activities (Cont.):

	Balance 7-1-13	Increases	Balance 6-30-14
Capital Assets Depreciated:			
Buildings and Improvements	\$ 19,227,918	\$ 0	\$ 19,227,918
Other Capital Assets	903,063	115,028	1,018,091
Total Capital Assets Depreciated	<u>\$ 20,130,981</u>	<u>\$ 115,028</u>	<u>\$ 20,246,009</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 9,276,920	\$ 440,790	\$ 9,717,710
Other Capital Assets	381,849	60,800	442,649
Total Accumulated Depreciation	<u>\$ 9,658,769</u>	<u>\$ 501,590</u>	<u>\$ 10,160,359</u>
Total Capital Assets Depreciated, Net	<u>\$ 10,472,212</u>	<u>\$ (386,562)</u>	<u>\$ 10,085,650</u>
Governmental Activities Capital Assets, Net	<u>\$ 10,643,091</u>	<u>\$ (386,562)</u>	<u>\$ 10,256,529</u>

There were no decreases in capital assets to report during the year ended June 30, 2014.

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

Governmental Activities:

Instruction	\$ 450,721
Support Services	<u>50,869</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 501,590</u>

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2014, was as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 17,489
Fiduciary funds	General	9,406
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	2,000

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, 2014, consisted of the following amount:

Transfer Out	Transfer In
	General Purpose School Fund
Nonmajor governmental funds	\$ 18,677

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, 2014, will be retired from the General Debt Service and Highway/Public Works funds.

Capital outlay notes and other loans outstanding, as of June 30, 2014, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-14
Capital Outlay Notes	1.98 to 3.95 %	7-1-23	\$ 754,183	\$ 553,023
Other Loans	variable	5-25-26	14,462,000	8,295,000

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, 2014:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-14	Interest Type	Approximate	
				Interest Rate as of 6-30-14	Fee Rate as of 6-30-14
High School	\$ 1,642,000	\$ 574,000	Variable	.28 %	.65 %
Elementary School	11,400,000	7,277,000	Variable	.27	.65
Jail and Refunding	1,420,000	444,000	Variable	.28	.65

The annual requirements to amortize all notes and other loans outstanding as of June 30, 2014, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Notes		
	Principal	Interest	Total
2015	\$ 209,243	\$ 15,259	\$ 224,502
2016	187,480	10,454	197,934
2017	18,000	6,044	24,044
2018	18,000	5,333	23,333
2019	19,000	4,602	23,602
2020-2024	101,300	10,841	112,141
Total	\$ 553,023	\$ 52,533	\$ 605,556

Year Ending June 30	Other Loans			Total
	Principal	Interest	Other Fees	
2015	\$ 666,000	\$ 22,498	\$ 56,978	\$ 745,476
2016	699,000	20,679	52,648	772,327
2017	732,000	18,770	48,105	798,875
2018	765,000	16,771	43,347	825,118
2019	682,000	14,682	37,354	734,036
2020-2024	3,224,000	47,572	119,623	3,391,195
2025-2026	1,527,000	6,234	17,049	1,550,283
Total	\$ 8,295,000	\$ 147,206	\$ 375,104	\$ 8,817,310

There is \$2,894,532 available in the General Debt Service Fund to service long-term debt. Debt per capita, including notes and other loans totaled \$641, based on the 2010 federal census.

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2014, was as follows:

Governmental Activities:

	Notes	Other Loans	Compensated Absences
Balance, July 1, 2013	\$ 768,065	\$ 8,930,000	\$ 48,791
Additions	25,300	0	66,245
Reductions	(240,342)	(635,000)	(52,304)
Balance, June 30, 2014	\$ 553,023	\$ 8,295,000	\$ 62,732
Balance Due Within One Year	\$ 209,243	\$ 666,000	\$ 3,136

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2014	\$ 8,910,755
Less: Balance Due Within One Year	<u>(878,379)</u>

Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 8,032,376</u>
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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, 2014, was as follows:

Governmental Activities:

	Compensated Absences	Other Postemployment Benefits
	<u> </u>	<u> </u>
Balance, July 1, 2013	\$ 76,261	\$ 487,758
Additions	44,847	95,503
Reductions	<u>(45,552)</u>	<u>(119,504)</u>
Balance, June 30, 2014	<u>\$ 75,556</u>	<u>\$ 463,757</u>
Balance Due Within One Year	<u>\$ 45,432</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2014	\$ 539,313
Less: Balance Due Within One Year	<u>(45,432)</u>

Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 493,881</u>
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Compensated absences and other postemployment benefits will be paid from the employing funds, primarily the General Purpose School and School Federal Projects funds.

F. On-Behalf Payments

Discretely Presented Cannon County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Cannon County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2014, were \$23,020 and \$13,618, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

G. Short-term Debt

Cannon County issued tax/revenue anticipation notes in advance of property tax collections and deposited the proceeds in the General Fund (\$700,000), the Solid Waste/Sanitation Fund (\$53,568), the Ambulance Service Fund (\$161,218), and the REACH Fund (\$97,000). These notes were necessary because funds were not available to meet obligations coming due before current tax/revenue collections. Short-term debt activity for the year ended June 30, 2014, was as follows:

	Balance			Balance
	7-1-13	Issued	Paid	6-30-14
Tax/Revenue				
Anticipation Notes	\$ 0	\$ 1,011,786	\$ (1,011,786)	\$ 0

V. OTHER INFORMATION

A. Risk Management

Cannon County and the Cannon County School Department participate in the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. The county and the School Department pay annual premiums to the TN-RMT for their general liability, property, casualty, and workers' compensation insurance coverage. The creation of the TN-RMT provides for it to be self-sustaining through member premiums.

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

The School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, *Tennessee Code Annotated (TCA)*, all local education agencies are eligible to participate. The LEGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. Section 8-27-303, *TCA*, provides for the LEGIF to be self-sustaining through member premiums.

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* and Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* became effective for the year ended June 30, 2014.

GASB Statement No. 67, replaces the requirements of Statements No. 25 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts or equivalent arrangements.

GASB Statement No. 70, relates to accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

C. Subsequent Events

Between July 21, 2014, and September 26, 2014, the county's General Debt Service Fund issued tax/revenue anticipation notes totaling \$649,110 for temporary operating funds to the General (\$500,000), Solid Waste/Sanitation (\$49,110), and Ambulance Service (\$100,000) funds.

Trustee Wayne Prater and Register of Deeds Deborah Morris left office on August 31, 2014, and were succeeded by Norma Knox and Sandy Hollandsworth, respectively, effective September 1, 2014.

On October 6, 2014, the County Commission issued an \$87,000 capital outlay note for the purchase of a tractor and bush hog for the Highway Department.

D. Contingent Liabilities

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

E. 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

Information for this footnote for the year ended June 30, 2014, was not available from the state Treasurer's Office in time for inclusion in this report; therefore, the information presented below is for the fiscal year ended June 30, 2013.

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 local education employees. Prior to reaching the age of 65, all members have the option of choosing between the standard or partnership preferred provider organization (PPO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tn.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plan is self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employer in the plan develops a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. During the year, the discretely presented School Department contributed \$119,504 for postemployment health care.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan
	<hr/>
ARC	\$ 95,000
Interest on the NOPEBO	19,510
Adjustment to the ARC	(19,007)
Annual OPEB cost	<hr/> \$ 95,503
Amount of contribution	(119,504)
Increase/decrease in NOPEBO	<hr/> \$ (24,001)
Net OPEB obligation, 7-1-13	<hr/> 487,758
Net OPEB obligation, 6-30-14	<hr/> <hr/> \$ 463,757

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-12	Local Education Group	\$ 214,362	46 %	\$ 374,336
6-30-13	"	216,079	48	487,758
6-30-14	"	95,503	125	463,757

Funded Status and Funding Progress

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

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

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and

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

Actuarial Methods and Assumptions

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

In the July 1, 2013, actuarial valuation for the Local Education Plan, the projected unit credit actuarial cost method was used, and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 7.5 percent for fiscal year 2014. The trend rate will decrease to seven percent in fiscal year 2015 and then be reduced by decrements to an ultimate rate of 4.7 percent by fiscal year 2044. Rates include a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with July 1, 2007.

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.

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, *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 7-1-13	Increases	Decreases	Balance 6-30-14
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	\$ 277,129	\$ 0	\$ 0	\$ 277,129
Other Capital Assets	559,856	101,572	(24,585)	636,843
Total Capital Assets Depreciated	<u>\$ 836,985</u>	<u>\$ 101,572</u>	<u>\$ 0</u>	<u>\$ 913,972</u>
Less Accumulated Depreciation	<u>\$ 205,035</u>	<u>\$ 75,135</u>	<u>\$ (4,458)</u>	<u>\$ 275,712</u>
Total Capital Assets Depreciated, Net	<u>\$ 631,950</u>	<u>\$ 26,437</u>	<u>\$ 4,458</u>	<u>\$ 638,260</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 651,950</u></u>	<u><u>\$ 26,437</u></u>	<u><u>\$ 4,458</u></u>	<u><u>\$ 658,260</u></u>

D. Long-term Debt

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

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

	<u>Notes</u>
Balance, July 1, 2013	\$ 91,193
Reductions	<u>(5,541)</u>
Balance, June 30, 2014	<u>\$ 85,652</u>
Balance Due Within One Year	<u>\$ 1,297</u>

Future maturities of note principal are as follows:

<u>Year Ending June 30</u>	<u>Note Principal</u>
2015	\$ 1,297
2016	1,355
2017	1,416
2018	1,480
2019	1,547
2020-2024	8,842
2025-2029	11,019
2030-2034	13,732
2035-2039	17,112
2040-2044	21,325
2045-2046	<u>6,527</u>
Total	<u>\$ 85,652</u>

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

E. Risk Management

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

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit E-1

Cannon County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Cannon County School Department
June 30, 2014

(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

Information for this exhibit for the year ended June 30, 2014, was not available from the state Treasurer's Office in time for inclusion in this report; therefore, the information presented above is for the fiscal year ended June 30, 2013.

Exhibit E-2

Cannon County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plan
Discretely Presented Cannon County School Department
June 30, 2014

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

CANNON COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2014

NONE

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

Capital Projects Fund

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

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

Exhibit F-1

Cannon County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	REACH Program	Constitu- tional Officers - Fees	
\$	0 \$	0 \$	110 \$	15,695 \$	15,805
	41,596	83,699	17,911	0	143,206
	336	0	0	0	336
	13,605	0	12,884	0	26,489
	361,214	0	0	0	361,214
	(7,743)	0	0	0	(7,743)
\$	409,008 \$	83,699 \$	30,905 \$	15,695 \$	539,307

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
 Due to Other Funds
 Total Liabilities

DEFERRED INFLOWS OF RESOURCES

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

(Continued)

Exhibit F-1

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

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	REACH Program	Constitu- tional Officers - Fees	
\$	0 \$	83,699 \$	0 \$	0 \$	83,699
	12,309	0	0	0	12,309
	0	0	0	15,695	15,695
	0	0	12,848	0	12,848
\$	12,309 \$	83,699 \$	12,848 \$	15,695 \$	124,551
\$	409,008 \$	83,699 \$	30,905 \$	15,695 \$	539,307

FUND BALANCES

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

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

Exhibit F-2

Cannon County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2014

	Special Revenue Funds					Total
	Solid Waste / Sanitation	Drug Control	REACH Program	Constitutional Officers - Fees		
<u>Revenues</u>						
Local Taxes	\$ 392,848	\$ 0	\$ 0	\$ 0	\$ 0	\$ 392,848
Fines, Forfeitures, and Penalties	0	26,824	0	0	0	26,824
Charges for Current Services	23,459	0	20,573	130,463	0	174,495
Other Local Revenues	0	350	0	0	0	350
State of Tennessee	1,997	0	53,999	0	0	55,996
Federal Government	0	0	115,616	0	0	115,616
Other Governments and Citizens Groups	40,000	0	2,850	0	0	42,850
Total Revenues	\$ 458,304	\$ 27,174	\$ 193,038	\$ 130,463	\$ 0	\$ 808,979
<u>Expenditures</u>						
Current:						
Finance	\$ 0	\$ 0	\$ 0	\$ 134,734	\$ 0	\$ 134,734
Public Safety	0	30,785	0	0	0	30,785
Public Health and Welfare	527,121	0	0	0	0	527,121
Social, Cultural, and Recreational Services	0	0	180,230	0	0	180,230
Capital Projects	0	0	0	0	0	0
Total Expenditures	\$ 527,121	\$ 30,785	\$ 180,230	\$ 134,734	\$ 0	\$ 872,870
Excess (Deficiency) of Revenues Over Expenditures	\$ (68,817)	\$ (3,611)	\$ 12,808	\$ (4,271)	\$ (63,891)	\$ (63,891)
Net Change in Fund Balances	\$ (68,817)	\$ (3,611)	\$ 12,808	\$ (4,271)	\$ (63,891)	\$ (63,891)
Fund Balance, July 1, 2013	81,126	87,310	40	19,966	188,442	188,442
Fund Balance, June 30, 2014	\$ 12,309	\$ 83,699	\$ 12,848	\$ 15,695	\$ 124,551	\$ 124,551

(Continued)

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

	Capital Projects Fund	Total Nonmajor Governmental Funds
	General	Capital Projects
<u>Revenues</u>		
Local Taxes	0 \$	392,848
Fines, Forfeitures, and Penalties	0	26,824
Charges for Current Services	0	174,495
Other Local Revenues	0	350
State of Tennessee	0	55,996
Federal Government	0	115,616
Other Governments and Citizens Groups	0	42,850
Total Revenues	<u>0 \$</u>	<u>808,979</u>
<u>Expenditures</u>		
Current:		
Finance	0 \$	134,734
Public Safety	0	30,785
Public Health and Welfare	0	527,121
Social, Cultural, and Recreational Services	0	180,230
Capital Projects	7	7
Total Expenditures	<u>7 \$</u>	<u>872,877</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(7) \$</u>	<u>(63,898)</u>
Net Change in Fund Balances	<u>(7) \$</u>	<u>(63,898)</u>
Fund Balance, July 1, 2013	7	188,449
Fund Balance, June 30, 2014	<u>0 \$</u>	<u>124,551</u>

Exhibit F-3

Cannon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 392,848	\$ 384,198	\$ 384,198	\$ 8,650
Charges for Current Services	23,459	20,500	20,500	2,959
State of Tennessee	1,997	2,900	2,900	(903)
Other Governments and Citizens Groups	40,000	40,000	40,000	0
Total Revenues	<u>\$ 458,304</u>	<u>\$ 447,598</u>	<u>\$ 447,598</u>	<u>\$ 10,706</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Sanitation Management	\$ 527,121	\$ 500,540	\$ 527,540	\$ 419
Total Expenditures	<u>\$ 527,121</u>	<u>\$ 500,540</u>	<u>\$ 527,540</u>	<u>\$ 419</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (68,817)</u>	<u>\$ (52,942)</u>	<u>\$ (79,942)</u>	<u>\$ 11,125</u>
Net Change in Fund Balance	\$ (68,817)	\$ (52,942)	\$ (79,942)	\$ 11,125
Fund Balance, July 1, 2013	<u>81,126</u>	<u>80,424</u>	<u>80,424</u>	<u>702</u>
Fund Balance, June 30, 2014	<u>\$ 12,309</u>	<u>\$ 27,482</u>	<u>\$ 482</u>	<u>\$ 11,827</u>

Exhibit F-4

Cannon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 26,824	\$ 28,800	\$ 28,800	\$ (1,976)
Other Local Revenues	350	0	0	350
Total Revenues	<u>\$ 27,174</u>	<u>\$ 28,800</u>	<u>\$ 28,800</u>	<u>\$ (1,626)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Sheriff's Department	\$ 30,785	\$ 59,450	\$ 59,450	\$ 28,665
Total Expenditures	<u>\$ 30,785</u>	<u>\$ 59,450</u>	<u>\$ 59,450</u>	<u>\$ 28,665</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (3,611)</u>	<u>\$ (30,650)</u>	<u>\$ (30,650)</u>	<u>\$ 27,039</u>
Net Change in Fund Balance	\$ (3,611)	\$ (30,650)	\$ (30,650)	\$ 27,039
Fund Balance, July 1, 2013	87,310	87,310	87,310	0
Fund Balance, June 30, 2014	<u>\$ 83,699</u>	<u>\$ 56,660</u>	<u>\$ 56,660</u>	<u>\$ 27,039</u>

Exhibit F-5

Cannon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
REACH Program Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 20,573	\$ 16,155	\$ 16,155	\$ 4,418
State of Tennessee	53,999	56,225	56,225	(2,226)
Federal Government	115,616	113,000	113,000	2,616
Other Governments and Citizens Groups	2,850	6,105	6,105	(3,255)
Total Revenues	<u>\$ 193,038</u>	<u>\$ 191,485</u>	<u>\$ 191,485</u>	<u>\$ 1,553</u>
<u>Expenditures</u>				
<u>Social, Cultural, and Recreational Services</u>				
Other Social, Cultural, and Recreational	\$ 180,230	\$ 191,485	\$ 191,485	\$ 11,255
Total Expenditures	<u>\$ 180,230</u>	<u>\$ 191,485</u>	<u>\$ 191,485</u>	<u>\$ 11,255</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 12,808	\$ 0	\$ 0	\$ 12,808
Net Change in Fund Balance	\$ 12,808	\$ 0	\$ 0	\$ 12,808
Fund Balance, July 1, 2013	40	0	0	40
Fund Balance, June 30, 2014	<u>\$ 12,848</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 12,848</u>

Major Governmental Fund

General Debt Service Fund

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

Exhibit G

Cannon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 763,471	\$ 750,256	\$ 750,256	\$ 13,215
Other Local Revenues	7	5,541	5,541	(5,534)
Other Governments and Citizens Groups	385,875	250,000	250,000	135,875
Total Revenues	<u>\$ 1,149,353</u>	<u>\$ 1,005,797</u>	<u>\$ 1,005,797</u>	<u>\$ 143,556</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 319,217	\$ 320,308	\$ 335,387	\$ 16,170
Education	534,000	534,000	534,000	0
<u>Interest on Debt</u>				
General Government	20,716	20,628	24,494	3,778
Education	19,567	32,200	19,567	0
<u>Other Debt Service</u>				
General Government	12,931	12,600	12,600	(331)
Education	58,121	56,500	58,125	4
Total Expenditures	<u>\$ 964,552</u>	<u>\$ 976,236</u>	<u>\$ 984,173</u>	<u>\$ 19,621</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 184,801</u>	<u>\$ 29,561</u>	<u>\$ 21,624</u>	<u>\$ 163,177</u>
Net Change in Fund Balance	\$ 184,801	\$ 29,561	\$ 21,624	\$ 163,177
Fund Balance, July 1, 2013	<u>2,729,582</u>	<u>2,714,798</u>	<u>2,714,798</u>	<u>14,784</u>
Fund Balance, June 30, 2014	<u>\$ 2,914,383</u>	<u>\$ 2,744,359</u>	<u>\$ 2,736,422</u>	<u>\$ 177,961</u>

Fiduciary Funds

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

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

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

Exhibit H-1

Cannon County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2014

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,006,374	\$ 1,006,374
Investments	0	74,197	74,197
Accounts Receivable	0	4,269	4,269
Due from Other Governments	69,108	0	69,108
Due from Other Funds	0	9,406	9,406
Total Assets	<u>\$ 69,108</u>	<u>\$ 1,094,246</u>	<u>\$ 1,163,354</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 69,108	\$ 0	\$ 69,108
Due to Litigants, Heirs, and Others	0	1,094,246	1,094,246
Total Liabilities	<u>\$ 69,108</u>	<u>\$ 1,094,246</u>	<u>\$ 1,163,354</u>

Exhibit H-2

Cannon County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2014

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 388,585	\$ 388,585	\$ 0
Due from Other Governments	67,953	69,108	67,953	69,108
Total Assets	\$ 67,953	\$ 457,693	\$ 456,538	\$ 69,108
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 67,953	\$ 457,693	\$ 456,538	\$ 69,108
Total Liabilities	\$ 67,953	\$ 457,693	\$ 456,538	\$ 69,108
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 976,529	\$ 4,707,873	\$ 4,678,028	\$ 1,006,374
Investments	0	74,197	0	74,197
Accounts Receivable	0	4,269	0	4,269
Due from Other Funds	0	9,406	0	9,406
Total Assets	\$ 976,529	\$ 4,795,745	\$ 4,678,028	\$ 1,094,246
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 976,529	\$ 4,795,745	\$ 4,678,028	\$ 1,094,246
Total Liabilities	\$ 976,529	\$ 4,795,745	\$ 4,678,028	\$ 1,094,246
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 976,529	\$ 4,707,873	\$ 4,678,028	\$ 1,006,374
Equity in Pooled Cash and Investments	0	388,585	388,585	0
Investments	0	74,197	0	74,197
Accounts Receivable	0	4,269	0	4,269
Due from Other Governments	67,953	69,108	67,953	69,108
Due from Other Funds	0	9,406	0	9,406
Total Assets	\$ 1,044,482	\$ 5,253,438	\$ 5,134,566	\$ 1,163,354
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 67,953	\$ 457,693	\$ 456,538	\$ 69,108
Due to Litigants, Heirs, and Others	976,529	4,795,745	4,678,028	1,094,246
Total Liabilities	\$ 1,044,482	\$ 5,253,438	\$ 5,134,566	\$ 1,163,354

Cannon County School Department

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

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

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

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

Exhibit I-1

Cannon County, Tennessee
Statement of Activities
Discretely Presented Cannon County School Department
For the Year Ended June 30, 2014

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 10,731,775	\$ 15,700	\$ 845,342	\$ (9,870,733)
Support Services	4,952,899	42,258	306,422	(4,604,219)
Operation of Non-instructional Services	1,555,417	301,865	795,050	(458,502)
Total Governmental Activities	\$ 17,240,091	\$ 359,823	\$ 1,946,814	\$ (14,933,454)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 1,929,249
Local Option Sales Taxes				535,605
Other Local Taxes				1,406
Grants and Contributions Not Restricted to Specific Programs				12,046,974
Unrestricted Investment Earnings				128
Miscellaneous				61,968
Total General Revenues				\$ 14,575,330
Change in Net Position				\$ (358,124)
Net Position, July 1, 2013				13,962,742
Net Position, June 30, 2014				\$ 13,604,618

Exhibit I-2

Cannon County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Cannon County School Department
June 30, 2014

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General	Other	
	Purpose	Govern- mental	Total
	School	Funds	Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 100	\$ 100
Equity in Pooled Cash and Investments	3,373,013	233,881	3,606,894
Accounts Receivable	455	0	455
Due from Other Governments	196,571	15,298	211,869
Due from Other Funds	2,000	0	2,000
Property Taxes Receivable	1,998,119	0	1,998,119
Allowance for Uncollectible Property Taxes	(45,427)	0	(45,427)
Total Assets	<u>\$ 5,524,731</u>	<u>\$ 249,279</u>	<u>\$ 5,774,010</u>
<u>LIABILITIES</u>			
Due to Other Funds	\$ 0	\$ 2,000	\$ 2,000
Due to State of Tennessee	0	699	699
Total Liabilities	<u>\$ 0</u>	<u>\$ 2,699</u>	<u>\$ 2,699</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 1,883,909	\$ 0	\$ 1,883,909
Deferred Delinquent Property Taxes	59,449	0	59,449
Other Deferred/Unavailable Revenue	46,164	0	46,164
Total Deferred Inflows of Resources	<u>\$ 1,989,522</u>	<u>\$ 0</u>	<u>\$ 1,989,522</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 582	\$ 229,271	\$ 229,853
Committed:			
Committed for Education	1,701,193	0	1,701,193
Assigned:			
Assigned for Education	410,685	17,309	427,994
Unassigned	1,422,749	0	1,422,749
Total Fund Balances	<u>\$ 3,535,209</u>	<u>\$ 246,580</u>	<u>\$ 3,781,789</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 5,524,731</u>	<u>\$ 249,279</u>	<u>\$ 5,774,010</u>

Exhibit I-3

Cannon County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
Discretely Presented Cannon County School Department
June 30, 2014

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)		\$	3,781,789
(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		9,510,208	
Add: other capital assets net of accumulated depreciation		<u>575,442</u>	10,256,529
(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	\$	(75,556)	
Less: other postemployment benefits liability		<u>(463,757)</u>	(539,313)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>105,613</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>13,604,618</u></u>

Exhibit I-4

Cannon County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Cannon County School Department
For the Year Ended June 30, 2014

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General	Other	Total
	Purpose	Govern-	Governmental
	School	mental	Funds
		Funds	
<u>Revenues</u>			
Local Taxes	\$ 2,501,844	\$ 0	\$ 2,501,844
Licenses and Permits	424	0	424
Charges for Current Services	57,958	301,865	359,823
Other Local Revenues	68,363	1,233	69,596
State of Tennessee	11,825,580	16,426	11,842,006
Federal Government	11,000	2,121,303	2,132,303
Total Revenues	<u>\$ 14,465,169</u>	<u>\$ 2,440,827</u>	<u>\$ 16,905,996</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 8,818,625	\$ 1,065,348	\$ 9,883,973
Support Services	4,790,727	227,244	5,017,971
Operation of Non-instructional Services	431,161	1,124,048	1,555,209
Capital Outlay	171,082	0	171,082
Debt Service:			
Other Debt Service	250,000	0	250,000
Total Expenditures	<u>\$ 14,461,595</u>	<u>\$ 2,416,640</u>	<u>\$ 16,878,235</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 3,574</u>	<u>\$ 24,187</u>	<u>\$ 27,761</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 18,677	\$ 0	\$ 18,677
Transfers Out	0	(18,677)	(18,677)
Total Other Financing Sources (Uses)	<u>\$ 18,677</u>	<u>\$ (18,677)</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 22,251	\$ 5,510	\$ 27,761
Fund Balance, July 1, 2013	3,512,958	241,070	3,754,028
Fund Balance, June 30, 2014	<u>\$ 3,535,209</u>	<u>\$ 246,580</u>	<u>\$ 3,781,789</u>

Exhibit I-5

Cannon County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Cannon County School Department
For the Year Ended June 30, 2014

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)		\$	27,761
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Add: capital assets purchased in the current period	\$	115,028	
Less: current-year depreciation expense		<u>(501,590)</u>	(386,562)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2014	\$	105,613	
Less: deferred delinquent property taxes and other deferred June 30, 2013		<u>(129,642)</u>	(24,029)
(3) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in compensated absences payable	\$	705	
Change in other postemployment benefits liability		<u>24,001</u>	<u>24,706</u>
Change in net position of governmental activities (Exhibit B)			<u>\$ (358,124)</u>

Exhibit I-6

Cannon County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Cannon County School Department
June 30, 2014

	<u>Special Revenue Funds</u>		Total
	School	Central	Nonmajor
	Federal	Cafeteria	Governmental
	Projects		Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 100	\$ 100
Equity in Pooled Cash and Investments	31,051	202,830	233,881
Due from Other Governments	15,298	0	15,298
Total Assets	<u>\$ 46,349</u>	<u>\$ 202,930</u>	<u>\$ 249,279</u>
<u>LIABILITIES</u>			
Due to Other Funds	\$ 2,000	\$ 0	\$ 2,000
Due to State of Tennessee	144	555	699
Total Liabilities	<u>\$ 2,144</u>	<u>\$ 555</u>	<u>\$ 2,699</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 26,896	\$ 202,375	\$ 229,271
Assigned:			
Assigned for Education	17,309	0	17,309
Total Fund Balances	<u>\$ 44,205</u>	<u>\$ 202,375</u>	<u>\$ 246,580</u>
Total Liabilities and Fund Balances	<u>\$ 46,349</u>	<u>\$ 202,930</u>	<u>\$ 249,279</u>

Exhibit I-7

Cannon County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Cannon County School Department
For the Year Ended June 30, 2014

	<u>Special Revenue Funds</u>		Total
	School	Central	Nonmajor
	Federal	Cafeteria	Governmental
	Projects		Funds
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 301,865	\$ 301,865
Other Local Revenues	0	1,233	1,233
State of Tennessee	6,310	10,116	16,426
Federal Government	1,336,369	784,934	2,121,303
Total Revenues	<u>\$ 1,342,679</u>	<u>\$ 1,098,148</u>	<u>\$ 2,440,827</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 1,065,348	\$ 0	\$ 1,065,348
Support Services	227,244	0	227,244
Operation of Non-instructional Services	0	1,124,048	1,124,048
Total Expenditures	<u>\$ 1,292,592</u>	<u>\$ 1,124,048</u>	<u>\$ 2,416,640</u>
Excess (Deficiency) of Revenues			
Over Expenditures	<u>\$ 50,087</u>	<u>\$ (25,900)</u>	<u>\$ 24,187</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (18,677)	\$ 0	\$ (18,677)
Total Other Financing Sources (Uses)	<u>\$ (18,677)</u>	<u>\$ 0</u>	<u>\$ (18,677)</u>
Net Change in Fund Balances	\$ 31,410	\$ (25,900)	\$ 5,510
Fund Balance, July 1, 2013	12,795	228,275	241,070
Fund Balance, June 30, 2014	<u>\$ 44,205</u>	<u>\$ 202,375</u>	<u>\$ 246,580</u>

Exhibit I-8

Cannon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Cannon County School Department
General Purpose School Fund
For the Year Ended June 30, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 2,501,844	\$ 0	\$ 0	\$ 2,501,844	\$ 2,548,976	\$ 2,548,976	\$ (47,132)
Licenses and Permits	424	0	0	424	400	400	24
Charges for Current Services	57,958	0	0	57,958	44,500	44,500	13,458
Other Local Revenues	68,363	0	0	68,363	63,100	68,100	263
State of Tennessee	11,825,580	0	0	11,825,580	11,684,612	11,737,109	88,471
Federal Government	11,000	0	0	11,000	11,000	11,000	0
Total Revenues	\$ 14,465,169	\$ 0	\$ 0	\$ 14,465,169	\$ 14,352,588	\$ 14,410,085	\$ 55,084
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 7,042,007	\$ (130,152)	\$ 161,684	\$ 7,073,539	\$ 7,215,439	\$ 7,222,050	\$ 148,511
Alternative Instruction Program	47,052	0	0	47,052	60,864	60,864	13,812
Special Education Program	1,209,282	(17,904)	8,203	1,199,581	1,198,484	1,199,581	0
Vocational Education Program	520,284	(1,203)	430	519,511	523,153	523,153	3,642
<u>Support Services</u>							
Attendance	52,717	0	0	52,717	51,338	52,720	3
Health Services	180,259	(9,936)	10,606	180,929	184,561	184,561	3,632
Other Student Support	207,980	(100)	0	207,880	248,284	248,284	40,404
Regular Instruction Program	584,431	0	5,900	590,331	607,853	607,853	17,522
Special Education Program	110,916	0	0	110,916	112,015	110,917	1
Vocational Education Program	6,203	0	0	6,203	7,036	7,036	833
Other Programs	36,638	0	0	36,638	0	36,638	0
Board of Education	244,943	(6,602)	6,200	244,541	246,070	246,070	1,529
Director of Schools	146,490	(4,415)	5,240	147,315	147,847	147,847	532
Office of the Principal	1,092,789	0	845	1,093,634	1,114,325	1,116,191	22,557
Fiscal Services	177,139	(10,664)	11,027	177,502	179,910	179,910	2,408
Operation of Plant	947,526	(14,700)	15,300	948,126	1,055,630	1,040,130	92,004
Maintenance of Plant	246,916	(16,075)	10,430	241,271	230,134	245,634	4,363
Transportation	755,750	(115,205)	89,072	729,617	743,522	743,522	13,875

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Operation of Non-Instructional Services</u>							
Early Childhood Education	\$ 431,161	\$ (38,372)	\$ 15,546	\$ 408,335	\$ 412,912	\$ 412,912	\$ 4,577
<u>Capital Outlay</u>							
Regular Capital Outlay	171,082	(40,466)	70,202	200,818	350,000	361,000	160,182
<u>Other Debt Service</u>							
Education	250,000	0	0	250,000	250,000	250,000	0
Total Expenditures	\$ 14,461,595	\$ (405,794)	\$ 410,685	\$ 14,466,486	\$ 14,939,377	\$ 14,996,873	\$ 530,387
Excess (Deficiency) of Revenues Over Expenditures	\$ 3,574	\$ 405,794	\$ (410,685)	\$ (1,317)	\$ (586,789)	\$ (586,788)	\$ 585,471
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 18,677	\$ 0	\$ 0	\$ 18,677	\$ 15,000	\$ 15,000	\$ 3,677
Total Other Financing Sources	\$ 18,677	\$ 0	\$ 0	\$ 18,677	\$ 15,000	\$ 15,000	\$ 3,677
Net Change in Fund Balance Fund Balance, July 1, 2013	\$ 22,251	\$ 405,794	\$ (410,685)	\$ 17,360	\$ (571,789)	\$ (571,788)	\$ 589,148
Fund Balance, July 1, 2013	3,512,958	(405,794)	0	3,107,164	2,197,773	2,197,773	909,391
Fund Balance, June 30, 2014	\$ 3,535,209	\$ 0	\$ (410,685)	\$ 3,124,524	\$ 1,625,984	\$ 1,625,985	\$ 1,498,539

Exhibit I-9

Cannon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Cannon County School Department
School Federal Projects Fund
For the Year Ended June 30, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
State of Tennessee	\$ 6,310	\$ 0	\$ 0	\$ 6,310	\$ 5,000	\$ 6,500	\$ (190)
Federal Government	1,336,369	0	0	1,336,369	1,554,437	1,554,437	(218,068)
Total Revenues	\$ 1,342,679	\$ 0	\$ 0	\$ 1,342,679	\$ 1,559,437	\$ 1,560,937	\$ (218,258)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 631,312	\$ (4,936)	\$ 3,927	\$ 630,303	\$ 762,197	\$ 764,023	\$ 133,720
Special Education Program	421,554	0	45	421,599	475,747	475,746	54,147
Vocational Education Program	12,482	(869)	10,339	21,952	20,787	21,960	8
<u>Support Services</u>							
Other Student Support	17,989	0	0	17,989	30,926	31,254	13,265
Regular Instruction Program	130,791	(6,000)	2,998	127,789	162,031	160,205	32,416
Special Education Program	58,314	0	0	58,314	63,645	63,645	5,331
Vocational Education Program	1,645	0	0	1,645	1,631	1,631	(14)
Transportation	18,505	0	0	18,505	22,490	22,490	3,985
Total Expenditures	\$ 1,292,592	\$ (11,805)	\$ 17,309	\$ 1,298,096	\$ 1,539,454	\$ 1,540,954	\$ 242,858
Excess (Deficiency) of Revenues Over Expenditures	\$ 50,087	\$ 11,805	\$ (17,309)	\$ 44,583	\$ 19,983	\$ 19,983	\$ 24,600
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 51,750	\$ 51,750	\$ (51,750)
Transfers Out	(18,677)	0	0	(18,677)	(71,733)	(71,733)	53,056
Total Other Financing Sources	\$ (18,677)	\$ 0	\$ 0	\$ (18,677)	\$ (19,983)	\$ (19,983)	\$ 1,306
Net Change in Fund Balance Fund Balance, July 1, 2013	\$ 31,410	\$ 11,805	\$ (17,309)	\$ 25,906	\$ 0	\$ 0	\$ 25,906
	12,795	(11,805)	0	990	0	0	990
Fund Balance, June 30, 2014	\$ 44,205	\$ 0	\$ (17,309)	\$ 26,896	\$ 0	\$ 0	\$ 26,896

Exhibit I-10

Cannon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Cannon County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 301,865 \$	0 \$	301,865 \$	395,000 \$	395,000 \$	(93,135)
Other Local Revenues	1,233	0	1,233	1,200	1,200	33
State of Tennessee	10,116	0	10,116	11,000	11,000	(884)
Federal Government	784,934	0	784,934	835,000	835,000	(50,066)
Total Revenues	\$ 1,098,148 \$	0 \$	1,098,148 \$	1,242,200 \$	1,242,200 \$	(144,052)
<u>Expenditures</u>						
<u>Operation of Non-Instructional Services</u>						
Food Service	\$ 1,124,048 \$	(6,951) \$	1,117,097 \$	1,241,800 \$	1,241,800 \$	124,703
Total Expenditures	\$ 1,124,048 \$	(6,951) \$	1,117,097 \$	1,241,800 \$	1,241,800 \$	124,703
Excess (Deficiency) of Revenues Over Expenditures	\$ (25,900) \$	6,951 \$	(18,949) \$	400 \$	400 \$	(19,349)
Net Change in Fund Balance Fund Balance, July 1, 2013	\$ (25,900) \$	6,951 \$	(18,949) \$	400 \$	400 \$	(19,349)
	228,275	(6,951)	221,324	221,362	221,362	(38)
Fund Balance, June 30, 2014	\$ 202,375 \$	0 \$	202,375 \$	221,762 \$	221,762 \$	(19,387)

MISCELLANEOUS SCHEDULES

Exhibit J-1

Cannon County, Tennessee
Schedule of Changes in Long-term Notes and Other Loans
For the Year Ended June 30, 2014

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-13	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-14
NOTES PAYABLE								
Payable through General Debt Service Fund								
Courthouse Revitalization	\$ 93,225	3.5 %	5-6-11	5-6-14	\$ 32,153	0 \$	\$ 32,153	0
Ambulance	77,500	3.5	5-6-11	5-6-14	26,729	0	26,729	0
Jail Renovation	225,000	3.95	8-1-11	7-1-23	205,300	0	16,000	189,300
Ambulance	75,883	2.18	2-14-13	2-14-16	75,883	0	24,751	51,132
Sheriff Department Vehicles	150,000	2.25	11-8-12	11-8-15	150,000	0	50,000	100,000
Fire Truck	130,000	1.98	8-28-12	8-28-15	130,000	0	42,487	87,513
Ambulance Service - Heart Monitors	80,000	2.17	5-21-13	5-21-16	80,000	0	26,097	53,903
Ambulance Service - Land	8,500	2.2	2-24-14	2-24-15	0	8,500	0	8,500
Lighting - Ball Parks	16,800	2	3-6-14	2-1-15	0	16,800	0	16,800
Total Payable through General Debt Service Fund					\$ 700,065	\$ 25,300	\$ 218,217	\$ 507,148
Payable through Highway/Public Works Fund								
Tractor and Mower	68,000	2.43	10-19-12	10-19-15	\$ 68,000	0 \$	\$ 22,125	\$ 45,875
Total Payable through Highway/Public Works Fund					\$ 68,000	0 \$	\$ 22,125	\$ 45,875
Total Notes Payable					\$ 768,065	\$ 25,300	\$ 240,342	\$ 553,023
OTHER LOANS PAYABLE								
Payable through General Debt Service Fund								
School Construction/Improvements - High School	1,642,000	Variable	9-17-99	5-25-19	\$ 673,000	0 \$	\$ 99,000	\$ 574,000
School Construction/Improvements - Elementary	11,400,000	Variable	5-25-02	5-25-26	7,712,000	0	435,000	7,277,000
Jail Construction Bond Refunding	1,420,000	Variable	7-18-02	5-25-18	545,000	0	101,000	444,000
Total Other Loans Payable					\$ 8,930,000	0 \$	\$ 635,000	\$ 8,295,000

Exhibit J-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2015	\$ 209,243	\$ 15,259	\$ 224,502
2016	187,480	10,454	197,934
2017	18,000	6,044	24,044
2018	18,000	5,333	23,333
2019	19,000	4,602	23,602
2020	20,000	3,832	23,832
2021	21,000	3,022	24,022
2022	21,000	2,192	23,192
2023	22,000	1,343	23,343
2024	17,300	452	17,752
Total	<u>\$ 553,023</u>	<u>\$ 52,533</u>	<u>\$ 605,556</u>

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2015	\$ 666,000	\$ 22,498	\$ 56,978	\$ 745,476
2016	699,000	20,679	52,648	772,327
2017	732,000	18,770	48,105	798,875
2018	765,000	16,771	43,347	825,118
2019	682,000	14,682	37,354	734,036
2020	584,000	12,828	31,901	628,729
2021	613,000	11,251	28,106	652,357
2022	643,000	9,596	24,121	676,717
2023	675,000	7,860	19,941	702,801
2024	709,000	6,037	15,554	730,591
2025	745,000	4,123	10,946	760,069
2026	782,000	2,111	6,103	790,214
Total	<u>\$ 8,295,000</u>	<u>\$ 147,206</u>	<u>\$ 375,104</u>	<u>\$ 8,817,310</u>

Exhibit J-3

Cannon County, Tennessee
Schedule of Investments
June 30, 2014

<u>Fund and Type</u>	<u>Amount</u>
<u>Fiduciary Fund</u>	
<u>Constitutional Officers - Agency Fund</u>	
<u>Office of County Clerk</u>	
Farm Bureau Annuity	\$ 37,098
Farm Bureau Annuity	<u>37,099</u>
Total Investments	<u><u>\$ 74,197</u></u>

Cannon County, Tennessee
Schedule of Notes Receivable
For the Year Ended June 30, 2014

Exhibit J-4

Description	Debtor	Original Amount of Note	Date of Issue	Date of Maturity	Interest Rate	Balance 6-30-14
General Debt Service Fund						
Repayment of E-911 building renovation costs	Cannon County Emergency Communications District (E-911)	\$ 100,000 (1)	12-19-08	6-30-47	0 %	\$ 85,652
Total Notes Receivable						<u>\$ 85,652</u>

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

Exhibit J-5

Cannon County, Tennessee
Schedule of Transfers
Discretely Presented Cannon County School Department
For the Year Ended June 30, 2014

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
School Federal Projects	General Purpose School	Indirect costs	\$ <u>18,677</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, 2014

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Executive	Section 8-24-102, TCA	\$ 71,184	\$ 25,000	Auto Owners Insurance Company
Road Supervisor	Section 8-24-102, TCA	67,795	100,000	"
Director of Schools	State Board of Education and Cannon County Board of Education	96,219 (1)	(2)	"
Trustee	Section 8-24-102, TCA	61,632	587,700	"
Assessor of Property	Section 8-24-102, TCA	61,632	50,000	"
County Clerk	Section 8-24-102, TCA	61,632	25,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, TCA	61,632	25,000	"
Clerk and Master	Section 8-24-102, TCA	61,632	50,000	"
Register of Deeds	Section 8-24-102, TCA	61,632	15,000	"
Sheriff	Section 8-24-102, TCA	68,395 (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.

Exhibit J-7

Cannon County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2014

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	REACH Program
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 2,470,231	\$ 270,181	\$ 385,970	\$ 0	\$ 0
Trustee's Collections - Prior Year	116,443	17,377	18,897	0	0
Circuit/Clerk & Master Collections - Prior Years	37,695	5,786	6,147	0	0
Interest and Penalty	20,847	3,010	3,368	0	0
Payments in-Lieu-of Taxes - Local Utilities	175,826	19,231	27,473	0	0
Payments in-Lieu-of Taxes - Other	3,806	0	0	0	0
<u>County Local Option Taxes</u>					
Local Option Sales Tax	77,343	74,877	0	0	0
Hotel/Motel Tax	1,796	0	0	0	0
Wheel Tax	0	0	0	0	0
Litigation Tax - General	47,987	0	0	0	0
Litigation Tax - Special Purpose	31,423	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	15,800	0	0	0	0
Business Tax	55,833	0	0	0	0
Mineral Severance Tax	0	0	0	0	0
<u>Statutory Local Taxes</u>					
Bank Excise Tax	16,807	1,838	2,626	0	0
Wholesale Beer Tax	62,611	0	0	0	0
Interstate Telecommunications Tax	556	548	0	0	0
Total Local Taxes	\$ 3,135,004	\$ 392,848	\$ 444,481	\$ 0	\$ 0
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 424	\$ 0	\$ 0	\$ 0	\$ 0
Total Licenses and Permits	\$ 424	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	REACH Program
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 6,769	\$ 0	\$ 0	\$ 0	\$ 0
Drug Control Fines	0	0	0	13,592	0
DUI Treatment Fines	525	0	0	0	0
Data Entry Fee - Circuit Court	342	0	0	0	0
Courtroom Security Fee	2	0	0	0	0
<u>General Sessions Court</u>					
Fines	38,894	0	0	0	0
Officers Costs	13,174	0	0	0	0
Game and Fish Fines	256	0	0	0	0
Drug Control Fines	0	0	0	6,041	0
DUI Treatment Fines	2,565	0	0	0	0
Data Entry Fee - General Sessions Court	6,343	0	0	0	0
Courtroom Security Fee	568	0	0	0	0
<u>Juvenile Court</u>					
Jail Fees	310	0	0	0	0
Victims Assistance Assessments	1,181	0	0	0	0
<u>Chancery Court</u>					
Officers Costs	1,229	0	0	0	0
Data Entry Fee - Chancery Court	600	0	0	0	0
<u>Other Courts - In-county</u>					
Fines	8,662	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	776	0	0	7,191	0
Total Fines, Forfeitures, and Penalties	\$ 82,196	\$ 0	\$ 0	\$ 26,824	\$ 0

(Continued)

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	REACH Program
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Commercial and Industrial Waste Collection Charge	\$ 0	23,459	0	0	0
Patient Charges	597	0	497,785	0	0
Other General Service Charges	6,185	0	0	0	0
Service Charges	35	0	0	0	0
<u>Fees</u>					
Copy Fees	281	0	0	0	0
Library Fees	68,326	0	0	0	0
Telephone Commissions	31,970	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0
Data Processing Fee - Register	4,746	0	0	0	0
Data Processing Fee - Sheriff	2,128	0	0	0	0
Sexual Offender Registration Fees - Sheriff	2,400	0	0	0	0
<u>Education Charges</u>					
Community Service Fees - Children	0	0	0	0	20,573
Total Charges for Current Services	\$ 116,668	\$ 23,459	\$ 497,785	\$ 0	\$ 20,573
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	26,203	0	0	0	0
Lease/Rentals	28,375	0	0	0	0
Commissary Sales	17,050	0	0	0	0
Sale of Gasoline	0	0	0	0	0
Miscellaneous Refunds	5,013	0	263	0	0
<u>Nonrecurring Items</u>					
Damages Recovered from Individuals	2,155	0	0	350	0

(Continued)

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	REACH Program
<u>Other Local Revenues (Cont.)</u>					
<u>Nonrecurring Items (Cont.)</u>					
Contributions and Gifts	\$ 5,480	\$ 0	\$ 0	\$ 0	\$ 0
Total Other Local Revenues	\$ 84,276	\$ 0	\$ 263	\$ 350	\$ 0
<u>Fees Received from County Officials</u>					
<u>Fees in-Lieu-of Salary</u>					
Circuit Court Clerk	\$ 51,687	\$ 0	\$ 0	\$ 0	\$ 0
General Sessions Court Clerk	97,704	0	0	0	0
Clerk and Master	36,623	0	0	0	0
Register	48,819	0	0	0	0
Sheriff	7,362	0	0	0	0
Trustee	176,486	0	0	0	0
Total Fees Received from County Officials	\$ 418,681	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0
Solid Waste Grants	0	1,997	0	0	0
<u>Health and Welfare Grants</u>					
Health Department Programs	46,366	0	0	0	0
Public Works Grants					
Bridge Program	0	0	0	0	0
State Aid Program	0	0	0	0	0
Litter Program	33,700	0	0	0	0
<u>Other State Revenues</u>					
Income Tax	20,000	0	0	0	0

(Continued)

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

	Special Revenue Funds					
	General	Waste / Sanitation	Ambulance Service	Drug Control	REACH Program	
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
Beer Tax	\$ 17,806	\$ 0	\$ 0	\$ 0	\$ 0	0
Alcoholic Beverage Tax	29,577	0	0	0	0	0
Contracted Prisoner Boarding	95,248	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0	0
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	24,600	0	0	0	0	53,999
Other State Revenues	9,857	0	0	0	0	0
Total State of Tennessee	\$ 301,318	\$ 1,997	\$ 0	\$ 0	\$ 0	\$ 53,999
<u>Federal Government</u>						
<u>Federal Through State</u>						
Homeland Security Grants	\$ 8,272	\$ 0	\$ 0	\$ 0	\$ 0	0
Medicaid	2,600	0	0	0	0	0
Other Federal through State	55,194	0	0	0	0	115,616
Direct Federal Revenue	39,300	0	0	0	0	0
Other Direct Federal Revenue	105,366	0	0	0	0	115,616
Total Federal Government	\$ 105,366	\$ 0	\$ 0	\$ 0	\$ 0	\$ 115,616
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 0	\$ 40,000	\$ 0	\$ 0	\$ 0	0
Contracted Services	250,689	0	0	0	0	0
Citizens Groups	0	0	0	0	0	2,850
Donations	250,689	40,000	0	0	0	2,850
Total Other Governments and Citizens Groups	\$ 4,494,622	\$ 458,304	\$ 942,529	\$ 27,174	\$ 193,038	

(Continued)

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

	Special Revenue Funds (Cont.)			Debt Service Fund		Total
	Constitutional Officers - Fees	Highway / Public Works		General Debt Service		
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 0	\$ 0	\$ 0	\$ 57,897	\$ 3,184,279	
Trustee's Collections - Prior Year	0	0	0	3,850	156,567	
Circuit/Clerk & Master Collections - Prior Years	0	0	0	1,730	51,358	
Interest and Penalty	0	0	0	665	27,890	
Payments in-Lieu-of Taxes - Local Utilities	0	0	0	4,121	226,651	
Payments in-Lieu-of Taxes - Other	0	0	0	0	3,806	
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	0	0	152,220	
Hotel/Motel Tax	0	0	0	0	1,796	
Wheel Tax	0	0	0	630,313	630,313	
Litigation Tax - General	0	0	0	0	47,987	
Litigation Tax - Special Purpose	0	0	0	0	31,423	
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	64,501	80,301	
Business Tax	0	1,500	0	0	57,333	
Mineral Severance Tax	0	39,619	0	0	39,619	
<u>Statutory Local Taxes</u>						
Bank Excise Tax	0	0	0	394	21,665	
Wholesale Beer Tax	0	0	0	0	62,611	
Interstate Telecommunications Tax	0	0	0	0	1,104	
Total Local Taxes	\$ 0	\$ 41,119	\$ 0	\$ 763,471	\$ 4,776,923	
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 0	\$ 0	\$ 0	\$ 0	424	
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	424	

(Continued)

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

	Special Revenue Funds (Cont.)			Debt Service Fund		Total
	Constitutional Officers - Fees	Highway / Public Works		General Debt Service		
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
<u>Fines</u>	\$	0 \$	0 \$	0 \$		6,769
Drug Control Fines		0	0	0		13,592
DUI Treatment Fines		0	0	0		525
Data Entry Fee - Circuit Court		0	0	0		342
Courtroom Security Fee		0	0	0		2
<u>General Sessions Court</u>						
<u>Fines</u>		0	0	0		38,894
Officers Costs		0	0	0		13,174
Game and Fish Fines		0	0	0		256
Drug Control Fines		0	0	0		6,041
DUI Treatment Fines		0	0	0		2,565
Data Entry Fee - General Sessions Court		0	0	0		6,343
Courtroom Security Fee		0	0	0		568
<u>Juvenile Court</u>						
Jail Fees		0	0	0		310
Victims Assistance Assessments		0	0	0		1,181
<u>Chancery Court</u>						
Officers Costs		0	0	0		1,229
Data Entry Fee - Chancery Court		0	0	0		600
<u>Other Courts - In-county</u>						
<u>Fines</u>		0	0	0		8,662
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property		0	0	0		7,967
Total Fines, Forfeitures, and Penalties	\$	0 \$	0 \$	0 \$		109,020

(Continued)

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

	Special Revenue Funds (Cont.)			Debt Service Fund		Total
	Constitutional Officers - Fees	Highway / Public Works		General Debt Service		
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Commercial and Industrial Waste Collection Charge	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	23,459
Patient Charges	0	0	0	0	0	498,382
Other General Service Charges	0	0	0	0	0	6,185
Service Charges	0	0	0	0	0	35
<u>Fees</u>						
Copy Fees	0	0	0	0	0	281
Library Fees	0	0	0	0	0	68,326
Telephone Commissions	0	0	0	0	0	31,970
Constitutional Officers' Fees and Commissions	130,463	0	0	0	0	130,463
Data Processing Fee - Register	0	0	0	0	0	4,746
Data Processing Fee - Sheriff	0	0	0	0	0	2,128
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	2,400
<u>Education Charges</u>						
Community Service Fees - Children	0	0	0	0	0	20,573
<u>Total Charges for Current Services</u>	\$ 130,463	\$ 0	\$ 0	\$ 0	\$ 0	788,948
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	0	0	0	0	0	26,203
Lease/Rentals	0	0	0	0	0	28,375
Commissary Sales	0	0	0	0	0	17,050
Sale of Gasoline	0	86,262	0	0	0	86,262
Miscellaneous Refunds	0	32,661	0	7	0	37,944
<u>Nonrecurring Items</u>						
Damages Recovered from Individuals	0	0	0	0	0	2,505

(Continued)

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

	Special Revenue Funds (Cont.)			Debt Service Fund		Total
	Constitutional Officers - Fees	Highway / Public Works		General Debt Service		
<u>Other Local Revenues (Cont.)</u>						
<u>Nonrecurring Items (Cont.)</u>						
Contributions and Gifts	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	5,480
Total Other Local Revenues	\$ 0 \$	118,923 \$	7 \$	7 \$	7 \$	203,819
<u>Fees Received from County Officials</u>						
<u>Fees in-Lieu-of Salary</u>						
Circuit Court Clerk	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	51,687
General Sessions Court Clerk	0	0	0	0	0	97,704
Clerk and Master	0	0	0	0	0	36,623
Register	0	0	0	0	0	48,819
Sheriff	0	0	0	0	0	7,362
Trustee	0	0	0	0	0	176,486
Total Fees Received from County Officials	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	418,681
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	9,000
Solid Waste Grants	0	0	0	0	0	1,997
<u>Health and Welfare Grants</u>						
Health Department Programs	0	0	0	0	0	46,366
<u>Public Works Grants</u>						
Bridge Program	0	380,810	0	0	0	380,810
State Aid Program	0	343,049	0	0	0	343,049
Litter Program	0	0	0	0	0	33,700
<u>Other State Revenues</u>						
Income Tax	0	0	0	0	0	20,000

(Continued)

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

	Special Revenue Funds (Cont.)			Debt Service Fund		Total
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service			
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
Beer Tax	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	17,806
Alcoholic Beverage Tax	0	0	0	0	0	29,577
Contracted Prisoner Boarding	0	0	0	0	0	95,248
Gasoline and Motor Fuel Tax	0	1,366,443	0	0	0	1,366,443
Petroleum Special Tax	0	9,958	0	0	0	9,958
Registrar's Salary Supplement	0	0	0	0	0	15,164
Other State Grants	0	0	0	0	0	78,599
Other State Revenues	0	0	0	0	0	9,857
Total State of Tennessee	\$ 0	\$ 2,100,260	\$ 0	\$ 0	\$ 0	2,457,574
<u>Federal Government</u>						
<u>Federal Through State</u>						
Homeland Security Grants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	8,272
Medicaid	0	0	0	0	0	2,600
Other Federal through State	0	0	0	0	0	170,810
Direct Federal Revenue						
Other Direct Federal Revenue	0	0	0	0	0	39,300
Total Federal Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	220,982
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 0	\$ 0	\$ 0	\$ 385,875	\$ 0	425,875
Contracted Services	0	0	0	0	0	250,689
<u>Citizens Groups</u>						
Donations	0	0	0	0	0	2,850
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 385,875	\$ 0	679,414
Total	\$ 130,463	\$ 2,260,302	\$ 1,149,353	\$ 0	\$ 9,655,785	

Cannon County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Cannon County School Department
For the Year Ended June 30, 2014

	Special Revenue Funds				Total
	General Purpose School	School Federal Projects	Central Cafeteria		
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 1,698,283	\$ 0	\$ 0	\$ 0	\$ 1,698,283
Trustee's Collections - Prior Year	85,710	0	0	0	85,710
Circuit/Clerk & Master Collections - Prior Years	27,888	0	0	0	27,888
Interest and Penalty	15,676	0	0	0	15,676
Payments in-Lieu-of Taxes - Local Utilities	120,881	0	0	0	120,881
<u>County Local Option Taxes</u>					
Local Option Sales Tax	540,445	0	0	0	540,445
<u>Statutory Local Taxes</u>					
Bank Excise Tax	11,555	0	0	0	11,555
Interstate Telecommunications Tax	1,406	0	0	0	1,406
Total Local Taxes	\$ 2,501,844	\$ 0	\$ 0	\$ 0	\$ 2,501,844
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	424	0	0	0	424
Total Licenses and Permits	\$ 424	\$ 0	\$ 0	\$ 0	\$ 424
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Tuition - Other	15,700	0	0	0	15,700
Lunch Payments - Children	0	0	125,670	0	125,670
Lunch Payments - Adults	0	0	35,860	0	35,860
Income from Breakfast	0	0	84,866	0	84,866
A la carte Sales	0	0	55,469	0	55,469
Receipts from Individual Schools	39,361	0	0	0	39,361

(Continued)

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

	Special Revenue Funds				Total
	General Purpose School	School Federal Projects	Central Cafeteria		
<u>Charges for Current Services (Cont.)</u>					
<u>Other Charges for Services</u>					
Other Charges for Services	2,897 \$	0 \$	0 \$	0 \$	2,897
Total Charges for Current Services	<u>57,958 \$</u>	<u>0 \$</u>	<u>301,865 \$</u>		<u>359,823</u>
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	0 \$	0 \$	128 \$		128
Refund of Telecommunication & Internet Fees (E-Rate)	36,487	0	0		36,487
Miscellaneous Refunds	23,788	0	105		23,893
<u>Nonrecurring Items</u>					
Contributions and Gifts	6,500	0	1,000		7,500
<u>Other Local Revenues</u>					
Other Local Revenues	1,588	0	0		1,588
Total Other Local Revenues	<u>68,363 \$</u>	<u>0 \$</u>	<u>1,233 \$</u>		<u>69,596</u>
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-behalf Contributions for OPEB	36,638 \$	0 \$	0 \$		36,638
<u>State Education Funds</u>					
Basic Education Program	10,627,000	0	0		10,627,000
Early Childhood Education	412,912	0	0		412,912
School Food Service	0	0	10,116		10,116
Energy Efficient School Initiative	8,950	0	0		8,950
Other State Education Funds	276,093	0	0		276,093
Career Ladder Program	68,046	0	0		68,046

(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>State Education Funds (Cont.)</u>					
Career Ladder - Extended Contract	\$ 13,570	\$ 0	\$ 0	\$ 0	\$ 13,570
Other Vocational	0	6,310	0	0	6,310
<u>Other State Revenues</u>					
State Revenue Sharing - T.V.A.	363,042	0	0	0	363,042
Other State Grants	3,869	0	0	0	3,869
Safe Schools	15,460	0	0	0	15,460
Total State of Tennessee	\$ 11,825,580	\$ 6,310	\$ 10,116	\$ 10,116	\$ 11,842,006
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 477,080	\$ 477,080	\$ 477,080
USDA - Commodities	0	0	69,596	69,596	69,596
Breakfast	0	0	238,258	238,258	238,258
Vocational Education - Basic Grants to States	0	32,617	0	0	32,617
Title I Grants to Local Education Agencies	0	578,953	0	0	578,953
Special Education - Grants to States	0	511,358	0	0	511,358
Special Education Preschool Grants	0	10,244	0	0	10,244
Rural Education	0	64,583	0	0	64,583
Eisenhower Professional Development State Grants	0	67,914	0	0	67,914
Job Training Partnership Act	11,000	0	0	0	11,000
Race-to-the-Top - ARRA	0	70,700	0	0	70,700
Total Federal Government	\$ 11,000	\$ 1,336,369	\$ 784,934	\$ 784,934	\$ 2,132,303
Total	\$ 14,465,169	\$ 1,342,679	\$ 1,098,148	\$ 1,098,148	\$ 16,905,996

Exhibit J-9

Cannon County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2014

General Fund

General Government

County Commission

Other Per Diem and Fees	\$	2,685	
Social Security		159	
Employer Medicare		37	
Legal Notices, Recording, and Court Costs		1,993	
Office Supplies		46	
Total County Commission			\$ 4,920

Other Boards and Committees

Advertising	\$	30	
Postal Charges		3	
Travel		107	
Office Supplies		71	
Total Other Boards and Committees			211

County Mayor/Executive

County Official/Administrative Officer	\$	71,184	
Accountants/Bookkeepers		32,209	
Secretary(ies)		20,311	
Part-time Personnel		888	
Social Security		6,783	
State Retirement		10,750	
Employer Medicare		1,798	
Audit Services		4,140	
Communication		5,040	
Contracts with Government Agencies		9,250	
Contracts with Other Public Agencies		6,586	
Legal Services		2,462	
Legal Notices, Recording, and Court Costs		621	
Maintenance and Repair Services - Office Equipment		1,210	
Postal Charges		2,560	
Travel		146	
Office Supplies		3,816	
Other Charges		859	
Total County Mayor/Executive			180,613

Election Commission

County Official/Administrative Officer	\$	55,468	
Clerical Personnel		20,999	
Election Commission		3,855	
Election Workers		9,003	
In-Service Training		3,142	
Social Security		4,852	
Employee and Dependent Insurance		10,919	
Employer Medicare		1,135	
Communication		3,173	
Legal Notices, Recording, and Court Costs		2,912	
Maintenance Agreements		19,066	

(Continued)

Exhibit J-9

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Maintenance and Repair Services - Office Equipment	\$	459	
Postal Charges		1,721	
Printing, Stationery, and Forms		2,155	
Travel		1,104	
Custodial Supplies		244	
Office Supplies		2,954	
Office Equipment		2,266	
State Aid Projects		29,877	
Total Election Commission			\$ 175,304

Register of Deeds

County Official/Administrative Officer	\$	61,632	
Secretary(ies)		22,400	
Social Security		5,102	
State Retirement		8,109	
Employee and Dependent Insurance		6,532	
Employer Medicare		1,193	
Communication		1,674	
Data Processing Services		4,824	
Dues and Memberships		115	
Postal Charges		240	
Printing, Stationery, and Forms		2,079	
Office Supplies		881	
Total Register of Deeds			114,781

County Buildings

Maintenance Personnel	\$	25,000	
Social Security		2,499	
State Retirement		2,413	
Employer Medicare		584	
Communication		2,856	
Contracts with Private Agencies		50	
Janitorial Services		15,304	
Maintenance Agreements		934	
Maintenance and Repair Services - Buildings		44,392	
Maintenance and Repair Services - Vehicles		1,626	
Custodial Supplies		2,498	
Utilities		113,341	
Total County Buildings			211,497

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	61,632	
Secretary(ies)		22,948	
Other Salaries and Wages		670	
Board and Committee Members Fees		1,250	
Social Security		5,054	

(Continued)

Exhibit J-9

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

State Retirement	\$	8,162	
Employee and Dependent Insurance		13,107	
Employer Medicare		1,182	
Audit Services		4,641	
Communication		1,032	
Data Processing Services		2,903	
Dues and Memberships		660	
Postal Charges		531	
Travel		1,000	
Office Supplies		3,203	
Total Property Assessor's Office			\$ 127,975

County Trustee's Office

County Official/Administrative Officer	\$	61,632	
Deputy(ies)		26,950	
Part-time Personnel		27,804	
Social Security		7,216	
State Retirement		11,231	
Employer Medicare		1,688	
Communication		1,719	
Data Processing Services		1,872	
Maintenance Agreements		6,039	
Postal Charges		1,080	
Office Supplies		1,335	
Total County Trustee's Office			148,566

County Clerk's Office

Secretary(ies)	\$	9,020	
Board and Committee Members Fees		262	
Social Security		8,933	
State Retirement		12,741	
Employee and Dependent Insurance		6,575	
Employer Medicare		2,089	
Communication		1,136	
Postal Charges		1,959	
Printing, Stationery, and Forms		2,374	
Office Supplies		1,808	
Total County Clerk's Office			46,897

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	61,632	
Clerical Personnel		87,081	
Jury and Witness Expense		1,935	
Social Security		9,220	
State Retirement		13,134	
Employer Medicare		2,156	

(Continued)

Exhibit J-9

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Communication	\$	3,424	
Contracts with Other Public Agencies		68,732	
Legal Notices, Recording, and Court Costs		152	
Maintenance and Repair Services - Office Equipment		1,371	
Postal Charges		1,018	
Printing, Stationery, and Forms		1,291	
Office Supplies		3,587	
Total Circuit Court			\$ 254,733

General Sessions Court

Judge(s)	\$	84,985	
Social Security		5,269	
State Retirement		8,201	
Employer Medicare		1,232	
Communication		1,378	
Other Contracted Services		1,400	
Total General Sessions Court			102,465

Chancery Court

County Official/Administrative Officer	\$	61,632	
Deputy(ies)		22,400	
Social Security		5,210	
State Retirement		2,162	
Employer Medicare		1,218	
Communication		2,288	
Contracts with Other Public Agencies		3,387	
Postal Charges		800	
Printing, Stationery, and Forms		2,483	
Office Supplies		2,153	
Total Chancery Court			103,733

Juvenile Court

Other Salaries and Wages	\$	20,411	
Social Security		1,265	
State Retirement		1,970	
Employer Medicare		296	
Contracts with Other Public Agencies		2,477	
Office Supplies		820	
Total Juvenile Court			27,239

Judicial Commissioners

Other Salaries and Wages	\$	20,620	
Social Security		1,278	
State Retirement		664	
Employer Medicare		299	
Communication		2,023	
Dues and Memberships		225	
Travel		166	
Total Judicial Commissioners			25,275

(Continued)

Exhibit J-9

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

General Fund (Cont.)

Administration of Justice (Cont.)

Victims Assistance Programs

Other Charges	\$ 1,181	
Total Victims Assistance Programs		\$ 1,181

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$ 68,395	
Deputy(ies)	248,932	
Investigator(s)	67,647	
Captain(s)	37,732	
Sergeant(s)	60,998	
Accountants/Bookkeepers	26,138	
Dispatchers/Radio Operators	22,761	
Clerical Personnel	6,814	
School Resource Officer	51,010	
Overtime Pay	19,025	
Other Salaries and Wages	19,229	
In-Service Training	8,352	
Social Security	37,768	
State Retirement	50,246	
Employee and Dependent Insurance	83,617	
Employer Medicare	9,082	
Advertising	141	
Communication	13,201	
Dues and Memberships	1,790	
Legal Services	238	
Maintenance and Repair Services - Equipment	18,143	
Maintenance and Repair Services - Vehicles	31,948	
Postal Charges	646	
Gasoline	85,962	
Office Supplies	5,036	
Uniforms	12,264	
Judgments	7,500	
Vehicle and Equipment Insurance	20,862	
Law Enforcement Equipment	6,420	
Total Sheriff's Department		1,021,897

Administration of the Sexual Offender Registry

Fines, Assessments, and Penalties	\$ 800	
Total Administration of the Sexual Offender Registry		800

Jail

Assistant(s)	\$ 26,999	
Supervisor/Director	25,899	
Truck Drivers	51,537	
Guards	245,405	
Cafeteria Personnel	48,900	
Maintenance Personnel	25,899	

(Continued)

Exhibit J-9

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Social Security	\$	27,042	
Employer Medicare		6,324	
Maintenance and Repair Services - Buildings		11,171	
Medical and Dental Services		134,675	
Travel		1,084	
Custodial Supplies		19,865	
Food Supplies		79,057	
Utilities		47,863	
Other Supplies and Materials		3,674	
Food Service Equipment		1,020	
Office Equipment		2,026	
Total Jail			\$ 758,440

Fire Prevention and Control

In-Service Training	\$	1,235	
Communication		6,745	
Consultants		1,200	
Contracts with Other Public Agencies		5,412	
Maintenance and Repair Services - Equipment		6,701	
Maintenance and Repair Services - Vehicles		13,749	
Data Processing Supplies		911	
Gasoline		7,977	
Office Supplies		436	
Uniforms		13,188	
Other Supplies and Materials		1,226	
Vehicle and Equipment Insurance		2,037	
Other Charges		33	
Communication Equipment		8,000	
Other Equipment		536	
Total Fire Prevention and Control			69,386

Rescue Squad

In-Service Training	\$	502	
Uniforms		1,703	
Communication Equipment		1,495	
Other Equipment		5,000	
Total Rescue Squad			8,700

Other Emergency Management

In-Service Training	\$	600	
Communication		5,735	
Maintenance and Repair Services - Equipment		220	
Maintenance and Repair Services - Vehicles		1,284	
Gasoline		1,562	
Other Supplies and Materials		963	
Communication Equipment		1,000	
Total Other Emergency Management			11,364

(Continued)

Exhibit J-9

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

General Fund (Cont.)

Public Safety (Cont.)

County Coroner/Medical Examiner

Contracts with Private Agencies	\$	6,840	
Other Contracted Services		7,300	
Office Supplies		353	
Total County Coroner/Medical Examiner			\$ 14,493

Public Safety Grant Programs

Supervisor/Director	\$	40,000	
Dispatchers/Radio Operators		201,389	
Overtime Pay		46,683	
Social Security		17,799	
State Retirement		23,562	
Employee and Dependent Insurance		32,639	
Employer Medicare		4,163	
Total Public Safety Grant Programs			366,235

Other Public Safety

Other Charges	\$	423	
Other Equipment		8,272	
Total Other Public Safety			8,695

Public Health and Welfare

Local Health Center

Communication	\$	2,284	
Contracts with Government Agencies		16,414	
Dues and Memberships		200	
Janitorial Services		6,240	
Maintenance and Repair Services - Buildings		790	
Custodial Supplies		255	
Office Supplies		371	
Utilities		3,418	
Total Local Health Center			29,972

Other Local Health Services

Other Supplies and Materials	\$	1,029	
Total Other Local Health Services			1,029

Regional Mental Health Center

Other Salaries and Wages	\$	26,929	
Social Security		1,670	
Employer Medicare		390	
Travel		982	
Total Regional Mental Health Center			29,971

General Welfare Assistance

Contributions	\$	30,158	
Other Contracted Services		806	
Total General Welfare Assistance			30,964

(Continued)

Exhibit J-9

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Sanitation Management

Accountants/Bookkeepers	\$	4,000	
Laborers		21,218	
Social Security		1,559	
State Retirement		2,048	
Employer Medicare		365	
Instructional Supplies and Materials		4,477	
Total Sanitation Management			\$ 33,667

Social, Cultural, and Recreational Services

Libraries

Assistant(s)	\$	69,515	
Supervisor/Director		27,533	
In-Service Training		800	
Social Security		6,014	
State Retirement		4,954	
Employee and Dependent Insurance		1,626	
Employer Medicare		1,406	
Advertising		419	
Communication		6,919	
Contributions		26,120	
Maintenance Agreements		1,669	
Postal Charges		245	
Remittance of Revenue Collected		16,497	
Data Processing Supplies		5,631	
Instructional Supplies and Materials		2,056	
Library Books/Media		9,991	
Office Supplies		3,793	
Utilities		11,866	
Other Supplies and Materials		817	
Other Charges		1,724	
Furniture and Fixtures		3,775	
Office Equipment		986	
Total Libraries			204,356

Parks and Fair Boards

Assistant(s)	\$	2,304	
Supervisor/Director		21,748	
Other Salaries and Wages		7,354	
Social Security		1,947	
State Retirement		2,099	
Employer Medicare		455	
Communication		642	
Dues and Memberships		340	
Maintenance and Repair Services - Buildings		7,663	
Custodial Supplies		343	
Gasoline		333	
Office Supplies		515	
Other Supplies and Materials		3,162	
Total Parks and Fair Boards			48,905

(Continued)

Exhibit J-9

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

General Fund (Cont.)

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$	42,644	
Other Salaries and Wages		4,000	
Social Security		544	
Employer Medicare		127	
Other Fringe Benefits		9,119	
Communication		3,006	
Maintenance and Repair Services - Buildings		3,492	
Office Supplies		1,000	
Other Supplies and Materials		104	
Other Charges		42	
Total Agriculture Extension Service			\$ 64,078

Other Agriculture and Natural Resources

Advertising	\$	750	
Engineering Services		3,500	
Other Charges		66,252	
Total Other Agriculture and Natural Resources			70,502

Other Operations

Veterans' Services

Other Salaries and Wages	\$	11,140	
Social Security		691	
Employer Medicare		162	
Communication		1,933	
Dues and Memberships		25	
Postal Charges		98	
Travel		558	
Office Supplies		634	
Office Equipment		387	
Total Veterans' Services			15,628

Other Charges

Building and Contents Insurance	\$	57,766	
Premiums on Corporate Surety Bonds		1,792	
Trustee's Commission		60,856	
Workers' Compensation Insurance		128,800	
Other Charges		1,405	
Total Other Charges			250,619

Contributions to Other Agencies

Contributions	\$	36,954	
Total Contributions to Other Agencies			36,954

Employee Benefits

Employee and Dependent Insurance	\$	7,104	
Unemployment Compensation		16,695	
Total Employee Benefits			23,799

(Continued)

Exhibit J-9

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

General Fund (Cont.)

Other Operations (Cont.)

Miscellaneous

Legal Services	\$	621	
Gasoline		8,593	
Other Supplies and Materials		1,308	
Other Charges		10,339	
Total Miscellaneous			\$ 20,861

Capital Outlay

Regular Capital Outlay

Other Capital Outlay	\$	25,860	
Total Regular Capital Outlay			25,860

Capital Projects

Agriculture and Natural Resource Projects

Other Charges	\$	9,300	
Total Agriculture and Natural Resource Projects			9,300

Total General Fund \$ 4,681,865

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Laborers	\$	52,724	
Overtime Pay		1,652	
In-Service Training		25	
Social Security		3,330	
State Retirement		4,454	
Employer Medicare		779	
Communication		567	
Contracts with Other Public Agencies		407,755	
Dues and Memberships		100	
Maintenance Agreements		1,500	
Maintenance and Repair Services - Equipment		20,713	
Maintenance and Repair Services - Vehicles		15,755	
Other Contracted Services		1,567	
Gasoline		3,155	
Utilities		2,542	
Other Supplies and Materials		3,420	
Trustee's Commission		7,083	
Total Sanitation Management			\$ 527,121

Total Solid Waste/Sanitation Fund 527,121

Ambulance Service Fund

Public Health and Welfare

Ambulance/Emergency Medical Services

Supervisor/Director	\$	45,064	
Medical Personnel		515,230	

(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.)

Overtime Pay	\$	11,495	
In-Service Training		5,884	
Social Security		35,202	
State Retirement		51,277	
Employee and Dependent Insurance		87,058	
Employer Medicare		8,233	
Communication		7,064	
Contracts with Private Agencies		29,141	
Dues and Memberships		1,980	
Maintenance Agreements		2,111	
Maintenance and Repair Services - Vehicles		5,365	
Postal Charges		92	
Other Contracted Services		1,500	
Custodial Supplies		1,928	
Drugs and Medical Supplies		17,819	
Gasoline		21,337	
Office Supplies		1,915	
Tires and Tubes		3,709	
Uniforms		5,701	
Utilities		21	
Other Supplies and Materials		4,659	
Trustee's Commission		13,518	
Vehicle and Equipment Insurance		12,053	
Total Ambulance/Emergency Medical Services			\$ 889,356

Total Ambulance Service Fund \$ 889,356

Drug Control Fund

Public Safety

Sheriff's Department

Maintenance and Repair Services - Vehicles	\$	18	
Veterinary Services		128	
Animal Food and Supplies		231	
Trustee's Commission		268	
Other Charges		766	
Law Enforcement Equipment		2,481	
Motor Vehicles		26,780	
Other Equipment		113	
Total Sheriff's Department			\$ 30,785

Total Drug Control Fund 30,785

REACH Program Fund

Social, Cultural, and Recreational Services

Other Social, Cultural, and Recreational

Supervisor/Director	\$	46,800	
Educational Assistants		68,460	

(Continued)

Exhibit J-9

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

Other Special Revenue Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Other Social, Cultural, and Recreational (Cont.)

Social Security	\$	7,092	
State Retirement		4,516	
Employee and Dependent Insurance		22,919	
Employer Medicare		1,659	
Communication		2,549	
Travel		640	
Other Contracted Services		16,004	
Other Supplies and Materials		9,386	
Trustee's Commission		205	
Total Other Social, Cultural, and Recreational			<u>\$ 180,230</u>

Total REACH Program Fund \$ 180,230

Constitutional Officers - Fees Fund

Finance

County Clerk's Office

Constitutional Officers' Operating Expenses	\$	134,734	
Total County Clerk's Office			<u>\$ 134,734</u>

Total Constitutional Officers - Fees Fund 134,734

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	67,795	
Accountants/Bookkeepers		34,434	
Board and Committee Members Fees		975	
Social Security		5,972	
State Retirement		9,558	
Employer Medicare		1,397	
Communication		4,843	
Data Processing Services		4,100	
Dues and Memberships		2,198	
Legal Services		50	
Legal Notices, Recording, and Court Costs		475	
Postal Charges		515	
Printing, Stationery, and Forms		1,761	
Electricity		4,316	
Natural Gas		6,971	
Water and Sewer		202	
Other Supplies and Materials		1,383	
Total Administration			<u>\$ 146,945</u>

Highway and Bridge Maintenance

Equipment Operators	\$	160,222	
Truck Drivers		88,334	
Laborers		16,411	

(Continued)

Exhibit J-9

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Social Security	\$	15,507	
State Retirement		14,569	
Employer Medicare		3,627	
Other Contracted Services		35,946	
Asphalt		169,237	
Asphalt - Cold Mix		22,129	
Asphalt - Liquid		124,286	
Concrete		2,242	
Crushed Stone		212,520	
Pipe - Metal		16,223	
Road Signs		3,693	
Structural Steel		4,212	
Wood Products		200	
Other Supplies and Materials		5,225	
Total Highway and Bridge Maintenance			\$ 894,583

Operation and Maintenance of Equipment

Mechanic(s)	\$	29,601	
Laborers		457	
Social Security		1,722	
State Retirement		888	
Employer Medicare		403	
Maintenance and Repair Services - Equipment		1,701	
Other Contracted Services		932	
Diesel Fuel		131,549	
Equipment and Machinery Parts		32,292	
Garage Supplies		11,522	
Gasoline		23,511	
Lubricants		4,177	
Tires and Tubes		16,161	
Total Operation and Maintenance of Equipment			254,916

Other Charges

Liability Insurance	\$	3,311	
Trustee's Commission		14,245	
Vehicle and Equipment Insurance		32,746	
Workers' Compensation Insurance		30,193	
Total Other Charges			80,495

Employee Benefits

Medical Insurance	\$	76,273	
Unemployment Compensation		3,270	
Total Employee Benefits			79,543

Capital Outlay

Engineering Services	\$	67,663	
Bridge Construction		316,598	

(Continued)

Exhibit J-9

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Capital Outlay (Cont.)

Building Improvements	\$	195	
State Aid Projects		471,097	
Total Capital Outlay			\$ 855,553

Principal on Debt

Highways and Streets

Principal on Notes	\$	22,125	
Total Highways and Streets			22,125

Interest on Debt

Highways and Streets

Interest on Notes	\$	1,652	
Total Highways and Streets			1,652

Total Highway/Public Works Fund \$ 2,335,812

General Debt Service Fund

Principal on Debt

General Government

Principal on Notes	\$	218,217	
Principal on Other Loans		101,000	
Total General Government			\$ 319,217

Education

Principal on Other Loans	\$	534,000	
Total Education			534,000

Interest on Debt

General Government

Interest on Notes	\$	19,465	
Interest on Other Loans		1,251	
Total General Government			20,716

Education

Interest on Other Loans	\$	19,567	
Total Education			19,567

Other Debt Service

General Government

Trustee's Commission	\$	8,218	
Other Debt Service		4,713	
Total General Government			12,931

Education

Other Debt Service	\$	58,121	
Total Education			58,121

Total General Debt Service Fund 964,552

(Continued)

Exhibit J-9

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

<u>General Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>Administration of Justice Projects</u>			
Other Charges	\$	7	
Total Administration of Justice Projects			\$
			7
Total General Capital Projects Fund			\$
			7
Total Governmental Funds - Primary Government			\$
			<u>9,744,462</u>

Exhibit J-10

Cannon County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Cannon County School Department
For the Year Ended June 30, 2014

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	4,740,172	
Career Ladder Program		40,000	
Career Ladder Extended Contracts		11,368	
Homebound Teachers		24,201	
Educational Assistants		107,047	
Certified Substitute Teachers		11,000	
Non-certified Substitute Teachers		72,028	
Social Security		293,111	
State Retirement		436,986	
Medical Insurance		638,501	
Unemployment Compensation		10,815	
Employer Medicare		68,597	
Instructional Supplies and Materials		70,915	
Textbooks		124,943	
Other Supplies and Materials		884	
Regular Instruction Equipment		391,439	
Total Regular Instruction Program			\$ 7,042,007

Alternative Instruction Program

Teachers	\$	36,732	
Social Security		2,254	
State Retirement		3,262	
Medical Insurance		4,277	
Employer Medicare		527	
Total Alternative Instruction Program			47,052

Special Education Program

Teachers	\$	716,341	
Career Ladder Program		3,800	
Educational Assistants		5,712	
Speech Pathologist		84,799	
Social Security		46,879	
State Retirement		70,500	
Medical Insurance		102,118	
Employer Medicare		11,123	
Other Contracted Services		168,010	
Total Special Education Program			1,209,282

Vocational Education Program

Teachers	\$	344,778	
Career Ladder Program		3,000	
Educational Assistants		13,332	
Other Salaries and Wages		24,200	
Social Security		22,029	
State Retirement		34,318	
Medical Insurance		58,218	

(Continued)

Exhibit J-10

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Vocational Education Program (Cont.)

Employer Medicare	\$	5,152	
Instructional Supplies and Materials		15,257	
Total Vocational Education Program			\$ 520,284

Support Services

Attendance

Supervisor/Director	\$	28,838	
Other Salaries and Wages		7,388	
Social Security		2,106	
State Retirement		3,274	
Medical Insurance		3,427	
Employer Medicare		493	
Travel		457	
Other Supplies and Materials		6,004	
Attendance Equipment		730	
Total Attendance			52,717

Health Services

Supervisor/Director	\$	28,838	
Career Ladder Extended Contracts		1,365	
Medical Personnel		77,657	
Educational Assistants		7,149	
Non-certified Substitute Teachers		330	
Social Security		6,613	
State Retirement		10,865	
Medical Insurance		15,739	
Employer Medicare		1,547	
Communication		1,179	
Travel		6,286	
Drugs and Medical Supplies		461	
Other Supplies and Materials		22,230	
Total Health Services			180,259

Other Student Support

Career Ladder Program	\$	1,000	
Guidance Personnel		147,350	
Career Ladder Extended Contracts		3,300	
Social Security		9,311	
State Retirement		13,467	
Medical Insurance		16,948	
Employer Medicare		2,178	
Evaluation and Testing		13,551	
Other Charges		875	
Total Other Student Support			207,980

(Continued)

Exhibit J-10

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program

Supervisor/Director	\$	75,620	
Career Ladder Program		3,000	
Librarians		179,543	
Instructional Computer Personnel		161,059	
Educational Assistants		14,008	
Social Security		25,349	
State Retirement		38,778	
Medical Insurance		46,645	
Employer Medicare		5,974	
Travel		11,342	
Library Books/Media		21,436	
In Service/Staff Development		1,677	
Total Regular Instruction Program			\$ 584,431

Special Education Program

Supervisor/Director	\$	32,727	
Career Ladder Program		1,000	
Psychological Personnel		53,372	
Social Security		4,956	
State Retirement		7,734	
Medical Insurance		9,228	
Employer Medicare		1,159	
Travel		200	
Other Contracted Services		540	
Total Special Education Program			110,916

Vocational Education Program

Supervisor/Director	\$	5,180	
Social Security		292	
State Retirement		460	
Employer Medicare		68	
Travel		203	
Total Vocational Education Program			6,203

Other Programs

On-behalf Payments to OPEB	\$	36,638	
Total Other Programs			36,638

Board of Education

Board and Committee Members Fees	\$	7,200	
Social Security		446	
Employer Medicare		104	
Audit Services		6,400	
Dues and Memberships		6,927	
Legal Services		4,320	
Travel		842	

(Continued)

Exhibit J-10

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Building and Contents Insurance	\$	59,159	
Liability Insurance		24,388	
Trustee's Commission		68,207	
Workers' Compensation Insurance		60,985	
Criminal Investigation of Applicants - TBI		84	
Other Charges		5,881	
Total Board of Education			\$ 244,943

Director of Schools

County Official/Administrative Officer	\$	94,219	
Career Ladder Extended Contracts		2,000	
Social Security		5,575	
State Retirement		8,544	
Medical Insurance		10,724	
Employer Medicare		1,304	
Communication		10,275	
Dues and Memberships		3,803	
Postal Charges		4,889	
Travel		5,076	
Office Supplies		81	
Total Director of Schools			146,490

Office of the Principal

Principals	\$	467,710	
Career Ladder Program		5,500	
Assistant Principals		60,023	
Secretary(ies)		211,979	
Social Security		42,165	
State Retirement		67,518	
Medical Insurance		125,778	
Employer Medicare		9,861	
Communication		87,153	
Travel		5,434	
Other Contracted Services		96	
Office Supplies		1,494	
Other Charges		6,618	
Administration Equipment		1,460	
Total Office of the Principal			1,092,789

Fiscal Services

Accountants/Bookkeepers	\$	42,679	
Secretary(ies)		31,364	
Clerical Personnel		42,158	
Social Security		6,693	
State Retirement		11,148	
Medical Insurance		16,664	

(Continued)

Exhibit J-10

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Fiscal Services (Cont.)

Employer Medicare	\$	1,575	
Data Processing Services		9,558	
Travel		1,162	
Other Contracted Services		8,404	
Office Supplies		5,734	
Total Fiscal Services			\$ 177,139

Operation of Plant

Custodial Personnel	\$	193,718	
Social Security		11,371	
State Retirement		18,288	
Medical Insurance		47,616	
Employer Medicare		2,659	
Other Contracted Services		46,124	
Electricity		449,568	
Natural Gas		68,874	
Water and Sewer		45,245	
Other Supplies and Materials		60,816	
Boiler Insurance		3,247	
Total Operation of Plant			947,526

Maintenance of Plant

Maintenance Personnel	\$	76,235	
Social Security		4,460	
State Retirement		7,357	
Medical Insurance		20,522	
Employer Medicare		1,043	
Communication		1,488	
Other Contracted Services		53,658	
Other Supplies and Materials		40,903	
Other Charges		1,350	
Maintenance Equipment		39,900	
Total Maintenance of Plant			246,916

Transportation

Supervisor/Director	\$	7,318	
Bus Drivers		166,780	
Other Salaries and Wages		19,614	
Social Security		11,892	
State Retirement		14,661	
Employer Medicare		2,781	
Communication		1,707	
Contracts with Vehicle Owners		226,943	
Travel		1,230	
Gasoline		83,851	
Tires and Tubes		12,407	

(Continued)

Exhibit J-10

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Vehicle Parts	\$	103,668	
Vehicle and Equipment Insurance		14,678	
Other Charges		3,340	
Transportation Equipment		84,910	
Total Transportation			\$ 755,780

Operation of Non-instructional Services

Early Childhood Education

Teachers	\$	179,946	
Educational Assistants		62,331	
Other Salaries and Wages		11,103	
Non-certified Substitute Teachers		2,200	
Social Security		15,448	
State Retirement		22,605	
Medical Insurance		34,251	
Employer Medicare		3,613	
Communication		3,667	
Travel		7,878	
Other Contracted Services		25,313	
Other Supplies and Materials		60,613	
In Service/Staff Development		2,193	
Total Early Childhood Education			431,161

Capital Outlay

Regular Capital Outlay

Architects	\$	20,271	
Building Improvements		150,811	
Total Regular Capital Outlay			171,082

Other Debt Service

Education

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

Total General Purpose School Fund \$ 14,461,595

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	248,471	
Educational Assistants		17,479	
Other Salaries and Wages		2,355	
Non-certified Substitute Teachers		14,300	
Social Security		17,136	
State Retirement		23,581	
Medical Insurance		40,796	

(Continued)

Exhibit J-10

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

Unemployment Compensation	\$	456	
Employer Medicare		4,020	
Other Contracted Services		64,186	
Instructional Supplies and Materials		67,556	
Other Supplies and Materials		750	
Other Charges		93,011	
Regular Instruction Equipment		37,215	
Total Regular Instruction Program			\$ 631,312

Special Education Program

Teachers	\$	48,985	
Homebound Teachers		10,388	
Educational Assistants		175,253	
Non-certified Substitute Teachers		28	
Social Security		12,468	
State Retirement		19,272	
Medical Insurance		81,259	
Unemployment Compensation		1,765	
Employer Medicare		2,916	
Evaluation and Testing		1,575	
Other Contracted Services		41,801	
Instructional Supplies and Materials		5,198	
Other Supplies and Materials		8,922	
Special Education Equipment		11,724	
Total Special Education Program			421,554

Vocational Education Program

Instructional Supplies and Materials	\$	2,200	
Vocational Instruction Equipment		10,282	
Total Vocational Education Program			12,482

Support Services

Other Student Support

Other Salaries and Wages	\$	395	
Social Security		23	
State Retirement		38	
Unemployment Compensation		4	
Employer Medicare		5	
Travel		8,461	
Other Contracted Services		250	
Other Charges		8,813	
Total Other Student Support			17,989

Regular Instruction Program

Supervisor/Director	\$	37,743	
Social Security		2,154	

(Continued)

Exhibit J-10

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

State Retirement	\$	3,352	
Medical Insurance		4,137	
Unemployment Compensation		90	
Employer Medicare		504	
Communication		4,343	
Consultants		35,027	
Travel		16,915	
Library Books/Media		12,166	
In Service/Staff Development		14,360	
Total Regular Instruction Program			\$ 130,791

Special Education Program

Supervisor/Director	\$	32,727	
Social Security		1,793	
State Retirement		2,906	
Medical Insurance		4,047	
Unemployment Compensation		90	
Employer Medicare		419	
Fiscal Agent Charges		2,000	
Maintenance and Repair Services - Equipment		577	
Travel		5,624	
Other Supplies and Materials		1,728	
In Service/Staff Development		6,403	
Total Special Education Program			58,314

Vocational Education Program

Supervisor/Director	\$	1,400	
Social Security		87	
State Retirement		124	
Unemployment Compensation		14	
Employer Medicare		20	
Total Vocational Education Program			1,645

Transportation

Bus Drivers	\$	384	
Other Salaries and Wages		12,080	
Social Security		749	
Unemployment Compensation		117	
Employer Medicare		175	
Maintenance and Repair Services - Vehicles		5,000	
Total Transportation			18,505

Total School Federal Projects Fund \$ 1,292,592

(Continued)

Exhibit J-10

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

<u>Central Cafeteria Fund</u>		
<u>Operation of Non-instructional Services</u>		
<u>Food Service</u>		
Supervisor/Director	\$	42,460
Accountants/Bookkeepers		20,909
Cafeteria Personnel		323,600
Social Security		22,552
State Retirement		35,555
Medical Insurance		86,418
Unemployment Compensation		1,491
Employer Medicare		5,274
Communication		2,193
Data Processing Services		2,097
Maintenance and Repair Services - Equipment		11,782
Travel		510
Other Contracted Services		3,434
Food Supplies		431,276
Office Supplies		1,940
USDA - Commodities		69,596
Other Supplies and Materials		59,310
Other Charges		1,924
Food Service Equipment		1,727
Total Food Service		<u>\$ 1,124,048</u>
Total Central Cafeteria Fund		<u>\$ 1,124,048</u>
Total Governmental Funds - Cannon County School Department		<u>\$ 16,878,235</u>

Exhibit J-11

Cannon County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2014

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 388,585
	<hr/>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 384,699
Trustee's Commission	3,886
Total Cash Disbursements	<hr/> \$ 388,585 <hr/>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0
Cash Balance, July 1, 2013	<hr/> 0
Cash Balance, June 30, 2014	<hr/> <hr/> \$ 0

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, 2014, and the related notes to the financial statements, which collectively comprise Cannon County's basic financial statements, and have issued our report thereon dated September 19, 2014. Our report includes a reference to other auditors who audited the financial statements of the discretely presented Cannon County Emergency Communications District, as described in our report on Cannon County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies: 2014-003 and 2014-004.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cannon County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items: 2014-001, 2014-002, and 2014-005.

Cannon County's Responses to Findings

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

Purpose of this Report

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

Cannon County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a prominent vertical stroke at the beginning.

Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

September 19, 2014

JPW/yu



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
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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, 2014. 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, 2014.

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

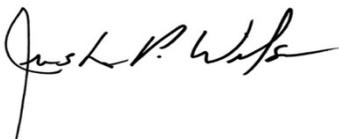
consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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, 2014, and the related notes to the financial statements, which collectively comprise Cannon County's basic financial statements. We issued our report thereon dated September 19, 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 basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

September 19, 2014

JPW/yu

Cannon County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2014

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Program:			
Rural Community Development Initiative	10.446	(2)	\$ 9,300
Rural Business Enterprise Grants	10.769	(2)	30,000
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	238,258
National School Lunch Program	10.555	N/A	477,080 (3)
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	69,596 (3)
Child and Adult Care Food Program	10.558	N/A	8,616
Total U.S. Department of Agriculture			<u>\$ 832,850</u>
U.S. Department of Labor:			
Passed-through Upper Cumberland Human Resource Agency:			
WIA Youth Activities	17.259	(2)	<u>\$ 11,000</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Open Container Requirements	20.607	Z-14-GHS048	<u>\$ 14,456</u>
U.S. Department of Energy:			
Passed-through Upper Cumberland Development District:			
Energy Efficiency and Conservation Block Grant Program, Recovery Act	81.128	(2)	<u>\$ 8,950</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 547,532
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	493,705
Special Education - Preschool Grants	84.173	N/A	13,227
Career and Technical Education - Basic Grants to States	84.048	N/A	23,147
Twenty-first Century Community Learning Centers	84.287	DG1338219	107,000
Rural Education	84.358	N/A	45,715
Improving Teacher Quality State Grants	84.367	N/A	65,022
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	85.395	(2)	67,524
Total U.S. Department of Education			<u>\$ 1,362,872</u>
U.S. Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	N/A	<u>\$ 29,854</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Homeland Security Grant Program	97.067	2010-SS-TO-0027	<u>\$ 8,272</u>
Total Expenditures of Federal Awards			<u>\$ 2,268,254</u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
<u>State Grants</u>			
Juvenile Justice State Supplement Funds - State Commission on Children and Youth	N/A	(2)	\$ 9,000
Litter Program - State Department of Transportation	N/A	(2)	33,700
Tennessee Agricultural Enhancement Program - State Department of Agriculture	N/A	(4)	196,942
Local Health Services - State Department of Health	N/A	GG1437396	30,105
Three Star Program - State Department of Economic and Community Development	N/A	(2)	825
Lottery for Education Afterschool Programs (LEAPs) - State Department of Education	N/A	(2)	53,999
Statewide Student Management System (SSMS) - State Department of Education	N/A	(2)	5,375
Internet Connectivity - State Department of Education	N/A	(2)	5,875
Student Ticket Subsidy Grant (STS) - State Arts Commission	N/A	(2)	3,869
Coordinated School Health - State Department of Education	N/A	(2)	90,000
Safe Schools - State Department of Education	N/A	(2)	15,460
ACT Explore/Plan Testing - State Department of Education	N/A	(2)	2,501
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	1,997
High Schools That Work - State Department of Education	N/A	(2)	<u>6,501</u>
Total State Grants			<u>\$ 456,149</u>

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

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Number not available.
- (3) Total for CFDA No. 10.555 is \$546,676.
- (4) DG-13382896: \$24,600; DG-08-22849-00: \$172,342.

Cannon County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2014

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, 2013, which have not been corrected.

OFFICE OF COUNTY EXECUTIVE AND SHERIFF

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2013-001	154	Cannon County does not require all eligible employees to participate in the Tennessee Consolidated Retirement System

OFFICE OF COUNTY CLERK

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2013-010	160	Multiple employees operated from the same cash drawer

CANNON COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2014

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. None 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), and Special Education Cluster: Special Education – Grants to States and Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173) 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 are paraphrased in this report. Other management officials did not provide responses for inclusion in this report.

OFFICES OF COUNTY EXECUTIVE AND SHERIFF

FINDING 2014-001 **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, 2014, the county's payroll records revealed that one Election Commission employee and 16 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 prior-year audit reports. 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. Some departments had not required their employees to enroll in TCRS. According to the payroll for September 19, 2014, all full-time employees are now enrolled in TCRS.

OFFICE OF COUNTY EXECUTIVE

FINDING 2014-002 **EXPENDITURES EXCEEDED APPROPRIATIONS**
(Noncompliance Under *Government Auditing Standards*)

Expenditures exceeded appropriations approved by the County Commission in the Other Public Safety major appropriation category of the General Fund by \$7,695. Section 5-9-401, *Tennessee Code Annotated*, states that "All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs for the various departments, commissions, institutions, boards, offices, and agencies of county governments shall be appropriated to

such use by the county legislative bodies.” This deficiency exists because management failed to hold spending to the limits authorized by the County Commission, which resulted in unauthorized expenditures.

RECOMMENDATION

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

MANAGEMENT’S RESPONSE – COUNTY EXECUTIVE

We concur. A budget amendment was presented to the County Commission on June 10, 2014, for \$8,272 related to the Homeland Security Grant; however, the County Commission did not approve the amendment. This grant was to purchase thermal imaging machines for the Sheriff’s Department at no cost to the county.

OFFICE OF COUNTY CLERK

FINDING 2014-003

MULTIPLE EMPLOYEES OPERATED FROM THE SAME CASH DRAWER
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Multiple employees operated from the same cash drawer. 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 the county clerk’s failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

The county clerk should assign each employee their own cash drawer.

OFFICE OF CLERK AND MASTER

FINDING 2014-004

BANK STATEMENTS WERE NOT ACCURATELY RECONCILED WITH THE GENERAL LEDGER

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

Bank statements were not accurately reconciled with the general ledger. The office attempted to reconcile the bank statement monthly; however, the clerk did not identify all errors. Therefore, to make the reconciliations agree with the general ledger, the clerk posted a number to the general ledger so the bank statements would agree with the reconciliation. As a result, the clerk disbursed fees to the county totaling \$9,406 in excess of collections. This amount was reported as a receivable from the county's General Fund at June 30, 2014, in the financial statements of this report. This deficiency is the result of a lack of management oversight and is considered a significant deficiency that increases the risk of fraud and abuse and the risk that errors will not be discovered and corrected in a timely manner.

RECOMMENDATION

The office should accurately reconcile bank statements with the general ledger monthly, and any errors should be identified and corrected promptly.

FINDING 2014-005

THE OFFICE HAD DEFICIENCIES IN RECEIPTING AND DEPOSITING COLLECTIONS

(Noncompliance Under *Government Auditing Standards*)

Our audit disclosed the following deficiencies in receipting and depositing collections. These deficiencies occurred because of a lack of management oversight.

- A. The office deposited \$1,200 to the office bank account on June 5, 2014; however, the office did not receipt this collection until July 15, 2014, when requested by the auditors. Section 9-2-104, *Tennessee Code Annotated (TCA)*, requires receipts to be issued for all collections when received.
- B. Collections were not deposited within three days of receipt. As part of our audit procedures for obtaining reasonable assurance that funds were deposited to the bank account within three days of collection as required by Section 5-8-207, *TCA*, we examined all 30 deposits made to the office bank account during the year. The office did not deposit any collections to the official bank account within three days of receipt. The delay in depositing funds weakens internal controls over collections and increases the risks of fraud and misappropriation.

RECOMMENDATION

Official receipts should be issued for all collections when received, and all collections should be deposited to the office bank account within three days as required by state statutes.

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

There were no findings and questioned costs for federal awards.

BEST PRACTICE

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

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

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

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

**CANNON COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2014**

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