



## ANNUAL FINANCIAL REPORT

### Cannon County, Tennessee

*For the Year Ended June 30, 2021*

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



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

**ANNUAL FINANCIAL REPORT  
CANNON COUNTY, TENNESSEE  
FOR THE YEAR ENDED JUNE 30, 2021**

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

***DIVISION OF LOCAL GOVERNMENT AUDIT  
JAMES R. ARNETTE  
Director***

***STEVE REEDER, CPA, CGFM, CFE  
Audit Manager***

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

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

Annual Financial Report  
Cannon County, Tennessee  
For the Year Ended June 30, 2021

### ***Scope***

We have audited the basic financial statements of Cannon County as of and for the year ended June 30, 2021.

### ***Results***

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

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

### ***Finding***

The following is a summary of the audit finding:

#### **OFFICE OF FINANCE DIRECTOR**

- ◆ The office did not file a Report on Debt Obligation with the State Comptroller's Office.



# INTRODUCTORY SECTION

## Cannon County Officials

June 30, 2021

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### Officials

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

### Board of County Commissioners

Greg Mitchell, Chairman  
Karen Ashford  
Kristal Alexander  
Robert Brandon  
Jim Bush

Corey Davenport  
Jeannine Floyd  
Randy Gannon  
Ronnie Mahaffey  
Russell Reed

### Board of Education

Aletha Thomas, Chairman  
Jennifer Duggin  
Wade McMackins  
Derrick Mullins  
Vacant

### Highway Commission

Terry Horn, Chairman  
Doyle Duke  
Jimmy Williams

### Financial Management Committee

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

### Audit Committee

David Faulkner, Chairman  
Jennifer Coppinger  
Donna Williams  
Vacant  
Vacant



## FINANCIAL SECTION



JASON E. MUMPOWER  
*Comptroller*

## Independent Auditor's Report

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

To the County Executive and Board of County Commissioners:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cannon County, Tennessee, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Internal School Fund of the Cannon County School Department (a discretely presented component unit), which represent 2.11 percent, 2.51 percent, and 5.14 percent, respectively, of the assets, net position, and revenues of the discretely presented component unit. 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 Internal School Fund of the Cannon County School Department is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

In our opinion, based on our 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, 2021, and the respective changes in financial position and the respective budgetary comparison for the General, Ambulance Service, and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Change in Accounting Principle***

As described in Note V.B., Cannon County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. GASB 84 defines what is meant by fiduciary activities. It establishes the four types of fiduciary funds for reporting purposes. In addition, GASB 84 changes the title of "Agency" Funds to "Custodial" Funds and requires that Custodial Funds, unlike Agency Funds, should present fund net position. Our opinion is not modified with respect to this matter.

### ***Emphasis of Matter***

We draw attention to Note I.D.10. to the financial statements, which describes a restatement to the beginning Custodial Funds net position totaling \$539,051 on the Statement of Changes in Net Position – Fiduciary Funds and a restatement to the discretely presented Cannon County School Department's net position totaling \$398,158 on the Government-wide Statement of Activities. These restatements were necessary because of the transitional requirements of GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

## *Other Matters*

### *Required Supplementary Information*

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

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

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Cannon County's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the Education Debt Service and General Capital Projects funds, combining and individual fund financial statements of the Cannon County School Department (a discretely presented component unit), miscellaneous schedules and other information such as the introductory section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is also presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the Education Debt Service and General Capital Projects funds, combining and individual fund financial statements of the Cannon County School Department (a discretely presented component unit), schedule of expenditures

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 1, 2022, on our consideration of Cannon County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Cannon County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cannon County's internal control over financial reporting and compliance.

Very truly yours,



Jason E. Mumpower  
Comptroller of the Treasury  
Nashville, Tennessee

February 1, 2022

JEM/tg

# BASIC FINANCIAL STATEMENTS

Exhibit A

Cannon County, Tennessee  
Statement of Net Position  
June 30, 2021

	Primary Government Governmental Activities	Component Unit Cannon County School Department
<u>ASSETS</u>		
Cash	\$ 1,008	\$ 393,857
Equity in Pooled Cash and Investments	11,762,661	5,802,033
Accounts Receivable	1,681,363	0
Allowance for Uncollectibles	(1,467,796)	0
Due from Other Governments	903,448	412,313
Due from Primary Government	0	23,341
Property Taxes Receivable	4,883,534	1,883,569
Allowance for Uncollectible Property Taxes	(78,758)	(30,394)
Other Loans Receivable - Current	23,015	0
Notes Receivable - Long-term	46,865	0
Net Pension Asset - Agent Plan	996,711	543,562
Net Pension Asset - Teacher Retirement Plan	0	92,907
Net Pension Asset - Teacher Legacy Pension Plan	0	1,565,487
Restricted Assets:		
Amounts Accumulated for Pension Benefits	0	148,622
Capital Assets:		
Assets Not Depreciated:		
Land	279,849	170,879
Construction in Progress	250,241	0
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	2,966,174	6,915,660
Infrastructure	10,994,951	0
Other Capital Assets	1,345,604	755,033
Total Assets	<u>\$ 34,588,870</u>	<u>\$ 18,676,869</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Pension Changes in Experience	\$ 141,452	\$ 140,107
Pension Changes in Assumptions	50,496	172,668
Pension Changes in Investment Earnings	83,710	402,855
Pension Changes in Proportion	0	21,564
Pension Changes in Contributions after Measurement Date	76,675	723,032
OPEB Changes in Experience	0	307,226
OPEB Changes in Assumptions	0	184,369
OPEB Changes in Proportion	0	43,774
OPEB Contributions after Measurement Date	0	80,716
Total Deferred Outflows of Resources	<u>\$ 352,333</u>	<u>\$ 2,076,311</u>

(Continued)

Exhibit A

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

	Primary Government Governmental Activities	Component Unit Cannon County School Department
<u>LIABILITIES</u>		
Accounts Payable	\$ 500,645	\$ 0
Accrued Payroll	0	19,730
Payroll Deductions Payable	10,330	292,935
Due to Component Unit	23,341	0
Due to Other Governments	1,425,514	0
Due to State of Tennessee	0	1,387
Noncurrent Liabilities:		
Due Within One Year - Debt	921,656	0
Due Within One Year - Other	2,679	49,417
Due in More Than One Year - Debt	5,476,012	0
Due in More Than One Year - Other	50,903	1,662,443
Total Liabilities	<u>\$ 8,411,080</u>	<u>\$ 2,025,912</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Revenue - Current Property Taxes	\$ 4,731,556	\$ 1,825,981
Pension Changes in Experience	192,375	880,853
Pension Changes in Proportion	0	17,335
OPEB Changes in Experience	0	212,367
OPEB Changes in Assumptions	0	121,993
OPEB Changes in Proportion	0	15,470
Total Deferred Inflows of Resources	<u>\$ 4,923,931</u>	<u>\$ 3,073,999</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 15,836,819	\$ 7,841,572
Restricted for:		
General Government	58,682	0
Finance	1,983	0
Administration of Justice	41,692	0
Public Safety	451,780	0
Public Health and Welfare	599,277	0
Highway/Public Works	2,528,747	0
Education	0	559,994
Debt Service	3,345,141	0
Capital Outlay	414,881	0
Pensions	996,711	2,350,578
Unrestricted	<u>(2,669,521)</u>	<u>4,901,125</u>
Total Net Position	<u>\$ 21,606,192</u>	<u>\$ 15,653,269</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, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component Unit
					Government Total Governmental Activities	Cannon County School Department
Primary Government:						
Governmental Activities:						
General Government	\$ 1,938,007	\$ 204,078	\$ 1,024,311	\$ 84,472	\$ (625,146)	\$ 0
Finance	878,727	469,695	0	0	(409,032)	0
Administration of Justice	581,828	316,811	9,180	0	(255,837)	0
Public Safety	2,550,277	234,533	20,946	0	(2,294,798)	0
Public Health and Welfare	1,501,919	653,590	21,965	65,414	(760,950)	0
Social, Cultural, and Recreational Services	217,491	27,246	0	0	(190,245)	0
Agriculture and Natural Resources	80,945	0	0	0	(80,945)	0
Highways/Public Works	2,267,796	0	1,978,623	462,216	173,043	0
Education	32,846	0	0	0	(32,846)	0
Interest on Long-term Debt	1,681,904	0	0	0	(1,681,904)	0
Total Primary Government	\$ 11,731,740	\$ 1,905,953	\$ 3,055,025	\$ 612,102	\$ (6,158,660)	\$ 0
Component Unit:						
Cannon County School Department	\$ 20,686,732	\$ 105,324	\$ 4,340,232	\$ 1,614,904	\$ 0	\$ (14,626,272)
Total Component Unit	\$ 20,686,732	\$ 105,324	\$ 4,340,232	\$ 1,614,904	\$ 0	\$ (14,626,272)

(Continued)

Exhibit B

Cannon County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Total Governmental Activities	Component Unit Cannon County School Department
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					\$ 4,872,160	\$ 1,933,262
Property Taxes Levied for Debt Service					140,517	0
Local Option Sales Taxes					509,711	1,024,102
Wheel Tax					740,204	0
Litigation Tax					180,171	0
Business Tax					82,163	0
Wholesale Beer Tax					69,516	0
Mineral Severance Tax					116,791	0
Adequate Facilities/Development Tax					71,958	0
Other Local Taxes					3,271	0
Grants and Contributions Not Restricted to Specific Programs					264,417	13,122,929
Unrestricted Investment Earnings					41,517	0
Gain on Investments					0	24,443
Sale of Equipment					0	1,075
Miscellaneous					70,075	90,631
Total General Revenues					<u>\$ 7,162,471</u>	<u>\$ 16,196,442</u>
Insurance Recovery					<u>\$ 278,822</u>	<u>\$ 536,172</u>
Change in Net Position					\$ 1,282,633	\$ 2,106,342
Net Position, July 1, 2020					20,323,559	13,148,769
Restatement - See Note I.D.10.					<u>0</u>	<u>398,158</u>
Net Position, June 30, 2021					<u><u>\$ 21,606,192</u></u>	<u><u>\$ 15,653,269</u></u>

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

Exhibit C-1

Cannon County, Tennessee  
Balance Sheet  
Governmental Funds  
June 30, 2021

	Major Funds					
	General	Ambulance Service	Other General Government Fund	Highway / Public Works	Education Debt Service	General Capital Projects
<u>ASSETS</u>						
Cash	\$ 245	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Equity in Pooled Cash and Investments	3,107,042	739,879	1,425,514	1,947,034	2,785,900	468,100
Accounts Receivable	6,474	1,673,817	0	0	0	0
Allowance for Uncollectibles	0	(1,467,796)	0	0	0	0
Due from Other Governments	116,777	0	0	741,231	0	0
Due from Other Funds	2,460	0	0	1,500	0	209
Property Taxes Receivable	3,878,009	563,824	0	0	0	82,511
Allowance for Uncollectible Property Taxes	(62,562)	(9,096)	0	0	0	(1,331)
Notes Receivable - Current	0	0	0	0	0	23,015
Notes Receivable - Long-term	0	0	0	0	0	0
Total Assets	<u>\$ 7,048,445</u>	<u>\$ 1,500,628</u>	<u>\$ 1,425,514</u>	<u>\$ 2,689,765</u>	<u>\$ 2,785,900</u>	<u>\$ 572,504</u>
<u>LIABILITIES</u>						
Accounts Payable	\$ 203,359	\$ 20,045	\$ 0	\$ 150,688	\$ 0	\$ 102,845
Payroll Deductions Payable	0	0	0	10,330	0	0
Due to Other Funds	1,779	220	0	0	0	0
Due to Component Units	0	326	0	0	0	23,015
Due to Other Governments	0	0	1,425,514	0	0	0
Total Liabilities	<u>\$ 205,138</u>	<u>\$ 20,591</u>	<u>\$ 1,425,514</u>	<u>\$ 161,018</u>	<u>\$ 0</u>	<u>\$ 125,860</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 3,758,588	\$ 546,462	\$ 0	\$ 0	\$ 0	\$ 79,970
Deferred Delinquent Property Taxes	50,439	7,333	0	0	0	1,073

(Continued)

Exhibit C-1

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

	Major Funds					
	General	Ambulance Service	Other General Government Fund	Highway / Public Works	Education Debt Service	General Capital Projects
<u>DEFERRED INFLOWS OF RESOURCES (Cont.)</u>						
Other Deferred/Unavailable Revenue	\$ 23,790	\$ 138,504	\$ 0	\$ 157,984	\$ 0	\$ 0
Total Deferred Inflows of Resources	\$ 3,832,817	\$ 692,299	\$ 0	\$ 157,984	\$ 0	\$ 81,043
<u>FUND BALANCES</u>						
Restricted:						
Restricted for General Government	\$ 2,862	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Restricted for Finance	1,983	0	0	0	0	0
Restricted for Administration of Justice	41,692	0	0	0	0	0
Restricted for Public Safety	326,251	0	0	0	0	0
Restricted for Public Health and Welfare	98,921	0	0	0	0	0
Restricted for Other Operations	55,820	0	0	0	0	0
Restricted for Highways/Public Works	0	0	0	2,370,763	0	0
Restricted for Capital Outlay	0	0	0	0	0	365,601
Restricted for Debt Service	0	0	0	0	2,785,900	0
Committed:						
Committed for Public Safety	52,262	0	0	0	0	0
Committed for Public Health and Welfare	0	787,737	0	0	0	0
Committed for Social, Cultural, and Recreational Services	7,460	0	0	0	0	0
Committed for Capital Projects	0	0	0	0	0	0
Assigned:						
Assigned for Debt Service	0	0	0	0	0	0
Unassigned	2,423,240	0	0	0	0	0
Total Fund Balances	\$ 3,010,491	\$ 787,737	\$ 0	\$ 2,370,763	\$ 2,785,900	\$ 365,601
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 7,048,446	\$ 1,500,627	\$ 1,425,514	\$ 2,689,765	\$ 2,785,900	\$ 572,504

(Continued)

Exhibit C-1

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

	Nonmajor Funds	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash	\$ 763	\$	1,008
Equity in Pooled Cash and Investments	1,279,192		11,752,661
Accounts Receivable	1,072		1,681,363
Allowance for Uncollectibles	0		(1,467,796)
Due from Other Governments	45,440		903,448
Due from Other Funds	1,282		5,451
Property Taxes Receivable	359,190		4,883,534
Allowance for Uncollectible Property Taxes	(5,769)		(78,758)
Notes Receivable - Current	0		23,015
Notes Receivable - Long-term	46,865		46,865
Total Assets	<u>\$ 1,728,035</u>	<u>\$</u>	<u>17,750,791</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 23,708	\$	500,645
Payroll Deductions Payable	0		10,330
Due to Other Funds	3,452		5,451
Due to Component Units	0		23,341
Due to Other Governments	0		1,425,514
Total Liabilities	<u>\$ 27,160</u>	<u>\$</u>	<u>1,965,281</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 346,536	\$	4,731,556
Deferred Delinquent Property Taxes	4,651		63,496

(Continued)

Exhibit C-1

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

DEFERRED INFLOWS OF RESOURCES (Cont.)

Other Deferred/Unavailable Revenue  
Total Deferred Inflows of Resources

Nonmajor Funds		Other Govern- mental Funds	Total Governmental Funds
	\$	22,846	\$ 343,124
	\$	374,033	\$ 5,138,176

FUND BALANCES

Restricted:

Restricted for General Government

Restricted for Finance

Restricted for Administration of Justice

Restricted for Public Safety

Restricted for Public Health and Welfare

Restricted for Other Operations

Restricted for Highways/Public Works

Restricted for Capital Outlay

Restricted for Debt Service

\$	0	\$	2,862
	0		1,983
	0		41,692
	125,529		451,780
	328,811		427,732
	0		55,820
	0		2,370,763
	48,207		413,808
	557,452		3,343,352

Committed:

Committed for Public Safety

Committed for Public Health and Welfare

Committed for Social, Cultural, and Recreational Services

Committed for Capital Projects

	0		52,262
	0		787,737
	0		7,460
	219,978		219,978

Assigned:

Assigned for Debt Service

Unassigned

Total Fund Balances

	46,865		46,865
	0		2,423,240
\$	1,326,842	\$	10,647,334

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

\$	1,728,035	\$	17,750,791
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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, 2021

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)		\$ 10,647,334
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 279,849	
Add: construction in progress	250,241	
Add: buildings and improvements net of accumulated depreciation	2,966,174	
Add: infrastructure net of accumulated depreciation	10,994,951	
Add: other capital assets net of accumulated depreciation	<u>1,345,604</u>	15,836,819
(2) Internal service funds are used by management to charge the cost of employee health insurance to individual funds. The assets and liabilities are included in governmental activities in the statement of net position.		10,000
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: other loans payable	\$ (6,397,668)	
Less: compensated absences payable	<u>(53,582)</u>	(6,451,250)
(4) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years.		
Add: deferred outflows of resources related to pensions	\$ 352,333	
Less: deferred inflows of resources related to pensions	<u>(192,375)</u>	159,958
(5) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.		996,711
(6) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>406,620</u>
Net position of governmental activities (Exhibit A)		<u><u>\$ 21,606,192</u></u>

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

## Exhibit C-3

Cannon County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2021

	Major Funds				
	General	Ambulance Service	Highway / Public Works	Education Debt Service	General Capital Projects
<u>Revenues</u>					
Local Taxes	\$ 4,574,666	\$ 591,640	\$ 118,291	\$ 740,204	\$ 81,908
Licenses and Permits	394	0	0	0	0
Fines, Forfeitures, and Penalties	70,094	0	0	0	0
Charges for Current Services	180,068	656,720	0	0	0
Other Local Revenues	254,238	0	18,049	0	0
Fees Received From County Officials	717,781	0	0	0	0
State of Tennessee	447,150	0	2,203,710	0	767,644
Federal Government	65,414	3,500	211,486	0	301,402
Other Governments and Citizens Groups	0	0	0	1,538	0
Total Revenues	\$ 6,309,805	\$ 1,251,860	\$ 2,551,536	\$ 741,742	\$ 1,150,954
<u>Expenditures</u>					
Current:					
General Government	\$ 703,167	\$ 0	\$ 0	\$ 0	\$ 701,700
Finance	869,422	0	0	0	0
Administration of Justice	582,186	0	0	0	0
Public Safety	2,696,253	0	0	0	0
Public Health and Welfare	89,932	975,414	0	0	0
Social, Cultural, and Recreational Services	198,078	0	0	0	0
Agriculture and Natural Resources	72,945	0	0	0	0
Other Operations	554,606	1,680	0	0	0
Highways	0	0	2,137,112	0	0
Support Services	0	0	0	0	0
Capital Outlay	0	0	0	0	84,472
Debt Service:					
Principal on Debt	0	0	44,533	766,000	0

(Continued)



Exhibit C-3

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

	Major Funds				
	General	Ambulance Service	Highway / Public Works	Education Debt Service	General Capital Projects
<u>Expenditures (Cont.)</u>					
Debt Service (Cont.)					
Interest on Debt	\$ 0	\$ 0	\$ 716	\$ 30,943	\$ 0
Other Debt Service	0	0	0	40,540	0
Capital Projects	0	0	0	0	3,210
Capital Projects - Donated	0	0	0	0	1,614,904
Total Expenditures	<u>\$ 5,766,589</u>	<u>\$ 977,094</u>	<u>\$ 2,182,361</u>	<u>\$ 837,483</u>	<u>\$ 2,404,286</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 543,216</u>	<u>\$ 274,766</u>	<u>\$ 369,175</u>	<u>\$ (95,741)</u>	<u>\$ (1,253,332)</u>
<u>Other Financing Sources (Uses)</u>					
Other Loans Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,614,904
Insurance Recovery	278,822	0	0	0	0
Transfers In	0	0	0	100,000	0
Transfers Out	0	0	0	0	0
Total Other Financing Sources (Uses)	<u>\$ 278,822</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 100,000</u>	<u>\$ 1,614,904</u>
Net Change in Fund Balances	\$ 822,038	\$ 274,766	\$ 369,175	\$ 4,259	\$ 361,572
Fund Balance, July 1, 2020	<u>2,188,453</u>	<u>512,971</u>	<u>2,001,588</u>	<u>2,781,641</u>	<u>4,029</u>
Fund Balance, June 30, 2021	<u><u>\$ 3,010,491</u></u>	<u><u>\$ 787,737</u></u>	<u><u>\$ 2,370,763</u></u>	<u><u>\$ 2,785,900</u></u>	<u><u>\$ 365,601</u></u>

(Continued)

Exhibit C-3

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

	Nonmajor Funds		Other Govern- mental Funds	Total Governmental Funds
<hr/>				
<u>Revenues</u>				
Local Taxes	\$	773,361	\$	6,880,070
Licenses and Permits		0		394
Fines, Forfeitures, and Penalties		25,641		95,735
Charges for Current Services		11,212		848,000
Other Local Revenues		30,347		302,634
Fees Received From County Officials		0		717,781
State of Tennessee		0		3,418,504
Federal Government		0		581,802
Other Governments and Citizens Groups		0		1,538
Total Revenues	\$	840,561	\$	12,846,458
<hr/>				
<u>Expenditures</u>				
Current:				
General Government	\$	0	\$	1,404,867
Finance		0		869,422
Administration of Justice		94		582,280
Public Safety		20,991		2,717,244
Public Health and Welfare		707,264		1,772,610
Social, Cultural, and Recreational Services		0		198,078
Agriculture and Natural Resources		0		72,945
Other Operations		0		556,286
Highways		0		2,137,112
Support Services		26,460		26,460
Capital Outlay		0		84,472
Debt Service:				
Principal on Debt		224,300		1,034,833

(Continued)

Exhibit C-3

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

	Nonmajor Funds	Other Govern- mental Funds	Total Governmental Funds
<hr/>			
<u>Expenditures (Cont.)</u>			
Debt Service (Cont.)			
Interest on Debt	\$ 6,508	\$ 38,167	
Other Debt Service	3,555	44,095	
Capital Projects	0	3,210	
Capital Projects - Donated	0	1,614,904	
Total Expenditures	<u>\$ 989,172</u>	<u>\$ 13,156,985</u>	
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (148,611)</u>	<u>\$ (310,527)</u>	
<u>Other Financing Sources (Uses)</u>			
Other Loans Issued	\$ 0	\$ 1,614,904	
Insurance Recovery	0	278,822	
Transfers In	0	100,000	
Transfers Out	(100,000)	(100,000)	
Total Other Financing Sources (Uses)	<u>\$ (100,000)</u>	<u>\$ 1,893,726</u>	
Net Change in Fund Balances	\$ (248,611)	\$ 1,583,199	
Fund Balance, July 1, 2020	<u>1,575,453</u>	<u>9,064,135</u>	
Fund Balance, June 30, 2021	<u><u>\$ 1,326,842</u></u>	<u><u>\$ 10,647,334</u></u>	

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

Exhibit C-4

Cannon County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2021

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$	1,583,199
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Add: capital assets purchased in the current period	\$	1,408,086	
Less: current-year depreciation expense		<u>(1,058,298)</u>	349,788
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.			
Less: book value of capital assets disposed			(16,471)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2021	\$	406,620	
Less: deferred delinquent property taxes and other deferred June 30, 2020		<u>(517,527)</u>	(110,907)
(4) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.			
Add: principal payments on notes	\$	224,300	
Add: principal payments on other loans		766,000	
Add: principal payments on capital leases		44,533	
Less: other loan proceeds		<u>(1,614,904)</u>	(580,071)
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in accrued interest payable	\$	5,321	
Change in compensated absences payable		(2,448)	
Change in net pension asset		(222,473)	
Change in deferred outflows related to pensions		35,731	
Change in deferred inflows related to pensions		<u>240,964</u>	<u>57,095</u>
Change in net position of governmental activities (Exhibit B)		\$	<u><u>1,282,633</u></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, 2021

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 4,574,666	\$ 4,321,518	\$ 4,321,518	\$ 253,148
Licenses and Permits	394	750	750	(356)
Fines, Forfeitures, and Penalties	70,094	62,460	62,460	7,634
Charges for Current Services	180,068	175,048	175,048	5,020
Other Local Revenues	254,238	210,072	248,264	5,974
Fees Received From County Officials	717,781	659,700	659,700	58,081
State of Tennessee	447,150	396,064	441,209	5,941
Federal Government	65,414	112,179	163,342	(97,928)
Total Revenues	\$ 6,309,805	\$ 5,937,791	\$ 6,072,291	\$ 237,514
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 8,257	\$ 10,510	\$ 10,510	\$ 2,253
Other Boards and Committees	0	34	34	34
County Mayor/Executive	131,871	130,187	132,687	816
County Attorney	12,478	0	17,000	4,522
Election Commission	206,040	183,281	208,281	2,241
Register of Deeds	119,998	120,767	120,767	769
Planning	12,325	17,290	17,290	4,965
County Buildings	209,468	198,603	229,571	20,103
Preservation of Records	2,730	6,100	6,100	3,370
<u>Finance</u>				
Accounting and Budgeting	357,992	344,125	358,647	655
Property Assessor's Office	146,584	149,508	149,808	3,224
County Trustee's Office	160,596	164,221	164,221	3,625
County Clerk's Office	192,299	203,586	203,586	11,287
Data Processing	11,951	0	12,347	396
<u>Administration of Justice</u>				
Circuit Court	222,201	229,546	235,046	12,845
General Sessions Court	111,122	110,717	111,132	10
Chancery Court	130,401	127,163	132,428	2,027
Juvenile Court	25,288	25,658	26,042	754
Judicial Commissioners	33,656	32,532	34,072	416
Probation Services	58,942	59,131	59,131	189
Victim Assistance Programs	576	1,300	1,300	724
<u>Public Safety</u>				
Sheriff's Department	1,407,291	1,423,419	1,466,650	59,359
Administration of the Sexual Offender Registry	1,166	2,000	2,000	834
Jail	1,049,661	1,135,556	1,499,710	450,049
Fire Prevention and Control	111,466	117,553	117,553	6,087
Other Emergency Management	95,594	127,095	182,203	86,609
County Coroner/Medical Examiner	31,075	13,477	31,075	0
Other Public Safety	0	1	1	1
<u>Public Health and Welfare</u>				
Local Health Center	30,297	33,554	33,554	3,257
Regional Mental Health Center	18,468	37,700	37,700	19,232
General Welfare Assistance	1,213	23,000	23,000	21,787
Sanitation Management	39,954	44,200	44,200	4,246

(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	\$ 185,450	\$ 187,298	\$ 187,298	\$ 1,848
Parks and Fair Boards	12,628	15,500	15,500	2,872
<u>Agriculture and Natural Resources</u>				
Agricultural Extension Service	72,945	78,895	78,895	5,950
<u>Other Operations</u>				
Veterans' Services	15,600	12,872	16,472	872
Other Charges	261,439	259,113	262,593	1,154
Contributions to Other Agencies	253,280	253,281	253,281	1
Employee Benefits	6,779	7,559	7,559	780
Miscellaneous	17,508	27,000	41,112	23,604
Total Expenditures	<u>\$ 5,766,589</u>	<u>\$ 5,913,332</u>	<u>\$ 6,530,356</u>	<u>\$ 763,767</u>
 Excess (Deficiency) of Revenues Over Expenditures	 \$ 543,216	 \$ 24,459	 \$ (458,065)	 \$ 1,001,281
 <u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 278,822	\$ 0	\$ 414,296	\$ (135,474)
Total Other Financing Sources	<u>\$ 278,822</u>	<u>\$ 0</u>	<u>\$ 414,296</u>	<u>\$ (135,474)</u>
 Net Change in Fund Balance	\$ 822,038	\$ 24,459	\$ (43,769)	\$ 865,807
Fund Balance, July 1, 2020	<u>2,188,453</u>	<u>2,075,095</u>	<u>2,075,095</u>	<u>113,358</u>
 Fund Balance, June 30, 2021	<u>\$ 3,010,491</u>	<u>\$ 2,099,554</u>	<u>\$ 2,031,326</u>	<u>\$ 979,165</u>

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

Exhibit C-6

Cannon County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Ambulance Service Fund  
For the Year Ended June 30, 2021

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 591,640	\$ 560,980	\$ 560,980	\$ 30,660
Charges for Current Services	656,720	510,000	510,000	146,720
Federal Government	3,500	0	3,500	0
Total Revenues	<u>\$ 1,251,860</u>	<u>\$ 1,070,980</u>	<u>\$ 1,074,480</u>	<u>\$ 177,380</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Ambulance/Emergency Medical Services	\$ 975,414	\$ 1,018,824	\$ 1,018,824	\$ 43,410
<u>Other Operations</u>				
COVID-19 Grant #1	1,680	0	1,680	0
COVID-19 Grant #2	0	0	3,500	3,500
Total Expenditures	<u>\$ 977,094</u>	<u>\$ 1,018,824</u>	<u>\$ 1,024,004</u>	<u>\$ 46,910</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 274,766</u>	<u>\$ 52,156</u>	<u>\$ 50,476</u>	<u>\$ 224,290</u>
Net Change in Fund Balance	\$ 274,766	\$ 52,156	\$ 50,476	\$ 224,290
Fund Balance, July 1, 2020	<u>512,971</u>	<u>468,259</u>	<u>468,259</u>	<u>44,712</u>
Fund Balance, June 30, 2021	<u><u>\$ 787,737</u></u>	<u><u>\$ 520,415</u></u>	<u><u>\$ 518,735</u></u>	<u><u>\$ 269,002</u></u>

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

Exhibit C-7

Cannon County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Highway/Public Works Fund  
For the Year Ended June 30, 2021

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2020	Add: Encumbrances 6/30/2021	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 118,291	\$ 0	\$ 0	\$ 118,291	\$ 118,500	\$ 118,500	\$ (209)
Other Local Revenues	18,049	0	0	18,049	110,000	110,000	(91,951)
State of Tennessee	2,203,710	0	0	2,203,710	3,146,559	3,146,559	(942,849)
Federal Government	211,486	0	0	211,486	527,385	527,385	(315,899)
Total Revenues	<u>\$ 2,551,536</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,551,536</u>	<u>\$ 3,902,444</u>	<u>\$ 3,902,444</u>	<u>\$ (1,350,908)</u>
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 160,770	\$ 0	\$ 0	\$ 160,770	\$ 175,186	\$ 175,186	\$ 14,416
Highway and Bridge Maintenance	1,067,645	0	0	1,067,645	1,991,657	1,991,657	924,012
Operation and Maintenance of Equipment	214,405	0	0	214,405	499,680	499,680	285,275
Other Charges	100,647	0	0	100,647	108,000	108,000	7,353
Employee Benefits	75,099	0	0	75,099	102,500	102,500	27,401
Capital Outlay	518,546	(143,394)	788,734	1,163,886	1,641,462	1,641,462	477,576
<u>Principal on Debt</u>							
Highways and Streets	44,533	0	0	44,533	45,500	45,500	967
<u>Interest on Debt</u>							
Highways and Streets	716	0	0	716	1,000	1,000	284
Total Expenditures	<u>\$ 2,182,361</u>	<u>\$ (143,394)</u>	<u>\$ 788,734</u>	<u>\$ 2,827,701</u>	<u>\$ 4,564,985</u>	<u>\$ 4,564,985</u>	<u>\$ 1,737,284</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 369,175</u>	<u>\$ 143,394</u>	<u>\$ (788,734)</u>	<u>\$ (276,165)</u>	<u>\$ (662,541)</u>	<u>\$ (662,541)</u>	<u>\$ 386,376</u>
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,000	\$ 10,000	\$ (10,000)
Total Other Financing Sources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ (10,000)</u>

(Continued)



Exhibit C-7

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2020	Add: Encumbrances 6/30/2021	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Net Change in Fund Balance	\$ 369,175	\$ 143,394	\$ (788,734)	\$ (276,165)	\$ (652,541)	\$ (652,541)	\$ 376,376
Fund Balance, July 1, 2020	2,001,588	(143,394)	0	1,858,194	1,703,695	1,703,695	154,499
Fund Balance, June 30, 2021	<u>\$ 2,370,763</u>	<u>\$ 0</u>	<u>\$ (788,734)</u>	<u>\$ 1,582,029</u>	<u>\$ 1,051,154</u>	<u>\$ 1,051,154</u>	<u>\$ 530,875</u>

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

Exhibit D-1

Cannon County, Tennessee  
Statement of Net Position  
Proprietary Fund  
June 30, 2021

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

This fund had no activity in the fiscal year ending June 30, 2021.  
The notes to the financial statements are an integral part of this statement.

Exhibit E-1

Cannon County, Tennessee  
Statement of Net Position  
Fiduciary Funds  
June 30, 2021

	<u>Custodial Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,045,597
Investments	99,060
Accounts Receivable	313
Due from Other Governments	<u>90,658</u>
Total Assets	<u>\$ 1,235,628</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	<u>\$ 90,658</u>
Total Liabilities	<u>\$ 90,658</u>
<u>NET POSITION</u>	
Restricted for Individuals, Organizations, and Other Governments	<u>\$ 1,144,970</u>
Total Net Position	<u><u>\$ 1,144,970</u></u>

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

Cannon County, Tennessee  
Statement of Changes in Net Position  
Fiduciary Funds  
For the Year Ended June 30, 2021

Custodial  
Funds

ADDITIONS

Sales Tax Collections for Other Governments	\$ 516,565
Fines/Fees and Other Collections	5,016,060
Total Additions	<u>\$ 5,532,625</u>

DEDUCTIONS

Payment of Sales Tax Collections to Other Governments	\$ 516,565
Payments to State	2,008,486
Payments to County/City	1,334,652
Payments to Individuals and Others	1,067,003
Total Deductions	<u>\$ 4,926,706</u>

Net Increase (Decrease) in Fiduciary in Net Position	\$ 605,919
Net Position, July 1, 2020	0
Restatement - See Note I.D.10	<u>539,051</u>
Net Position, June 30, 2021	<u><u>\$ 1,144,970</u></u>

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

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## CANNON COUNTY, TENNESSEE

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**CANNON COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2021**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**A. Reporting Entity**

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

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

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

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

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

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

Administrative Offices:

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

Cannon County Emergency  
Communications District  
P.O. Box 475  
Woodbury, TN 37190

**B. Government-wide and Fund Financial Statements**

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

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

Cannon County issues all debt for the discretely presented Cannon County School Department. Net debt issues totaling \$1,614,904 were contributed by the county to the school department during the year ended June 30, 2021.

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. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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



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

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

The proprietary fund and fiduciary funds financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category includes custodial funds.

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.

**Other General Government Special Revenue Fund** – This special revenue fund accounts for transactions involving the American Rescue Plan Act Grant. Grant revenue is the foundational revenue of this fund.

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

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

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

Additionally, Cannon County reports the following fund types:

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

**Custodial Funds** – These funds account for amounts collected in a custodial capacity by the constitutional officers, and local sales taxes received by the state to be forwarded to the various cities in Cannon County.

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

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

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

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

The school department reports a nonmajor special revenue fund (Internal School Fund) which is used to account for funds held at the individual schools for internal school use such as the purchase of supplies, school clubs, and student activities. Collections from students and school activities are the foundational revenues of this fund. The current year (FY 21) report was not available from the auditor of the Internal School Fund in time for inclusion in

this report. Therefore, the prior year balances (FY 20) are presented in this report. We do not believe using the prior year balances will affect the independent auditor's opinion on the Aggregate Discretely Presented Component Units. A more detailed reporting of the fund activities at each individual school may be found at <https://www.comptroller.tn.gov/office-functions/la/reports/find-other-audits.html>.

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; the State Treasurer's Intermediate Term Investment Fund; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Cannon County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Fund. Cannon County and the school department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost.

Investments in the State Treasurer's Investment Pool are reported at amortized cost using a stable net asset value. The primary oversight responsibility for the investments and operations of the State Treasurer's Investment Pool rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. These policies were designed to comply with generally accepted accounting principles. In addition, state statutes require the state treasurer to administer the pool under the same terms and conditions, including

collateral requirements, as prescribed for other funds invested by the state treasurer. Compliance with Funding Board policies is audited by the Tennessee Comptroller of the Treasury, Division of State Audit. The latest audit opinion issued by the Division of State Audit concluded that the State Treasurer's Investment Pool complied with accounting principles generally accepted in the United States of America.

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

All other investments are reported at fair value. Other than the school department's investment in the TCRS Stabilization Trust, as discussed in Note IV.A., no investments required to be reported at fair value were held at the balance sheet date.

## **2. Receivables and Payables**

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

All ambulance and property taxes receivables are shown with an allowance for uncollectibles. Ambulance receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to 0.81 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. Restricted Assets**

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

### **4. Capital Assets**

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column in the government-wide

financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$10,000 or more and an estimated useful life of more than three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	25 - 40
Infrastructure	20 - 50
Other Capital Assets	5 - 30

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

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

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These items are from the following

sources: current and delinquent property taxes; pension changes in experience and proportionate share of contributions; OPEB changes in experience, assumptions, and proportionate share of contributions; and various receivables for revenues, which do not meet the availability criteria in governmental funds. These amounts are deferred and recognized as inflows of resources in the period that the amounts become available.

**6. Compensated Absences**

The general policy of Cannon County (except for the highway department, which does not allow for the accumulation of unused vacation leave beyond year-end) is to permit employees to accumulate a limited amount of vacation benefits, which will be paid to employees upon separation from service with the government. The county's policy also permits the unlimited accumulation of unused sick leave days for county employees and up to 60 days for ambulance service employees. The granting of sick leave has no guaranteed payment attached and therefore is not required to be accrued or recorded.

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

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

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

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

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

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

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

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

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

The government-wide Statement of Net Position reports \$8,438,894 of restricted net position, of which \$2,834,107 is restricted by enabling legislation.

As of June 30, 2021, Cannon County had \$6,399,206 in outstanding debt for capital purposes for the discretely presented Cannon County School Department. This debt is a liability of Cannon County, but the capital assets acquired are reported in the financial statements of the school department. Therefore, Cannon County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.



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

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

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

Restricted Fund Balance – includes amounts that have constraints placed on the use of the resources that are either (a) externally imposed by creditors, grantors, contributors or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

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

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

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

**9. Minimum Fund Balance Policy**

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

General Fund – 25 percent of current-year appropriations.

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

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

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

The minimum fund balance policy states that the county would like to meet these policy goals within “five years from the 2016-2017 budget year.” Cannon County has met all these goals and continues to work toward maintaining them.

**10. Restatements**

Due to the implementation of GASB Statement 84, a special revenue fund (Internal School Fund) is reflected in the financial statements of the discretely presented Cannon County School Department. A restatement of \$398,158 has been presented to reflect the beginning balance of this fund.

In prior years, the custodial funds had no measurement focus. However, due to the implementation of GASB Statement 84, the beginning balance of these funds has been restated by \$539,051 using the economic measurement focus and the accrual basis of accounting.

**E. Pension Plans**

**Primary Government**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Cannon County’s participation in the Public Employee Pension Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Cannon County’s fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Pension Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Pension Plan of TCRS. Investments are reported at fair value.

**Discretely Presented Cannon County School Department**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Retirement Plan and the Teacher Legacy Pension Plan in the Tennessee Consolidated Retirement System, and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Teacher Retirement Plan and the Teacher Legacy Pension Plan. Investments are reported at fair value.

**F. Other Postemployment Benefit (OPEB) Plans**

**Discretely Presented Cannon County School Department**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, have been determined on the same basis as they are reported by the discretely presented Cannon County School Department. For this purpose, the school department recognizes benefit payments when due and payable in accordance with benefit terms. The school department's OPEB plan is not administered through a trust.

**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

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

**Primary Government**

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

**Discretely Presented Cannon County School Department**

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

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

**Primary Government**

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

**Discretely Presented Cannon County School Department**

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

**III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**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 and the school department's Internal School Fund (special revenue funds), which are not budgeted, the Other General Government Fund which had no expenditures during the year, and the capital projects funds, which adopt project length budgets. All annual appropriations lapse at fiscal year-end.

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

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

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

At June 30, 2021, Cannon County and the discretely presented Cannon County School Department reported the following significant encumbrances:

<u>Funds</u>	<u>Amount</u>
Primary Government:	
Major Fund:	
Highway/Public Works	\$ 788,734
School Department:	
Major Fund:	
General Purpose School	1,411,024
Nonmajor Fund:	
School Federal Projects	17,887

#### 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 three 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.

In addition, counties may invest in FDIC insured certificates of deposit. The deposit is first made in a bank or savings and loan association, selected by the government entity, with a branch in the state of Tennessee that is authorized to accept county deposits (the depository bank). The depository bank then arranges for the transfer of the moneys into one or more federally insured banks or savings and loan associations, wherever located (secondary depositories), for the account of the county. In turn, the depository bank receives funds from customers of the secondary depositories equal to or greater than the amount initially invested by the county. The balance of county funds with each secondary depository must not exceed FDIC insurance limits so that all funds are fully insured. Under this program, the trustee must provide the depository bank with a listing of all banks and savings and loan associations holding county funds under the same federal employer identification number (FEIN). To prevent deposits from exceeding FDIC coverage, the depository bank is prohibited from using any of those listed banks or savings and loan associations as secondary depositories. The use of this program must be approved by the county investment committee or finance committee as appropriate for the specific county. Further, the investment committee or finance committee must establish policies and procedures for the investments, including the establishment of controls to ensure that full FDIC insurance coverage is obtained. Service providers used by depositories must be approved by the state treasurer upon concurrence by the commissioner of financial institutions and finance and administration. There are currently only two eligible programs that have been approved by the state treasurer: the Certificate of Deposit Account Registry Service (CDARS) and the Insured Cash Sweep (ICS), which operate through IntraFi Network, LLC.

### **Investments**

**Legal Provisions.** Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool, the State Treasurer's Intermediate Term Investment Fund, and in repurchase agreements. The primary oversight responsibility for the investments and operations of the State Treasurer's Investment Pool rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. Investments in

the State Treasurer's Investment Pool are reported both by the pool and the county at amortized cost using a stable net asset value. The primary oversight responsibility for the investments and operations of the Intermediate Term Investment Fund rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. Investments in the Intermediate Term Investment Fund are reported both by the pool and the county at amortized cost using a floating net asset value. Repurchase agreements must be approved by the state Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

The county had no pooled investments as of June 30, 2021.

**Investment Balances.** As of June 30, 2021, Cannon County had the following investments, which were established by court orders requiring the funds to be held by the county clerk on behalf of litigants.

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

<u>Investment</u>	<u>Amounts</u>
Nonpooled:	
Constitutional Officers - Custodial Fund:	
County Clerk:	
Farm Bureau - Annuities	\$ 82,347
Edward Jones - Mutual Funds	<u>16,713</u>
Total Nonpooled Investments	<u><u>\$ 99,060</u></u>

#### **TCRS Stabilization Trust**

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

The trust is authorized to make investments as directed by the TCRS Board of Trustees. The Cannon County School Department may not impose any restrictions on investments placed by the trust on their behalf. It is the intent of the plan trustees to allocate these funds in the future to offset pension costs.

On June 30, 2021, the Cannon County School Department had the following investments held by the trust on its behalf. These funds are recognized as restricted assets in the General Purpose School Fund of the school department.

Investment	Weighted Average Maturity (days)	Maturities	Fair Value
Investments at Fair Value:			
U.S. Equity	N/A	N/A	\$ 46,073
Developed Market International Equity	N/A	N/A	20,807
Emerging Market International Equity	N/A	N/A	5,945
U.S. Fixed Income	N/A	N/A	29,724
Real Estate	N/A	N/A	14,863
Short-term Securities	N/A	N/A	1,486
NAV - Private Equity and Strategic Lending	N/A	N/A	29,724
Total			<u>\$ 148,622</u>

For further information concerning the legal provisions, investment policies, investment types, and credit risks of the school department's investments with the TCRS Stabilization Reserve Trust, audited financial statements of the Tennessee Consolidated Retirement System may be obtained at <https://comptroller.tn.gov/content/dam/cot/sa/advanced-search/disclaimer/2020/ag20045.pdf>.

## **B. Notes Receivable**

Notes receivable in the General Debt Service Fund resulted from the issuance of \$100,000 in capital outlay notes for a building on behalf of the Cannon County Emergency Communications District in prior years. This debt was retired by the county in 2012; however, the district is repaying the county in accordance with an agreed-upon payment schedule. Under the terms of this agreement, the loan bears no interest and matures in the fiscal year ending June 30, 2030. The district's building is pledged as collateral on the indebtedness until the existing principal is paid in full. The balance of notes receivable is \$46,865 at June 30, 2021.



**C. Capital Assets**

Capital assets activity for the year ended June 30, 2021, was as follows:

**Primary Government**

**Governmental Activities:**

	Balance 7-1-20	Increases	Decreases	Balance 6-30-21
Capital Assets Not Depreciated:				
Land	\$ 279,849	\$ 0	\$ 0	\$ 279,849
Construction in Progress	56,906	232,674	(39,339)	250,241
Total Capital Assets Not Depreciated	\$ 336,755	\$ 232,674	\$ (39,339)	\$ 530,090
Capital Assets Depreciated:				
Buildings and Improvements	\$ 7,582,405	\$ 399,591	\$ 0	\$ 7,981,996
Infrastructure	27,009,634	172,565	0	27,182,199
Other Capital Assets	3,052,228	642,595	(147,087)	3,547,736
Total Capital Assets Depreciated	\$ 37,644,267	\$ 1,214,751	\$ (147,087)	\$ 38,711,931
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 4,816,786	\$ 199,036	\$ 0	\$ 5,015,822
Infrastructure	15,533,021	654,227	0	16,187,248
Other Capital Assets	2,127,713	205,035	(130,616)	2,202,132
Total Accumulated Depreciation	\$ 22,477,520	\$ 1,058,298	\$ (130,616)	\$ 23,405,202
Total Capital Assets Depreciated, Net	\$ 15,166,747	\$ 156,453	\$ (16,471)	\$ 15,306,729
Governmental Activities Capital Assets, Net	\$ 15,503,502	\$ 389,127	\$ (55,810)	\$ 15,836,819

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

**Governmental Activities:**

General Government	\$ 129,895
Public Safety	149,803
Public Health and Welfare	74,728
Social, Cultural, and Recreational Services	11,347
Highways/Public Works	<u>692,525</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 1,058,298</u></u>

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

	Balance 7-1-20	Increases	Decreases	Balance 6-30-21
Capital Assets Not Depreciated:				
Land	\$ 170,879	\$ 0	\$ 0	\$ 170,879
Total Capital Assets Not Depreciated	<u>\$ 170,879</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 170,879</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 19,512,089	\$ 0	\$ 0	\$ 19,512,089
Other Capital Assets	1,543,202	196,591	(173,700)	1,566,093
Total Capital Assets Depreciated	<u>\$ 21,055,291</u>	<u>\$ 196,591</u>	<u>\$ (173,700)</u>	<u>\$ 21,078,182</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 12,255,489	\$ 340,940	\$ 0	\$ 12,596,429
Other Capital Assets	898,310	79,683	(166,933)	811,060
Total Accumulated Depreciation	<u>\$ 13,153,799</u>	<u>\$ 420,623</u>	<u>\$ (166,933)</u>	<u>\$ 13,407,489</u>
Total Capital Assets Depreciated, Net	<u>\$ 7,901,492</u>	<u>\$ (224,032)</u>	<u>\$ (6,767)</u>	<u>\$ 7,670,693</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 8,072,371</u></u>	<u><u>\$ (224,032)</u></u>	<u><u>\$ (6,767)</u></u>	<u><u>\$ 7,841,572</u></u>

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

**Governmental Activities:**

Instruction	\$ 352,460
Support Services	<u>68,163</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 420,623</u>

**D. Insurance Recoveries**

The county received insurance proceeds of \$278,822 for damages sustained from a fire at the county jail's garage building. As of June 30, 2021, the county had not yet begun repairs on the building and were still in the process of deciding the best use of these funds.

The school department received \$536,172 in insurance proceeds for repairs of an elementary school's roof that was damaged in a hailstorm. The repairs were made during fiscal year ending June 30, 2022.

**E. Construction Commitments**

At June 30, 2021, the highway department had uncompleted construction contracts of \$289,214 for three bridge projects, and the school department had uncompleted construction contracts of approximately \$1,022,941 for energy efficiency projects at various schools. Funding for the bridge projects future expenditures is expected to be received from state grants. Funding for these energy efficiency projects future expenditures is expected to be from loan proceeds.

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

The composition of interfund balances as of June 30, 2021, was as follows:

**Due to/from Other Funds:**

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 2,240
"	Ambulance Service	220
Highway/Public Works	General	1,500
General Capital Projects	"	209
Nonmajor governmental	"	70
"	Nonmajor governmental	1,212

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

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

Receivable Fund	Payable Fund	Amount
Component Unit:		
School Department:	Primary Government:	
General Purpose School	General Capital Projects	\$ 23,015
General Purpose School	Ambulance Service	326

The \$23,015 balance at June 30, 2021, was the result of other loans issued by the primary government to be contributed to the discretely presented school department for energy efficient projects. At June 30, 2021, the county had requested loan proceeds for work performed during the year; however, the proceeds were not received prior to year-end. The balance of \$326 represents revenue posted to the wrong fund that had not yet been reimbursed at year-end.

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2021, consisted of the following amounts:

**Primary Government**

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

**Discretely Presented Cannon County School Department**

Transfer Out	Transfer In	
	General Purpose School Fund	Purpose
Nonmajor governmental funds	\$ 54,502	Indirect Cost

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

The \$100,000 transfer from the General Debt Service Fund to the Education Debt Service Fund reflects an amount appropriated by the county commission to reimburse for wheel tax revenue from past years that should have been used for school debt but was used for other debt of Cannon County. In the fiscal year ending June 30, 2016, the General Debt Service transferred \$2,128,971 to create the Education Debt Service Fund. County officials stated that it was the county's intention to reimburse another \$1,000,000 from the General Debt Service Fund to the Education Debt Service Fund over a ten-year period to fully return the estimated amount of wheel tax funds that were used in error. The appropriation of this \$100,000 transfer and the actual transfer of funds during the period appear to support the county officials' statement of intent; however, no formal documentation of a liability between the funds could be produced by the county. Therefore, no receivable or payable between the funds has been reflected on the financial statements of this report. From July 1, 2017, through June 30, 2021, the General Debt Service Fund has reimbursed the Education Debt Service Fund \$500,000 of the planned \$1,000,000 reimbursement.

**G. Capital Lease**

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

**H. Long-term Debt**

**Primary Government**

**Notes and Other Loans**

Direct Borrowing and Direct Placements - Cannon County issues other loans to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented school department. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment. Capital outlay notes and other loans are direct obligations and pledge the full faith, credit, and taxing authority of the government. Capital outlay notes and other loans outstanding were issued for original terms of up to 12 years for notes and up to 24 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All other loans included in long-term debt as of June 30, 2021, will be retired from the Education Debt Service Fund.

Other loans outstanding, as of June 30, 2021, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-21
Direct Borrowing and Direct Placement:				
Other Loans	Variable %	5-25-29	\$ 13,399,757	\$ 5,399,219
Other Loans	0.50	11-1-32	998,449	998,449

In prior years, Cannon County entered into a loan agreement with the Montgomery County Public Building Authority. Under this loan agreement the authority loaned \$11,400,000 to Cannon County on an as-needed basis for school construction and improvement projects. The loan is repayable at an interest rate that is a tax-exempt variable rate determined by the remarketing agent daily or weekly, depending on the particular program. In addition, the county pays various other fees (trustee, letter of credit, and debt remarketing) in connection with this loan. At June 30, 2021, the variable interest rate was .02 percent, and other fees totaled approximately .57 percent (letter of credit), .08 percent (remarketing), and a trustee fee of \$85 per month.

In the prior year, Cannon County entered into a loan agreement with the Public Building Authority of the City of Clarksville. This loan agreement provided for the authority to make \$2,171,000 available for loan to Cannon County on an as-needed basis for school construction and improvement projects. At June 30, 2021, the county had drawn down \$1,999,757. The county has completed the project and finalized the loan. The loan is repayable at an interest rate that is a tax-exempt variable rate determined by the remarketing agent daily or weekly, depending on the program. In addition, the county pays various other fees (trustee and administrative) in connection with this loan. At June 30, 2021, the variable interest rate was 1.05 percent, and other fees totaled .15 percent administrative fee and a trustee fee of \$125 per month.

During the year, Cannon County entered into a loan agreement with the Energy Efficient Schools Council. This loan agreement provided for the council to make \$2,021,390 available for loan to Cannon County on an as-needed basis for school efficiency improvements. At June 30, 2021, the county had drawn down \$998,449 of the loan. The loan is repayable at an interest rate of .5 percent.

The annual requirements to amortize all other loans outstanding as of June 30, 2021, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Other Loans - Direct Placement			
	Principal	Interest	Other Fees	Total
2022	\$ 921,656	\$ 29,960	\$ 28,351	\$ 979,967
2023	959,256	27,564	23,939	1,010,759
2024	998,868	25,095	19,312	1,043,275
2025	1,040,492	22,555	14,456	1,077,503
2026	1,083,104	19,966	9,359	1,112,429
2027-2031	1,355,073	51,860	12,187	1,419,120
2032	39,219	412	1,558	41,189
Total	<u>\$ 6,397,668</u>	<u>\$ 177,412</u>	<u>\$ 109,162</u>	<u>\$ 6,684,242</u>

There is \$604,317 available in the General Debt Service Fund and \$2,785,900 available in the Education Debt Service Fund to service long-term debt. Total debt per capita totaled \$441 based on the 2020 federal census.

#### Changes in Long-term Debt

Long-term debt activity for the year ended June 30, 2021, was as follows:

##### Governmental Activities:

	Notes - Direct Placement	Other Loans - Direct Placement	Capital Leases - Direct Placement
Balance, July 1, 2020	\$ 224,300	\$ 5,548,764	\$ 44,533
Additions	0	1,614,904	0
Reductions	(224,300)	(766,000)	(44,533)
Balance, June 30, 2021	<u>\$ 0</u>	<u>\$ 6,397,668</u>	<u>\$ 0</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 921,656</u>	<u>\$ 0</u>

##### Analysis of Noncurrent Liabilities for Debt Presented on Exhibit A:

Total Noncurrent Liabilities - Debt, June 30, 2021	\$ 6,397,668
Less: Balance Due Within One Year - Debt	<u>(921,656)</u>
Noncurrent Liabilities - Due in More Than One Year - Debt - Exhibit A	<u>\$ 5,476,012</u>

**I. Long-term Obligations**

**Changes in Long-term Obligations**

Long-term obligations activity for the year ended June 30, 2021, was as follows:

Governmental Activities:

	<u>Compensated Absences</u>
Balance, July 1, 2020	\$ 51,134
Additions	47,067
Reductions	<u>(44,619)</u>
Balance, June 30, 2021	<u>\$ 53,582</u>
Balance Due Within One Year	<u>\$ 2,679</u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities - Other, June 30, 2021	\$ 53,582
Less: Balance Due Within One Year - Other	<u>(2,679)</u>
Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u>\$ 50,903</u>

Compensated absences will be paid from the employing funds, primarily the General Fund.

**Discretely Presented Cannon County School Department**

**Changes in Long-term Obligations**

Long-term obligations activity for the discretely presented Cannon County School Department for the year ended June 30, 2021, was as follows:



Governmental Activities:	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2020	\$ 87,625	\$ 1,279,966
Additions	53,330	431,798
Reductions	(70,361)	(70,498)
Balance, June 30, 2021	\$ 70,594	\$ 1,641,266
Balance Due Within One Year	\$ 49,417	\$ 0

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities - Other, June 30, 2021	\$ 1,711,860
Less: Balance Due Within One Year - Other	<u>(49,417)</u>
Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u>\$ 1,662,443</u>

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

**J. On-Behalf Payments**

**Discretely Presented Cannon County School Department**

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Cannon County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both plans are administered by the State of Tennessee and reported in the state's Annual Comprehensive Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2021, were \$42,933 and \$21,246, respectively. The school department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

**V. OTHER INFORMATION**

**A. Risk Management**

Cannon County and the Cannon County School Department participate in the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. The county and the school department pay annual premiums to the TN-RMT for their general

liability, property, casualty, and workers' compensation insurance coverage. The creation of the TN-RMT provides for it to be self-sustaining through member premiums.

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

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

GASB Statement No. 84, *Fiduciary Activities* establishes additional guidance for the identification, accounting, and reporting of fiduciary activities. The statement clarifies the four types of fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

GASB Statement No. 90, *Majority Equity Interest* modifies previous guidance and provides guidance for the measurement and reporting of majority equity interest in a legally separate organization. This statement also provides guidance for reporting a component unit if a government acquires a 100 percent equity interest in that component unit.

Paragraphs 4 and 5 of GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* became effective during the year. Paragraph 4 establishes certain component unit criteria for a legally separate entity by the primary government in the absence of a governing board. Paragraph 5 clarifies that the financial benefit burden in paragraph 7 of GASB Statement 84 is applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through certain trusts.

**C. Contingent Liabilities**

The county has received various federal and state grants and other assistance for specific purposes that are subject to review and audit by grantor agencies. Such audits could result in reimbursements to the grantor agencies for expenditures disallowed under the terms of the grants. County management is not aware of any potential disallowances and believes that reimbursements, if any, would not be material.

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

**D. Joint Venture**

Cannon County is a participant with Coffee, Rutherford, and Warren counties in a multi-county Municipal Solid Waste Planning Region. This entity was created to promote the preparation of municipal solid waste regional plans to effectively and efficiently manage solid waste. This entity is governed by a 13-member board comprising appointees from Cannon County (2), Coffee County (2), Rutherford County (3), Warren County (2), the city of Manchester (1), the city of McMinnville (1), the city of Murfreesboro (1), and the city of Woodbury (1). Funding is provided from member contributions and grants. There are no separately issued financial statements for the Municipal Solid Waste Planning Region. Rutherford County has been designated as the fiscal agent for the Planning Region and accounts for its activities through the Joint Venture Fund (agency fund), which is included in the financial statements reflected in Rutherford County's comprehensive annual financial report. Cannon County does not have an equity interest in this joint venture.

**E. Retirement Commitments**

**1. Tennessee Consolidated Retirement System (TCRS)**

**Primary Government**

**General Information About the Pension Plan**

*Plan Description.* Employees of Cannon County and non-certified employees of the discretely presented Cannon County School Department are provided a defined benefit pension plan through the Public Employee Pension Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 64.71 percent, the non-certified employees of the discretely presented school department comprise 35.29 percent of the plan based on contribution data. The TCRS was created by state statute under

*Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

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

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

*Employees Covered by Benefit Terms.* At the measurement date of June 30, 2020, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	120
Inactive Employees Entitled to But Not Yet Receiving Benefits	294
Active Employees	<u>200</u>
Total	<u><u>614</u></u>

*Contributions.* Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. Cannon County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2021, the employer contribution for Cannon County was \$111,079 based on a rate of 1.94 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Cannon County's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contributions (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

#### **Net Pension Liability (Asset)**

Cannon County's net pension liability (asset) was measured as of June 30, 2020, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

*Actuarial Assumptions.* The total pension liability as of the June 30, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2020, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

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

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

*Discount Rate.* The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from Cannon

County will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

### Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance, July 1, 2019	\$ 15,305,091	\$ 17,238,462	\$ (1,933,371)
Changes for the Year:			
Service Cost	\$ 419,484	\$ 0	\$ 419,484
Interest	1,113,356	0	1,113,356
Differences Between Expected and Actual Experience	55,497	0	55,497
Contributions-Employer	0	102,295	(102,295)
Contributions-Employees	0	264,258	(264,258)
Net Investment Income	0	845,467	(845,467)
Benefit Payments, Including Refunds of Employee Contributions	(735,872)	(735,872)	0
Administrative Expense	0	(16,781)	16,781
Net Changes	\$ 852,465	\$ 459,367	\$ 393,098
Balance, June 30, 2020	\$ 16,157,556	\$ 17,697,829	\$ (1,540,273)

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	64.71%	\$ 10,455,554	\$ 11,452,265	\$ (996,711)
School Department	35.29%	5,702,002	6,245,564	(543,562)
Total		\$ 16,157,556	\$ 17,697,829	\$ (1,540,273)

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

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

Net Pension Liability (Asset)    \$ 470,213    \$ (1,540,273)    \$ (3,213,226)

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

*Pension Expense.* For the year ended June 30, 2021, Cannon County recognized pension expense of \$76,591.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2021, Cannon County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:



	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 218,594	\$ 297,288
Net Difference Between Projected and Actual Earnings on Pension Plan		
Investments	129,362	0
Changes in Assumptions	78,034	0
Contributions Subsequent to the Measurement Date of June 30, 2020 (1)	111,079	N/A
Total	<u>\$ 537,069</u>	<u>\$ 297,288</u>

- (1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2020,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 352,333	\$ 192,375
School Department	184,736	104,913
Total	<u>\$ 537,069</u>	<u>\$ 297,288</u>

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

<u>Year Ending June 30</u>	<u>Amount</u>
2022	\$ (53,752)
2023	(43,273)
2024	136,557
2025	89,164
2026	0
Thereafter	0

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

### **Discretely Presented Cannon County School Department**

#### **Non-certified Employees**

##### **General Information About the Pension Plan**

*Plan Description.* As noted above under the primary government, employees of Cannon County and non-certified employees of the discretely presented Cannon County School Department are provided a defined benefit pension plan through the Public Employee Pension Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 64.71 percent and the non-certified employees of the discretely presented school department comprise 35.29 percent of the plan based on contribution data.

#### **Certified Employees**

##### **Teacher Retirement Plan**

##### **General Information About the Pension Plan**

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

of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

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

*Contributions.* Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers are required to contribute five percent of their salary to the plan. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions

are not remitted. Employer contributions for the year ended June 30, 2021, to the Teacher Retirement Plan were \$44,820, which is 2.02 percent of covered payroll. In addition, employer contributions of \$42,587, which is 1.98 percent of covered payroll were made to the Pension Stabilization Reserve Trust Fund to fund future pension costs. The employer rate, when combined with member contributions and the stabilization reserve trust funds, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

*Pension Liabilities (Assets).* At June 30, 2021, the school department reported a liability (asset) of (\$92,907) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2020, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The school department's proportion of the net pension liability (asset) was based on the school department's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2020, the school department's proportion was .163383 percent. The proportion as of June 30, 2019, was .173335 percent.

*Pension Expense.* For the year ended June 30, 2021, the school department recognized pension expense of \$36,730.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2021, the school department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 3,452	\$ 23,282
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	7,568	0
Changes in Assumptions	2,913	0
Changes in Proportion of Net Pension Liability (Asset)	4,425	12,881
LEA's Contributions Subsequent to the Measurement Date of June 30, 2020	44,820	N/A
Total	<u>\$ 63,178</u>	<u>\$ 36,163</u>

The school department's employer contributions of \$44,820 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase of net pension asset in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2022	\$ (1,598)
2023	(504)
2024	54
2025	213
2026	(2,351)
Thereafter	(13,618)

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

*Actuarial Assumptions.* The total pension liability in the June 30, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2020, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

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

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

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

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

School Department's		Current	
Proportionate Share of	1%	Discount	1%
the Net Pension	Decrease	Rate	Increase
Liability (Asset)	6.25%	7.25%	8.25%

Net Pension Liability (Asset)   \$   72,266   \$   (92,907)   \$   (214,659)

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

### **Teacher Legacy Pension Plan**

#### **General Information About the Pension Plan**

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

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



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

*Contributions.* Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers are required to contribute five percent of their salaries. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Cannon County School Department for the year ended June 30, 2021, to the Teacher Legacy Pension Plan were \$643,808, which is 10.27 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

*Pension Liability (Assets).* At June 30, 2021, the school department reported a liability (asset) of (\$1,565,487) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The school department's proportion of the net pension liability (asset) was based on the school department's long-term share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2020, the school department's proportion was .205290 percent. The proportion measured at June 30, 2019, was .210564 percent.

*Pension Expense (Negative Pension Expense).* For the year ended June 30, 2021, the school department recognized pension expense (negative pension expense) of (\$23,637).

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2021, the school department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 59,513	\$ 752,658
Changes in Assumptions	142,217	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	349,635	0
Changes in Proportion of Net Pension Liability (Asset)	17,139	4,454
LEA's Contributions Subsequent to the Measurement Date of June 30, 2020	643,808	N/A
Total	<u>\$ 1,212,312</u>	<u>\$ 757,112</u>

The school department's employer contributions of \$643,808 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a decrease in net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2022	\$ (382,901)
2023	(52,049)
2024	14,733
2025	231,608
2026	0
Thereafter	0

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

*Actuarial Assumptions.* The total pension liability in the June 30, 2020, actuarial valuation was determined using the following

actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2020, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

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

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

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

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

School Department's		Current	
Proportionate Share of	1%	Discount	1%
the Net Pension	Decrease	Rate	Increase
Liability (Asset)	6.25%	7.25%	8.25%

Net Pension Liability (Asset)   \$ 4,868,629   \$ (1,565,487)   \$ (6,900,880)

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

## 2. **Deferred Compensation**

Teachers hired after July 1, 2014, by the school department are required to participate in a hybrid pension plan consisting of a defined benefit portion, which is detailed in the pensions footnote above and is managed by the Tennessee Consolidated Retirement System, and a defined contribution portion which is placed into the state's 401(k) plan and is managed by the employee. The defined contribution portion of the plan requires that the school department contribute five percent of each teacher's salary into their deferred compensation plan. In addition, teachers are required to contribute two percent of their salaries into this deferred compensation plan, unless they opt out of the employee portion. During the year, the school department contributed \$120,954 and teachers contributed \$33,283 to this deferred compensation pension plan.

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

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

The Cannon County School Department provides healthcare benefits to its certified retirees under the Local Education Plan (LEP) until they reach Medicare eligibility. The certified retirees of Cannon County School Department may then join the Tennessee Plan – Medicare (TNM), which provides supplemental medical insurance for retirees with Medicare. However, the school department does not provide any subsidy (direct or indirect) to this plan and therefore does not recognize any OPEB liability associated with the TNM.

The school department's total OPEB liability for the plan was measured as of June 30, 2020, and was determined by an actuarial valuation as of that date.

*Actuarial Assumptions and Other Inputs.* The total OPEB liability in the June 30, 2020, actuarial valuation of the plan was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Inflation	2.1%
Salary Increases	Salary increases used in the July 1, 2020, TCRS actuarial valuation; 3.44% to 8.72%, including inflation
Discount Rate	2.21%
Healthcare Cost Trend Rates	Based on the Getzen Model, with trend starting at 9.02% for pre-65 retirees in the 2021 calendar year, and decreasing annually over a 10-year period to an ultimate trend rate of 4.5%
Retirees Share of Benefit Related Cost	Discussed under each plan

The discount rate was 2.21%, based on the daily rate of Bond Buyer's 20-year Municipal GO AA index closest to but not later than the measurement date.

Mortality rates were based on the results of a statewide experience study undertaken on behalf of the Tennessee Consolidated Retirement System (TCRS). These mortality rates were used in the July 1, 2020, actuarial valuation of the TCRS.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2020, valuations were the same as those employed in the July 1, 2019, Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2012 - June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Post-retirement tables are Blue Collar and adjusted with a 2 percent load for males and a -3 percent load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10 percent load.

*Changes in Assumptions.* The discount rate changed from 3.51 percent as of the beginning of the measurement period to 2.21 percent as of the

measurement date of June 30, 2020. This change in assumption increased the total OPEB liability. Other changes in assumptions include adjustments to initial per capita costs and health trend rates. The trend rate applicable to the 2021 plan year was revised from 6.03 percent to 9.02 percent. The assumed long term inflation rate was changed from 2.2 percent to 2.1 percent.

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

*Plan Description.* Employees of the Cannon County School Department who were hired prior to July 1, 2015, are provided with pre-65 retiree health insurance benefits through the closed Local Education Plan (LEP) administered by the Tennessee Department of Finance and Administration. All eligible pre-65 retired teachers, support staff, and disability participants of local education agencies, who choose coverage, participate in the LEP. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

*Benefits Provided.* The Cannon County School Department offers the LEP to provide health insurance coverage to eligible pre-65 retirees, support staff, and disabled participants of local education agencies. Retirees are required to discontinue coverage under the LEP upon obtaining Medicare eligibility. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-301 establishes and amends the benefit terms of the LEP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO, or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members of the LEP receive the same plan benefits as active employees at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for retiree premiums. The school department does not provide a direct subsidy and is only subject to the implicit subsidy.

#### **Employees Covered by Benefit Terms**

At the measurement date of June 30, 2020, the following employees were covered by the benefit terms:

	<u>School Department</u>
Inactive Employees Currently Receiving Benefit Payments	11
Inactive Employees Entitled To But Not Yet Receiving Benefit Payments	0
Active Employees Eligible For Benefits	<u>180</u>
Total	<u><u>191</u></u>

A state insurance committee, created in accordance with *TCA 8-27-301*, establishes the required payments to the LEP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the school department paid \$80,716 to the LEP for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

	<u>Share of Collective Liability</u>		
	Cannon County School Department 66.09%	State of TN 33.91%	Total OPEB Liability
Balance July 1, 2019	\$ 1,279,966	\$ 697,224	\$ 1,977,190
Changes for the Year:			
Service Cost	\$ 69,606	\$ 35,713	\$ 105,319
Interest	47,083	24,157	71,240
Difference between Expected and Actuarial Experience	110,139	56,508	166,647
Change in Proportion	26,779	(26,779)	0
Changes in Assumption and Other Inputs	178,191	91,423	269,614
Benefit Payments	(70,498)	(36,170)	(106,668)
Net Changes	<u>\$ 361,300</u>	<u>\$ 144,852</u>	<u>\$ 506,152</u>
Balance June 30, 2020	<u><u>\$ 1,641,266</u></u>	<u><u>\$ 842,076</u></u>	<u><u>\$ 2,483,342</u></u>

The Cannon County School Department has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the LEP. The Cannon County School Department's proportionate share of the collective total OPEB liability was based on a projection of the employer's long-term share of benefit payments



to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The school department recognized \$66,319 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the LEP for school department retirees.

During the year, the Cannon County School Department's proportionate share of the collective OPEB liability was 66.09 percent and the State of Tennessee's share was 33.91 percent.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2021, the school department recognized OPEB expense of \$205,987, including the state's share of the expense. At June 30, 2021, the school department reported deferred outflows of resources and deferred inflows of resources related to its proportionate share of OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 307,226	\$ 212,367
Changes of Assumptions and Other Inputs	184,369	121,993
Changes in Proportion and Differences Between Amounts Paid as Benefits Came Due and Proportionate Share Amounts Paid by the Employer and Nonemployer Contributors As Benefits Came Due	43,774	15,470
Benefits Paid After the Measurement Date of June 30, 2020	<u>80,716</u>	<u>0</u>
Total	<u>\$ 616,085</u>	<u>\$ 349,830</u>

The amount shown above for "Benefits Paid After the Measurement Date" will be recognized as a reduction to OPEB liability in the following measurement period.

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

<u>Year Ending June 30</u>	<u>School Department</u>
2022	\$ 22,979
2023	22,979
2024	22,979
2025	22,979
2026	22,979
Thereafter	70,644

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

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

<u>Discount Rate</u>	Current Discount Rate
1% Decrease 1.21%	1% Increase 2.21%

Proportionate Share of the Collective Total OPEB Liability	\$ 1,758,364	\$ 1,641,266	\$ 1,527,430
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*Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Healthcare Cost Trend Rate.* The following presents the school department's proportionate share of the collective total OPEB liability related to the LEP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate.

<u>Healthcare Cost Trend Rate</u>	Curent Rates
1% Decrease 8.02 to 3.5%	1% Increase 9.02 to 4.5%

Proportionate Share of the Collective Total OPEB Liability	\$ 1,454,978	\$ 1,641,266	\$ 1,860,098
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**G. Office of Central Accounting, Budgeting, and Purchasing**

Cannon County operates under provisions of the County Financial Management System of 1981. This act provides for a central system of accounting, budgeting, and purchasing for all county departments. The act also provides for the creation of a finance department operated under the direction of the finance director.

**H. Purchasing Law**

The County Financial Management System of 1981 provides for the finance director, or a deputy appointed by her, to serve as the county purchasing agent. The finance director serves as the purchasing agent for Cannon County. All purchase orders are issued by the finance department. Purchases exceeding \$10,000 for the Office of County Executive, Office of Road Supervisor and the discretely presented school department are required to be competitively bid.

**I. Subsequent Event**

Between July 1, 2021, and February 1, 2022, Cannon County issued \$410,468 in loans for energy efficiency projects at the schools. These funds were drawn from funds available from the original energy efficiency loan of \$2,021,390 authorized in November 2021.

# **REQUIRED SUPPLEMENTARY INFORMATION**

Exhibit F-1

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

	2014	2015	2016	2017	2018	2019	2020
<b>Total Pension Liability</b>							
Service Cost	\$ 348,558	\$ 370,691	\$ 410,650	\$ 394,333	\$ 422,188	\$ 420,680	\$ 419,484
Interest	827,397	865,340	930,251	976,138	1,035,483	1,039,361	1,113,356
Differences Between Actual and Expected Experience	(205,229)	87,733	(213,266)	65,662	(743,223)	268,436	55,497
Changes in Assumptions	0	0	0	390,178	0	0	0
Benefit Payments, Including Refunds of Employee Contributions	(444,221)	(529,698)	(466,784)	(532,188)	(641,453)	(677,443)	(735,872)
Net Change in Total Pension Liability	\$ 526,505	\$ 794,066	\$ 660,851	\$ 1,294,123	\$ 72,995	\$ 1,051,034	\$ 852,465
Total Pension Liability, Beginning	10,905,517	11,432,022	12,226,088	12,886,939	14,181,062	14,254,057	15,305,091
Total Pension Liability, Ending (a)	\$ 11,432,022	\$ 12,226,088	\$ 12,886,939	\$ 14,181,062	\$ 14,254,057	\$ 15,305,091	\$ 16,157,556
<b>Plan Fiduciary Net Position</b>							
Contributions - Employer	\$ 413,808	\$ 418,337	\$ 438,698	\$ 443,053	\$ 419,280	\$ 415,081	\$ 102,295
Contributions - Employee	223,235	245,660	270,198	259,096	245,193	245,228	264,258
Net Investment Income	1,708,609	375,154	337,733	1,502,700	1,231,935	1,195,770	845,467
Benefit Payments, Including Refunds of Employee Contributions	(444,221)	(529,698)	(466,784)	(532,188)	(641,453)	(677,443)	(735,872)
Administrative Expense	(6,699)	(10,271)	(15,075)	(16,324)	(18,041)	(16,126)	(16,781)
Net Change in Plan Fiduciary Net Position	\$ 1,894,732	\$ 499,182	\$ 564,770	\$ 1,656,337	\$ 1,236,914	\$ 1,162,510	\$ 459,367
Plan Fiduciary Net Position, Beginning	10,224,017	12,118,749	12,617,931	13,182,701	14,839,038	16,075,952	17,238,462
Plan Fiduciary Net Position, Ending (b)	\$ 12,118,749	\$ 12,617,931	\$ 13,182,701	\$ 14,839,038	\$ 16,075,952	\$ 17,238,462	\$ 17,697,829
Net Pension Liability (Asset), Ending (a - b)	\$ (686,727)	\$ (391,843)	\$ (295,762)	\$ (657,976)	\$ (1,821,895)	\$ (1,933,371)	\$ (1,540,273)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	106.01%	103.20%	102.30%	104.64%	112.78%	112.63%	109.53%
Covered Payroll	\$ 4,288,165	\$ 4,892,826	\$ 5,130,974	\$ 4,970,589	\$ 4,910,211	\$ 4,854,743	\$ 5,272,942
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(16.01)%	(8.01)%	(5.76)%	(13.24)%	(37.10)%	(39.82)%	(29.21)%

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

Note 2: The agent plan is a single plan reported under one account with the Tennessee Consolidated Retirement System. This plan covers employees of the primary government and non-certified employees of the discretely presented school department.

Exhibit F-2

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

	2014	2015	2016	2017	2018	2019	2020	2021
Actuarially Determined Contribution	\$ 413,808	\$ 418,337	\$ 438,698	\$ 343,965	\$ 419,280	\$ 171,858	\$ 102,295	\$ 111,079
Less Contributions in Relation to the Actuarially Determined Contribution	(413,808)	(418,337)	(438,698)	(443,053)	(419,280)	(415,081)	(102,295)	(111,079)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ (99,088)	\$ 0	\$ (243,223)	\$ 0	\$ 0
Covered Payroll	\$ 4,288,165	\$ 4,892,826	\$ 5,130,974	\$ 4,970,589	\$ 4,910,211	\$ 4,854,743	\$ 5,272,942	\$ 5,725,691
Contributions as a Percentage of Covered Payroll	9.65%	8.55%	8.55%	8.91%	8.54%	8.55%	1.94%	1.94%

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

Note 2: The agent plan is a single plan reported under one account with the Tennessee Consolidated Retirement System. This plan covers employees of the primary government and non-certified employees of the discretely presented school department.

Exhibit F-3

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

	2015	2016	2017	2018	2019	2020	2021
Contractually Required Contribution	\$ 8,173	\$ 20,475	\$ 36,777	\$ 53,451	\$ 35,584	\$ 41,854	\$ 44,820
Less Contributions in Relation to the Contractually Required Contribution	(8,173)	(20,475)	(36,777)	(53,451)	(35,584)	(41,854)	(44,820)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 204,315	\$ 511,869	\$ 919,431	\$ 1,336,278	\$ 1,834,221	\$ 2,061,783	\$ 2,217,537
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	4.00%	4.00%	1.94%	2.03%	2.02%

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

Note 2: Beginning in FY 2019, the school department placed the actuarially determined contribution rate of covered payroll into the pension plan and placed the remainder of the four percent contractually required contribution into the Pension Stabilization Reserve Trust (SRT).

2019: Pension - 1.94%, SRT - 2.02%

2020: Pension - 2.03%, SRT - 1.97%

2021: Pension - 2.02%, SRT - 1.98%

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

	2014	2015	2016	2017	2018	2019	2020	2021
Contractually Required Contribution	\$ 688,431	\$ 667,670	\$ 648,617	\$ 643,024	\$ 639,814	\$ 738,528	\$ 726,303	\$ 643,808
Less Contributions in Relation to the Contractually Required Contribution	(688,431)	(667,670)	(648,617)	(643,024)	(639,814)	(738,528)	(726,303)	(643,808)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 7,752,601	\$ 7,385,732	\$ 7,174,965	\$ 7,113,092	\$ 7,040,046	\$ 7,060,490	\$ 6,832,577	\$ 6,268,823
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.04%	9.09%	10.46%	10.63%	10.27%

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



Exhibit F-5

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

	2015	2016	2017	2018	2019	2020
School Department's Proportion of the Net Pension Liability (Asset)	0.096305%	0.116333%	0.140085%	0.152913%	0.173335%	0.163383%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (3,956)	\$ (12,111)	\$ (36,960)	\$ (69,350)	\$ (97,845)	\$ (92,907)
Covered Payroll	\$ 204,315	\$ 511,869	\$ 919,431	\$ 1,336,278	\$ 1,834,221	\$ 2,061,783
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(1.94)%	(2.37)%	(4.02)%	(5.19)%	(5.33)%	(4.51)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	127.46%	121.88%	126.81%	126.97%	123.07%	116.52%

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

Exhibit F-6

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

	2014	2015	2016	2017	2018	2019	2020
School Department's Proportion of the Net Pension Liability (Asset)	0.197519%	0.197295%	0.198764%	0.201222%	0.201230%	0.210564%	0.205290%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (32,096)	\$ 80,819	\$ 1,242,163	\$ (65,837)	\$ (708,110)	\$ (2,164,973)	\$ (1,565,487)
Covered Payroll	\$ 7,752,601	\$ 7,385,732	\$ 7,174,965	\$ 7,113,092	\$ 7,040,046	\$ 7,060,490	\$ 6,832,577
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(0.41)%	1.09%	17.31%	(0.93)%	(10.06)%	(30.66)%	(22.91)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	100.08%	99.81%	97.14%	100.14%	101.49%	104.28%	103.09%

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

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

	2017	2018	2019	2020
<b>Total OPEB Liability</b>				
Service Cost	\$ 126,075	\$ 116,731	\$ 100,552	\$ 105,319
Interest	58,386	71,813	62,094	71,240
Differences Between Actual and Expected Experience	0	(451,591)	407,755	166,647
Changes in Assumptions or Other Inputs	(95,069)	56,195	(163,023)	269,614
Benefit Payments	(55,243)	(69,443)	(89,104)	(106,668)
Net Change in Total OPEB Liability	\$ 34,149	\$ (276,295)	\$ 318,274	\$ 506,152
Total OPEB Liability, Beginning	1,901,062	1,935,211	1,658,916	1,977,190
Total OPEB Liability, Ending	<u>\$ 1,935,211</u>	<u>\$ 1,658,916</u>	<u>\$ 1,977,190</u>	<u>\$ 2,483,342</u>
Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	\$ 687,228	\$ 567,253	\$ 697,224	\$ 842,076
Employer Proportionate Share of the Total OPEB Liability	1,247,983	1,091,663	1,279,966	1,641,266
Covered Employee Payroll	\$ 9,755,232	\$ 10,674,368	\$ 10,752,418	\$ 10,256,770
Net OPEB Liability as a Percentage of Covered Employee Payroll	19.84%	15.54%	18.39%	24.21%

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

Note 2: Changes in assumptions.

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

2016	2.92%
2017	3.56%
2018	3.62%
2019	3.51%
2020	2.21%

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

Plan year 2019 - from 5.4% to 6.75%  
Plan year 2020 - from 6.75% to 6.03%  
Plan year 2021 - from 6.03% to 9.02%

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

**CANNON COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2021**

**TENNESSEE CONSOLIDATED RETIREMENT SYSTEM**

*Valuation Date:* Actuarially determined contribution rates for fiscal year 2021 were calculated based on the July 1, 2019, actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization Period	Varies by Year
Asset Valuation	10-Year Smoothed Within a 20% Corridor to Market Value
Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, averaging 4%
Investment Rate of Return	7.25%, Net of Investment Expense, Including Inflation
Retirement Age	Pattern of Retirement Determined by Experience Study
Mortality	Customized Table Based on Actual Experience Including an Adjustment for Some Anticipated Improvement
Cost of Living Adjustment	2.25%

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

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

# Nonmajor Governmental Funds

## Special Revenue Funds

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Special Revenue Funds are used to 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.

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Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for transactions involving solid waste collection. This fund was established during the current year. These transactions were previously reported in the General Fund.

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

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

## Debt Service Funds

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

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

# Capital Projects Funds

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

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

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

Exhibit G-1

Cannon County, Tennessee  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2021

	Special Revenue Funds				Debt Service Fund	Capital Projects Funds
	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	General Debt Service	Education Capital Projects
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 763	\$ 763	\$ 0	\$ 0
Equity in Pooled Cash and Investments	329,536	125,529	0	455,065	555,942	48,207
Accounts Receivable	1,072	0	0	1,072	0	0
Due from Other Governments	45,440	0	0	45,440	0	0
Due from Other Funds	0	0	0	0	1,282	0
Property Taxes Receivable	221,671	0	0	221,671	137,519	0
Allowance for Uncollectible Property Taxes	(3,550)	0	0	(3,550)	(2,219)	0
Notes Receivable - Long-term	0	0	0	0	46,865	0
Total Assets	<u>\$ 594,169</u>	<u>\$ 125,529</u>	<u>\$ 763</u>	<u>\$ 720,461</u>	<u>\$ 739,389</u>	<u>\$ 48,207</u>
<u>LIABILITIES</u>						
Accounts Payable	\$ 23,708	\$ 0	\$ 0	\$ 23,708	\$ 0	\$ 0
Due to Other Funds	2,689	0	763	3,452	0	0
Total Liabilities	<u>\$ 26,397</u>	<u>\$ 0</u>	<u>\$ 763</u>	<u>\$ 27,160</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 213,253	\$ 0	\$ 0	\$ 213,253	\$ 133,283	\$ 0
Deferred Delinquent Property Taxes	2,862	0	0	2,862	1,789	0
Other Deferred/Unavailable Revenue	22,846	0	0	22,846	0	0
Total Deferred Inflows of Resources	<u>\$ 238,961</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 238,961</u>	<u>\$ 135,072</u>	<u>\$ 0</u>

(Continued)



Exhibit G-1

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

	Special Revenue Funds				Debt Service Fund	Capital Projects Funds
	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	General Debt Service	Education Capital Projects
<u>FUND BALANCES</u>						
Restricted:						
Restricted for Public Safety	\$ 0	\$ 125,529	\$ 0	\$ 125,529	\$ 0	\$ 0
Restricted for Public Health and Welfare	328,811	0	0	328,811	0	0
Restricted for Capital Outlay	0	0	0	0	0	48,207
Restricted for Debt Service	0	0	0	0	557,452	0
Committed:						
Committed for Capital Projects	0	0	0	0	0	0
Assigned:						
Assigned for Debt Service	0	0	0	0	46,865	0
Total Fund Balances	<u>\$ 328,811</u>	<u>\$ 125,529</u>	<u>\$ 0</u>	<u>\$ 454,340</u>	<u>\$ 604,317</u>	<u>\$ 48,207</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 594,169</u>	<u>\$ 125,529</u>	<u>\$ 763</u>	<u>\$ 720,461</u>	<u>\$ 739,389</u>	<u>\$ 48,207</u>

(Continued)

Exhibit G-1

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

ASSETS

Cash  
Equity in Pooled Cash and Investments  
Accounts Receivable  
Due from Other Governments  
Due from Other Funds  
Property Taxes Receivable  
Allowance for Uncollectible Property Taxes  
Notes Receivable - Long-term

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

<u>Capital Projects Funds (Cont.)</u>		Total Nonmajor Governmental Funds
Other Capital Projects	Total	
\$ 0	\$ 0	\$ 763
219,978	268,185	1,279,192
0	0	1,072
0	0	45,440
0	0	1,282
0	0	359,190
0	0	(5,769)
0	0	46,865
<u>\$ 219,978</u>	<u>\$ 268,185</u>	<u>\$ 1,728,035</u>
\$ 0	\$ 0	\$ 23,708
0	0	3,452
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 27,160</u>
\$ 0	\$ 0	\$ 346,536
0	0	4,651
0	0	22,846
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 374,033</u>

(Continued)

Exhibit G-1

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

FUND BALANCES

Restricted:

Restricted for Public Safety  
 Restricted for Public Health and Welfare  
 Restricted for Capital Outlay  
 Restricted for Debt Service

Committed:

Committed for Capital Projects

Assigned:

Assigned for Debt Service

Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

<u>Capital Projects Funds (Cont.)</u>		Total Nonmajor Governmental Funds
Other Capital Projects	Total	
\$ 0	\$ 0	\$ 125,529
0	0	328,811
0	48,207	48,207
0	0	557,452
219,978	219,978	219,978
0	0	46,865
<u>\$ 219,978</u>	<u>\$ 268,185</u>	<u>\$ 1,326,842</u>
<u>\$ 219,978</u>	<u>\$ 268,185</u>	<u>\$ 1,728,035</u>

Exhibit G-2

Cannon County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2021

	Special Revenue Funds				Debt Service Fund	Capital Projects Funds
	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Total	General Debt Service	Education Capital Projects
<u>Revenues</u>						
Local Taxes	\$ 483,909	\$ 0	\$ 0	\$ 483,909	\$ 217,494	\$ 71,958
Fines, Forfeitures, and Penalties	0	25,641	0	25,641	0	0
Charges for Current Services	11,118	0	94	11,212	0	0
Other Local Revenues	0	0	0	0	0	0
Total Revenues	\$ 495,027	\$ 25,641	\$ 94	\$ 520,762	\$ 217,494	\$ 71,958
<u>Expenditures</u>						
Current:						
Administration of Justice	\$ 0	\$ 0	\$ 94	\$ 94	\$ 0	\$ 0
Public Safety	0	20,991	0	20,991	0	0
Public Health and Welfare	707,264	0	0	707,264	0	0
Support Services	0	0	0	0	0	26,460
Debt Service:						
Principal on Debt	0	0	0	0	224,300	0
Interest on Debt	0	0	0	0	6,508	0
Other Debt Service	0	0	0	0	3,555	0
Total Expenditures	\$ 707,264	\$ 20,991	\$ 94	\$ 728,349	\$ 234,363	\$ 26,460
Excess (Deficiency) of Revenues Over Expenditures	\$ (212,237)	\$ 4,650	\$ 0	\$ (207,587)	\$ (16,869)	\$ 45,498
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ 0	\$ 0	\$ 0	\$ 0	\$ (100,000)	\$ 0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ (100,000)	\$ 0

(Continued)

Exhibit G-2

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

	Special Revenue Funds				Debt Service Fund	Capital Projects Funds
	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	General Debt Service	Education Capital Projects
Net Change in Fund Balances	\$ (212,237)	\$ 4,650	\$ 0	\$ (207,587)	\$ (116,869)	\$ 45,498
Fund Balance, July 1, 2020	541,048	120,879	0	661,927	721,186	2,709
Fund Balance, June 30, 2021	\$ 328,811	\$ 125,529	\$ 0	\$ 454,340	\$ 604,317	\$ 48,207

(Continued)

Exhibit G-2

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

	<u>Capital Projects Funds (Cont.)</u>		Total Nonmajor Governmental Funds
	Other Capital Projects	Total	
<u>Revenues</u>			
Local Taxes	\$ 0	\$ 71,958	\$ 773,361
Fines, Forfeitures, and Penalties	0	0	25,641
Charges for Current Services	0	0	11,212
Other Local Revenues	30,347	30,347	30,347
Total Revenues	<u>\$ 30,347</u>	<u>\$ 102,305</u>	<u>\$ 840,561</u>
<u>Expenditures</u>			
Current:			
Administration of Justice	\$ 0	\$ 0	\$ 94
Public Safety	0	0	20,991
Public Health and Welfare	0	0	707,264
Support Services	0	26,460	26,460
Debt Service:			
Principal on Debt	0	0	224,300
Interest on Debt	0	0	6,508
Other Debt Service	0	0	3,555
Total Expenditures	<u>\$ 0</u>	<u>\$ 26,460</u>	<u>\$ 989,172</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 30,347</u>	<u>\$ 75,845</u>	<u>\$ (148,611)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ 0	0	(100,000)
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>0</u>	<u>(100,000)</u>

(Continued)

Exhibit G-2

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

	<u>Capital Projects Funds (Cont.)</u>		Total Nonmajor Governmental Funds
	Other Capital Projects	Total	
Net Change in Fund Balances	\$ 30,347	\$ 75,845	\$ (248,611)
Fund Balance, July 1, 2020	189,631	192,340	1,575,453
Fund Balance, June 30, 2021	<u>\$ 219,978</u>	<u>\$ 268,185</u>	<u>\$ 1,326,842</u>

Exhibit G-3

Cannon County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Solid Waste/Sanitation Fund  
For the Year Ended June 30, 2021

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 483,909	\$ 386,904	\$ 386,904	\$ 97,005
Charges for Current Services	11,118	16,600	16,600	(5,482)
Total Revenues	<u>\$ 495,027</u>	<u>\$ 403,504</u>	<u>\$ 403,504</u>	<u>\$ 91,523</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Sanitation Management	\$ 707,264	\$ 699,817	\$ 722,187	\$ 14,923
Total Expenditures	<u>\$ 707,264</u>	<u>\$ 699,817</u>	<u>\$ 722,187</u>	<u>\$ 14,923</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (212,237)</u>	<u>\$ (296,313)</u>	<u>\$ (318,683)</u>	<u>\$ 106,446</u>
Net Change in Fund Balance	\$ (212,237)	\$ (296,313)	\$ (318,683)	\$ 106,446
Fund Balance, July 1, 2020	<u>541,048</u>	<u>509,019</u>	<u>509,019</u>	<u>32,029</u>
Fund Balance, June 30, 2021	<u><u>\$ 328,811</u></u>	<u><u>\$ 212,706</u></u>	<u><u>\$ 190,336</u></u>	<u><u>\$ 138,475</u></u>



Exhibit G-4

Cannon County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Drug Control Fund  
For the Year Ended June 30, 2021

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 25,641	\$ 19,800	\$ 19,800	\$ 5,841
Total Revenues	\$ 25,641	\$ 19,800	\$ 19,800	\$ 5,841
<u>Expenditures</u>				
<u>Public Safety</u>				
Sheriff's Department	\$ 20,991	\$ 96,000	\$ 96,000	\$ 75,009
Total Expenditures	\$ 20,991	\$ 96,000	\$ 96,000	\$ 75,009
Excess (Deficiency) of Revenues Over Expenditures	\$ 4,650	\$ (76,200)	\$ (76,200)	\$ 80,850
Net Change in Fund Balance	\$ 4,650	\$ (76,200)	\$ (76,200)	\$ 80,850
Fund Balance, July 1, 2020	120,879	149,943	149,943	(29,064)
Fund Balance, June 30, 2021	\$ 125,529	\$ 73,743	\$ 73,743	\$ 51,786

## Exhibit G-5

Cannon County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Debt Service Fund  
For the Year Ended June 30, 2021

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 217,494	\$ 208,990	\$ 208,990	\$ 8,504
Total Revenues	\$ 217,494	\$ 208,990	\$ 208,990	\$ 8,504
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 224,300	\$ 48,000	\$ 224,300	\$ 0
<u>Interest on Debt</u>				
General Government	6,508	8,500	7,500	992
<u>Other Debt Service</u>				
General Government	3,555	3,000	4,000	445
Total Expenditures	\$ 234,363	\$ 59,500	\$ 235,800	\$ 1,437
Excess (Deficiency) of Revenues Over Expenditures	\$ (16,869)	\$ 149,490	\$ (26,810)	\$ 9,941
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (100,000)	\$ (100,000)	\$ (100,000)	\$ 0
Total Other Financing Sources	\$ (100,000)	\$ (100,000)	\$ (100,000)	\$ 0
Net Change in Fund Balance	\$ (116,869)	\$ 49,490	\$ (126,810)	\$ 9,941
Fund Balance, July 1, 2020	721,186	719,168	719,168	2,018
Fund Balance, June 30, 2021	\$ 604,317	\$ 768,658	\$ 592,358	\$ 11,959

# **Major Governmental Funds**

## **Education Debt Service Fund**

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The Education Debt Service Fund is used to account for the accumulation of resources for, and the payment of, debt principal, interest, and related costs of debt issued on behalf of the schools.

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## **General Capital Projects Funds**

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The General Capital Projects Fund is used to account for general capital expenditures of the county. This fund also accounts for debt issued by Cannon County that is subsequently contributed to the discretely presented Cannon County School Department for construction and renovation projects.

## Exhibit H-1

Cannon County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Education Debt Service Fund  
For the Year Ended June 30, 2021

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 740,204	\$ 715,500	\$ 715,500	\$ 24,704
Other Governments and Citizens Groups	1,538	0	0	1,538
Total Revenues	<u>\$ 741,742</u>	<u>\$ 715,500</u>	<u>\$ 715,500</u>	<u>\$ 26,242</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 766,000	\$ 766,000	\$ 766,100	\$ 100
<u>Interest on Debt</u>				
Education	30,943	156,000	155,900	124,957
<u>Other Debt Service</u>				
Education	40,540	45,400	45,400	4,860
Total Expenditures	<u>\$ 837,483</u>	<u>\$ 967,400</u>	<u>\$ 967,400</u>	<u>\$ 129,917</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (95,741)</u>	<u>\$ (251,900)</u>	<u>\$ (251,900)</u>	<u>\$ 156,159</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 100,000	\$ 100,000	\$ 100,000	\$ 0
Total Other Financing Sources	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 4,259	\$ (151,900)	\$ (151,900)	\$ 156,159
Fund Balance, July 1, 2020	<u>2,781,641</u>	<u>2,605,621</u>	<u>2,605,621</u>	<u>176,020</u>
Fund Balance, June 30, 2021	<u><u>\$ 2,785,900</u></u>	<u><u>\$ 2,453,721</u></u>	<u><u>\$ 2,453,721</u></u>	<u><u>\$ 332,179</u></u>

## Exhibit H-2

Cannon County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Capital Projects Fund  
For the Year Ended June 30, 2021

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 81,908	\$ 78,714	\$ 78,714	\$ 3,194
State of Tennessee	767,644	767,644	300,000	467,644
Federal Government	301,402	0	984,574	(683,172)
Total Revenues	<u>\$ 1,150,954</u>	<u>\$ 846,358</u>	<u>\$ 1,363,288</u>	<u>\$ (212,334)</u>
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 701,700	\$ 846,358	\$ 1,063,288	\$ 361,588
<u>Capital Outlay</u>				
Regular Capital Outlay	84,472	0	300,000	215,528
<u>Capital Projects</u>				
General Administration Projects	3,210	3,210	3,210	0
<u>Capital Projects - Donated</u>				
Capital Projects Donated to School Department	1,614,904	1,087,691	2,086,140	471,236
Total Expenditures	<u>\$ 2,404,286</u>	<u>\$ 1,937,259</u>	<u>\$ 3,452,638</u>	<u>\$ 1,048,352</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (1,253,332)</u>	<u>\$ (1,090,901)</u>	<u>\$ (2,089,350)</u>	<u>\$ 836,018</u>
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 0	\$ 1,087,691	\$ 1,087,691	\$ (1,087,691)
Other Loans Issued	1,614,904	0	998,449	616,455
Total Other Financing Sources	<u>\$ 1,614,904</u>	<u>\$ 1,087,691</u>	<u>\$ 2,086,140</u>	<u>\$ (471,236)</u>
Net Change in Fund Balance	\$ 361,572	\$ (3,210)	\$ (3,210)	\$ 364,782
Fund Balance, July 1, 2020	4,029	4,029	4,029	0
Fund Balance, June 30, 2021	<u>\$ 365,601</u>	<u>\$ 819</u>	<u>\$ 819</u>	<u>\$ 364,782</u>

# Custodial Funds

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Custodial Funds are used to account for assets held by the county in a custodial capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Custodial Funds are reported using the economic resources measurement focus and the accrual basis of accounting. Custodial fund reporting focuses on net position and changes in net position. Custodial funds are distinguished from trust funds by the absence of a trust agreement or equivalent arrangement.

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

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

## Exhibit I-1

Cannon County, Tennessee  
Combining Statement of Net Position  
Custodial Funds  
June 30, 2021

	<u>Custodial Funds</u>		
	Cities -	Constitu -	
	Sales	tional	
	Tax	Officers -	
		Custodial	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,045,597	\$ 1,045,597
Investments	0	99,060	99,060
Accounts Receivable	0	313	313
Due from Other Governments	90,658	0	90,658
Total Assets	<u>\$ 90,658</u>	<u>\$ 1,144,970</u>	<u>\$ 1,235,628</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 90,658	\$ 0	\$ 90,658
Total Liabilities	<u>\$ 90,658</u>	<u>\$ 0</u>	<u>\$ 90,658</u>
<u>NET POSITION</u>			
Restricted for Individuals, Organizations, and Other Governments	<u>\$ 0</u>	<u>\$ 1,144,970</u>	<u>\$ 1,144,970</u>
Total Net Position	<u>\$ 0</u>	<u>\$ 1,144,970</u>	<u>\$ 1,144,970</u>

## Exhibit I-2

Cannon County, Tennessee  
Combining Statement of Changes in Net Position  
Custodial Funds  
For the Year Ended June 30, 2021

	<u>Custodial Funds</u>		
	Cities - Sales Tax	Constitu - tional Officers - Custodial	Total
<u>Additions</u>			
Sales Tax Collections for Other Governments	\$ 516,565	\$ 0	\$ 516,565
Fines/Fees and Other Collections	0	5,016,060	5,016,060
Total Additions	<u>\$ 516,565</u>	<u>\$ 5,016,060</u>	<u>\$ 5,532,625</u>
<u>Deductions</u>			
Payment of Sales Tax Collections for Other Governments	\$ 516,565	\$ 0	\$ 516,565
Payments to State	0	2,008,486	2,008,486
Payments to County/City	0	1,334,652	1,334,652
Payments to Individuals and Others	0	1,067,003	1,067,003
Total Deductions	<u>\$ 516,565</u>	<u>\$ 4,410,141</u>	<u>\$ 4,926,706</u>
Change in Net Position	<u>\$ 0</u>	<u>\$ 605,919</u>	<u>\$ 605,919</u>
Net Position July 1, 2020	\$ 0	\$ 0	\$ 0
Restatement - See Note I.D.10.	0	539,051	539,051
Net Position June 30, 2021	<u>\$ 0</u>	<u>\$ 1,144,970</u>	<u>\$ 1,144,970</u>



# Cannon County School Department

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

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

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

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

Internal School Fund – The Internal School Fund is used to account for funds held at the individual schools for internal school use such as the purchase of supplies, school clubs, and student activities.

Exhibit J-1

Cannon County, Tennessee  
Statement of Activities  
Discretely Presented Cannon County School Department  
For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Total Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 10,248,136	\$ 1,435	\$ 769,548	\$ 0	\$ (9,477,153)
Support Services	7,701,623	9,901	2,087,575	1,614,904	(3,989,243)
Operation of Non-instructional Services	2,736,973	93,988	1,483,109	0	(1,159,876)
Total Governmental Activities	\$ 20,686,732	\$ 105,324	\$ 4,340,232	\$ 1,614,904	\$ (14,626,272)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 1,933,262
Local Option Sales Taxes					1,024,102
Grants and Contributions Not Restricted to Specific Programs					13,122,929
Gain on Investments					24,443
Miscellaneous					90,631
Sale of Equipment					1,075
Total General Revenues					\$ 16,196,442
Insurance Recovery					\$ 536,172
Change in Net Position					\$ 2,106,342
Net Position, July 1, 2020					13,148,769
Restatement - See Note I.D.10.					398,158
Net Position, June 30, 2021					\$ 15,653,269

## Exhibit J-2

Cannon County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Cannon County School Department  
June 30, 2021

	Major Fund	Nonmajor Funds	
	General	Other	Total
	Purpose	Govern-	Governmental
	School	mental	Funds
		Funds	
<u>ASSETS</u>			
Cash	\$ 100	\$ 393,757	\$ 393,857
Equity in Pooled Cash and Investments	5,595,916	206,117	5,802,033
Due from Other Governments	343,692	68,621	412,313
Due from Primary Government	23,341	0	23,341
Property Taxes Receivable	1,883,569	0	1,883,569
Allowance for Uncollectible Property Taxes	(30,394)	0	(30,394)
Restricted Assets	148,622	0	148,622
Total Assets	\$ 7,964,846	\$ 668,495	\$ 8,633,341
<u>LIABILITIES</u>			
Accrued Payroll	\$ 19,730	\$ 0	\$ 19,730
Payroll Deductions Payable	270,821	22,114	292,935
Due to State of Tennessee	0	1,387	1,387
Total Liabilities	\$ 290,551	\$ 23,501	\$ 314,052
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 1,825,981	\$ 0	\$ 1,825,981
Deferred Delinquent Property Taxes	24,504	0	24,504
Other Deferred/Unavailable Revenue	90,981	0	90,981
Total Deferred Inflows of Resources	\$ 1,941,466	\$ 0	\$ 1,941,466
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 0	\$ 559,994	\$ 559,994
Restricted for Hybrid Retirement Stabilization Funds	148,622	0	148,622
Committed:			
Committed for Education	0	85,000	85,000
Assigned:			
Assigned for Education	1,411,024	0	1,411,024
Unassigned	4,173,183	0	4,173,183
Total Fund Balances	\$ 5,732,829	\$ 644,994	\$ 6,377,823
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 7,964,846	\$ 668,495	\$ 8,633,341

Exhibit J-3

Cannon County, Tennessee

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

Discretely Presented Cannon County School Department

June 30, 2021

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

Total fund balances - balance sheet - governmental funds (Exhibit J-2)		\$	6,377,823
(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		6,915,660	
Add: other capital assets net of accumulated depreciation		<u>755,033</u>	7,841,572
(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	\$	(70,594)	
Less: net OPEB liability		<u>(1,641,266)</u>	(1,711,860)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions/OPEB will be amortized and recognized as components of pension/OPEB expense in future years.			
Add: deferred outflows of resources related to pensions	\$	1,460,226	
Less: deferred inflows of resources related to pensions		(898,188)	
Add: deferred outflows of resources related to OPEB		616,085	
Less: deferred inflows of resources related to OPEB		<u>(349,830)</u>	828,293
(4) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.			
Add: net pension asset - agent plan	\$	543,562	
Add: net pension asset - teacher retirement plan		92,907	
Add: net pension asset - teacher legacy pension plan		<u>1,565,487</u>	2,201,956
(5) Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the governmental funds.			<u>115,485</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>15,653,269</u></u>

## Exhibit J-4

Cannon County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Governmental Funds  
Discretely Presented Cannon County School Department  
For the Year Ended June 30, 2021

	Major Fund	Nonmajor Funds	
	General	Other	Total
	Purpose	Govern-	Governmental
	School	mental	Funds
		Funds	
<u>Revenues</u>			
Local Taxes	\$ 2,982,480	\$ 0	\$ 2,982,480
Licenses and Permits	446	0	446
Charges for Current Services	11,336	93,988	105,324
Other Local Revenues	124,786	1,146,763	1,271,549
State of Tennessee	13,388,744	14,372	13,403,116
Federal Government	197,763	2,697,071	2,894,834
Other Governments and Citizens Groups	1,614,904	0	1,614,904
Total Revenues	<u>\$ 18,320,459</u>	<u>\$ 3,952,194</u>	<u>\$ 22,272,653</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 9,408,710	\$ 1,162,502	\$ 10,571,212
Support Services	5,572,400	440,441	6,012,841
Operation of Non-Instructional Services	510,917	2,229,709	2,740,626
Capital Outlay	1,742,988	0	1,742,988
Total Expenditures	<u>\$ 17,235,015</u>	<u>\$ 3,832,652</u>	<u>\$ 21,067,667</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,085,444</u>	<u>\$ 119,542</u>	<u>\$ 1,204,986</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 536,172	\$ 0	\$ 536,172
Transfers In	54,502	0	54,502
Transfers Out	0	(54,502)	(54,502)
Total Other Financing Sources (Uses)	<u>\$ 590,674</u>	<u>\$ (54,502)</u>	<u>\$ 536,172</u>
Net Change in Fund Balances	\$ 1,676,118	\$ 65,040	\$ 1,741,158
Restatement - See Note I.D.10.	0	398,158	398,158
Fund Balance, July 1, 2020	<u>4,056,711</u>	<u>181,796</u>	<u>4,238,507</u>
Fund Balance, June 30, 2021	<u><u>\$ 5,732,829</u></u>	<u><u>\$ 644,994</u></u>	<u><u>\$ 6,377,823</u></u>

Exhibit J-5

Cannon County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
Discretely Presented Cannon County School Department  
For the Year Ended June 30, 2021

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

Net change in fund balances - total governmental funds (Exhibit J-4)		\$ 1,741,158
(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	\$ 196,591	
Less: current-year depreciation expense	<u>(420,623)</u>	(224,032)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		
Less: book value of capital assets disposed		(6,767)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2021	\$ 115,485	
Less: deferred delinquent property taxes and other deferred June 30, 2020	<u>(133,376)</u>	(17,891)
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in compensated absences payable	\$ 17,031	
Change in net pension asset - agent plan	(170,625)	
Change in net pension asset - teacher retirement plan	(4,938)	
Change in net pension asset - teacher legacy pension plan	(599,486)	
Change in deferred outflows related to pensions	92,460	
Change in deferred inflows related to pensions	1,338,384	
Change in net OPEB liability	(361,300)	
Change in deferred outflows related to OPEB	261,118	
Change in deferred inflows related to OPEB	<u>41,230</u>	<u>613,874</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 2,106,342</u>

Exhibit J-6

Cannon County, Tennessee  
Combining Balance Sheet - Nonmajor Governmental Funds  
Discretely Presented Cannon County School Department  
June 30, 2021

	<u>Special Revenue Funds</u>			Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Internal School	
<u>ASSETS</u>				
Cash	\$ 0	\$ 100	\$ 393,657	\$ 393,757
Equity in Pooled Cash and Investments	51,407	154,710	0	206,117
Due from Other Governments	49,312	19,309	0	68,621
Total Assets	<u>\$ 100,719</u>	<u>\$ 174,119</u>	<u>\$ 393,657</u>	<u>\$ 668,495</u>
<u>LIABILITIES</u>				
Payroll Deductions Payable	\$ 19,689	\$ 2,425	\$ 0	\$ 22,114
Due to State of Tennessee	1,216	171	0	1,387
Total Liabilities	<u>\$ 20,905</u>	<u>\$ 2,596</u>	<u>\$ 0</u>	<u>\$ 23,501</u>
<u>FUND BALANCES</u>				
Restricted:				
Restricted for Education	\$ 29,814	\$ 136,523	\$ 393,657	\$ 559,994
Committed:				
Committed for Education	50,000	35,000	0	85,000
Total Fund Balances	<u>\$ 79,814</u>	<u>\$ 171,523</u>	<u>\$ 393,657</u>	<u>\$ 644,994</u>
Total Liabilities and Fund Balances	<u>\$ 100,719</u>	<u>\$ 174,119</u>	<u>\$ 393,657</u>	<u>\$ 668,495</u>

Exhibit J-7

Cannon County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Nonmajor Governmental Funds  
Discretely Presented Cannon County School Department  
For the Year Ended June 30, 2021

	Special Revenue Funds			Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Internal School	
<u>Revenues</u>				
Charges for Current Services	\$ 0	\$ 93,988	\$ 0	\$ 93,988
Other Local Revenues	0	1,715	1,145,048	1,146,763
State of Tennessee	0	14,372	0	14,372
Federal Government	1,724,231	972,840	0	2,697,071
Total Revenues	\$ 1,724,231	\$ 1,082,915	\$ 1,145,048	\$ 3,952,194
<u>Expenditures</u>				
Current:				
Instruction	\$ 1,162,502	\$ 0	\$ 0	\$ 1,162,502
Support Services	440,441	0	0	440,441
Operation of Non-Instructional Services	73,728	1,006,432	1,149,549	2,229,709
Total Expenditures	\$ 1,676,671	\$ 1,006,432	\$ 1,149,549	\$ 3,832,652
Excess (Deficiency) of Revenues Over Expenditures	\$ 47,560	\$ 76,483	\$ (4,501)	\$ 119,542
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (54,502)	\$ 0	\$ 0	\$ (54,502)
Total Other Financing Sources (Uses)	\$ (54,502)	\$ 0	\$ 0	\$ (54,502)
Net Change in Fund Balances	\$ (6,942)	\$ 76,483	\$ (4,501)	\$ 65,040
Restatement - See Note I.D.10.	0	0	398,158	398,158
Fund Balance, July 1, 2020	86,756	95,040	0	181,796
Fund Balance, June 30, 2021	\$ 79,814	\$ 171,523	\$ 393,657	\$ 644,994



Exhibit J-8

Cannon County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Cannon County School Department  
General Purpose School Fund  
For the Year Ended June 30, 2021

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2020	Add: Encumbrances 6/30/2021	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 2,982,480	\$ 0	\$ 0	\$ 2,982,480	\$ 2,597,756	\$ 2,597,756	\$ 384,724
Licenses and Permits	446	0	0	446	400	400	46
Charges for Current Services	11,336	0	0	11,336	29,750	29,750	(18,414)
Other Local Revenues	124,786	0	0	124,786	18,060	45,673	79,113
State of Tennessee	13,388,744	0	0	13,388,744	13,145,715	13,321,948	66,796
Federal Government	197,763	0	0	197,763	83,925	198,002	(239)
Other Governments and Citizens Groups	1,614,904	0	0	1,614,904	611,600	2,632,990	(1,018,086)
Total Revenues	\$ 18,320,459	\$ 0	\$ 0	\$ 18,320,459	\$ 16,487,206	\$ 18,826,519	\$ (506,060)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 7,545,292	\$ (513,894)	\$ 69,996	\$ 7,101,394	\$ 7,846,273	\$ 7,914,486	\$ 813,092
Alternative Instruction Program	67,152	0	0	67,152	63,010	67,152	0
Special Education Program	1,193,228	0	2,500	1,195,728	1,212,040	1,220,038	24,310
Career and Technical Education Program	603,038	(4,094)	2,470	601,414	649,621	654,091	52,677
<u>Support Services</u>							
Attendance	71,819	0	0	71,819	100,156	100,657	28,838
Health Services	203,949	(15,366)	8,037	196,620	212,562	214,278	17,658
Other Student Support	316,821	(14,049)	1,256	304,028	293,014	333,481	29,453
Regular Instruction Program	430,716	(400)	182	430,498	438,370	440,866	10,368
Special Education Program	130,029	0	0	130,029	129,693	131,692	1,663
Career and Technical Education Program	4,813	0	0	4,813	5,234	5,234	421
Technology	525,263	(35,018)	52,629	542,874	429,086	565,763	22,889
Other Programs	64,179	0	0	64,179	0	64,179	0
Board of Education	283,065	(6,815)	8,550	284,800	285,650	288,649	3,849
Director of Schools	240,204	(3,153)	1,234	238,285	271,561	268,561	30,276
Office of the Principal	1,098,704	0	1,750	1,100,454	1,143,220	1,147,718	47,264
Fiscal Services	120,001	(2,885)	0	117,116	112,417	117,130	14
Operation of Plant	928,488	(19,900)	19,958	928,546	1,040,010	1,040,010	111,464

(Continued)

Exhibit J-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2020	Add: Encumbrances 6/30/2021	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Maintenance of Plant	\$ 266,628	\$ (42,496)	\$ 14,814	\$ 238,946	\$ 346,234	\$ 308,589	\$ 69,643
Transportation	887,721	(111,320)	19,931	796,332	749,137	820,228	23,896
<u>Operation of Non-Instructional Services</u>							
Community Services	102,323	(40)	0	102,283	109,362	109,362	7,079
Early Childhood Education	408,594	(24,922)	25,797	409,469	410,716	410,717	1,248
<u>Capital Outlay</u>							
Regular Capital Outlay	1,742,988	(600,848)	1,181,920	2,324,060	781,601	2,802,991	478,931
Total Expenditures	\$ 17,235,015	\$ (1,395,200)	\$ 1,411,024	\$ 17,250,839	\$ 16,628,967	\$ 19,025,872	\$ 1,775,033
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,085,444	\$ 1,395,200	\$ (1,411,024)	\$ 1,069,620	\$ (141,761)	\$ (199,353)	\$ 1,268,973
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 536,172	\$ 0	\$ 0	\$ 536,172	\$ 0	\$ 0	\$ 536,172
Transfers In	54,502	0	0	54,502	57,979	57,979	(3,477)
Total Other Financing Sources	\$ 590,674	\$ 0	\$ 0	\$ 590,674	\$ 57,979	\$ 57,979	\$ 532,695
Net Change in Fund Balance	\$ 1,676,118	\$ 1,395,200	\$ (1,411,024)	\$ 1,660,294	\$ (83,782)	\$ (141,374)	\$ 1,801,668
Fund Balance, July 1, 2020	4,056,711	(1,395,200)	0	2,661,511	1,605,950	1,605,950	1,055,561
Fund Balance, June 30, 2021	\$ 5,732,829	\$ 0	\$ (1,411,024)	\$ 4,321,805	\$ 1,522,168	\$ 1,464,576	\$ 2,857,229

Exhibit J-9

Cannon County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Cannon County School Department  
School Federal Projects Fund  
For the Year Ended June 30, 2021

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2020	Add: Encumbrances 6/30/2021	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 1,724,231	\$ 0	\$ 0	\$ 1,724,231	\$ 3,383,334	\$ 3,815,773	\$ (2,091,542)
Total Revenues	\$ 1,724,231	\$ 0	\$ 0	\$ 1,724,231	\$ 3,383,334	\$ 3,815,773	\$ (2,091,542)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 726,771	\$ 0	\$ 1,099	\$ 727,870	\$ 794,941	\$ 832,213	\$ 104,343
Special Education Program	344,751	(4,160)	0	340,591	357,130	663,067	322,476
Career and Technical Education Program	90,980	(28,937)	10,591	72,634	70,902	76,582	3,948
<u>Support Services</u>							
Health Services	46,041	0	447	46,488	121,459	124,220	77,732
Other Student Support	8,986	0	438	9,424	33,746	34,153	24,729
Regular Instruction Program	129,698	0	876	130,574	210,620	221,005	90,431
Special Education Program	174,504	(583)	4,436	178,357	278,389	312,839	134,482
Career and Technical Education Program	1,750	0	0	1,750	1,758	1,750	0
Technology	18,501	(105)	0	18,396	20,000	18,396	0
Operation of Plant	650	0	0	650	525,000	525,000	524,350
Maintenance of Plant	31,971	0	0	31,971	784,114	784,114	752,143
Transportation	28,340	0	0	28,340	38,150	43,150	14,810
<u>Operation of Non-Instructional Services</u>							
Community Services	73,728	0	0	73,728	77,308	77,310	3,582
Total Expenditures	\$ 1,676,671	\$ (33,785)	\$ 17,887	\$ 1,660,773	\$ 3,313,517	\$ 3,713,799	\$ 2,053,026
Excess (Deficiency) of Revenues							
Over Expenditures	\$ 47,560	\$ 33,785	\$ (17,887)	\$ 63,458	\$ 69,817	\$ 101,974	\$ (38,516)
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (54,502)	\$ 0	\$ 0	\$ (54,502)	\$ (69,817)	\$ (101,974)	\$ 47,472
Total Other Financing Sources	\$ (54,502)	\$ 0	\$ 0	\$ (54,502)	\$ (69,817)	\$ (101,974)	\$ 47,472

(Continued)

Exhibit J-9

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2020	Add: Encumbrances 6/30/2021	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Net Change in Fund Balance	\$ (6,942)	\$ 33,785	\$ (17,887)	\$ 8,956	\$ 0	\$ 0	\$ 8,956
Fund Balance, July 1, 2020	86,756	(33,785)	0	52,971	0	0	52,971
Fund Balance, June 30, 2021	\$ 79,814	\$ 0	\$ (17,887)	\$ 61,927	\$ 0	\$ 0	\$ 61,927

## Exhibit J-10

Cannon County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Cannon County School Department  
Central Cafeteria Fund  
For the Year Ended June 30, 2021

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 93,988	\$ 275,000	\$ 275,000	\$ (181,012)
Other Local Revenues	1,715	3,200	3,200	(1,485)
State of Tennessee	14,372	8,600	8,600	5,772
Federal Government	972,840	835,000	835,000	137,840
Total Revenues	<u>\$ 1,082,915</u>	<u>\$ 1,121,800</u>	<u>\$ 1,121,800</u>	<u>\$ (38,885)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,006,432	\$ 1,071,800	\$ 1,071,800	\$ 65,368
Total Expenditures	<u>\$ 1,006,432</u>	<u>\$ 1,071,800</u>	<u>\$ 1,071,800</u>	<u>\$ 65,368</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 76,483</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 26,483</u>
Net Change in Fund Balance	\$ 76,483	\$ 50,000	\$ 50,000	\$ 26,483
Fund Balance, July 1, 2020	<u>95,040</u>	<u>46,045</u>	<u>46,045</u>	<u>48,995</u>
Fund Balance, June 30, 2021	<u><u>\$ 171,523</u></u>	<u><u>\$ 96,045</u></u>	<u><u>\$ 96,045</u></u>	<u><u>\$ 75,478</u></u>

## MISCELLANEOUS SCHEDULES

Exhibit K-1

Cannon County, Tennessee  
Schedule of Changes in Long-term Notes, Other Loans, and Capital Leases  
For the Year Ended June 30, 2021

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-20	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-21
<u>NOTES PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Jail Renovation	\$ 225,000	3.95 %	8-1-11	7-1-23	\$ 81,300	\$ 0	\$ 81,300	\$ 0
Ambulance Service Building Construction	265,000	3.28	11-24-14	11-1-24	143,000	0	143,000	0
Total Notes Payable					<u>\$ 224,300</u>	<u>\$ 0</u>	<u>\$ 224,300</u>	<u>\$ 0</u>
<u>OTHER LOANS PAYABLE</u>								
<u>Payable through Education Debt Service Fund</u>								
School Construction/Improvements - Elementary	11,400,000	Variable	5-25-02	5-25-26	\$ 4,167,000	\$ 0	\$ 613,000	\$ 3,554,000
School Roof Repair	1,999,757	Variable	2-14-20	5-25-29	1,381,764	616,455	153,000	1,845,219
Energy Efficient Schools Initiative (1)	998,449	0.5	11-24-20	11-1-32	0	998,449	0	998,449
Total Other Loans Payable					<u>\$ 5,548,764</u>	<u>\$ 1,614,904</u>	<u>\$ 766,000</u>	<u>\$ 6,397,668</u>
<u>CAPITAL LEASES PAYABLE</u>								
<u>Payable through Highway/Public Works Fund</u>								
Road Grader	139,929	3.97	4-19-18	5-19-21	\$ 44,533	\$ 0	\$ 44,533	\$ 0
Total Capital Leases Payable					<u>\$ 44,533</u>	<u>\$ 0</u>	<u>\$ 44,533</u>	<u>\$ 0</u>

(1) Total amount approved was \$2,021,390, of which \$1,022,941 remains available as of June 30, 2021.

Exhibit K-2

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

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2022	\$ 921,656	\$ 29,960	\$ 28,351	\$ 979,967
2023	959,256	27,564	23,939	1,010,759
2024	998,868	25,095	19,312	1,043,275
2025	1,040,492	22,555	14,456	1,077,503
2026	1,083,104	19,966	9,359	1,112,429
2027	307,728	17,303	2,995	328,026
2028	313,352	14,758	2,724	330,834
2029	319,988	12,148	2,446	334,582
2030	208,005	5,076	2,159	215,240
2031	206,000	2,575	1,863	210,438
2032	39,219	412	1,558	41,189
Total	\$ 6,397,668	\$ 177,412	\$ 109,162	\$ 6,684,242



Exhibit K-3

Cannon County, Tennessee  
Schedule of Investments  
June 30, 2021

<u>Fund and Type</u>	<u>Amount</u>
<u>Fiduciary Fund</u>	
<u>Constitutional Officers - Custodial Fund</u>	
<u>Office of County Clerk</u>	
Farm Bureau Annuities	\$ 82,347
Edward Jones Mutual Funds	<u>16,713</u>
Total Investments	<u><u>\$ 99,060</u></u>

Exhibit K-4

Cannon County, Tennessee  
Schedule of Notes Receivable  
For the Year Ended June 30, 2021

Description	Debtor	Original Amount of Note	Date of Issue	Date of Maturity	Interest Rate	Balance 6-30-21
<u>General Debt Service Fund</u>						
Repayment of E-911 building renovation costs	Cannon County Emergency Communications District (E-911)	\$ 100,000 (1)	12-19-08	6-30-30	0 %	<u>\$ 46,865</u>
Total Notes Receivable						<u><u>\$ 46,865</u></u>

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

Exhibit K-5

Cannon County, Tennessee  
Schedule of Transfers  
Primary Government and Discretely Presented Cannon County School Department  
For the Year Ended June 30, 2021

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General Debt Service	Education Debt Service	Reimbursement	\$ 100,000
Total Transfers Primary Government			\$ 100,000
<u>DISCRETELY PRESENTED CANNON COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ 54,502
Total Transfers Discretely Presented Cannon County School Department			\$ 54,502

Exhibit K-6

Cannon County, Tennessee  
Schedule of Salaries and Official Bonds of Principal Officials  
Primary Government and Discretely Presented Cannon County School Department  
For the Year Ended June 30, 2021

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Executive	Section 8-24-102, <i>TCA</i>	\$ 88,551	(4)	
Road Supervisor	Section 8-24-102, <i>TCA</i>	84,336	(4)	
Director of Schools	State Board of Education and Cannon County Board of Education	88,800 (1)	(4)	
Trustee	Section 8-24-102, <i>TCA</i>	76,669	(4)	
Assessor of Property	Section 8-24-102, <i>TCA</i>	76,669	(4)	
Finance Director	County Commission	77,625	(4)	
County Clerk	Section 8-24-102, <i>TCA</i>	76,669	(4)	
Circuit and General Sessions Courts Clerk	Section 8-24-102, <i>TCA</i>	76,669	(4)	
Clerk and Master	Section 8-24-102, <i>TCA</i> , and Chancery Court Judge	76,669 (2)	(4)	
Register of Deeds	Section 8-24-102, <i>TCA</i>	76,669	(4)	
Sheriff	Section 8-24-102, <i>TCA</i>	84,336 (3)	(4)	
Employee Blanket Bonds:				
Public Employee Dishonesty - County Employees		\$	400,000	Tennessee Risk Management Trust
Public Employee Dishonesty - School Employees			400,000	"

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

(2) Does not include special commissioner fees of \$15,911.

(3) Does not include a law enforcement training supplement of \$800.

(4) Official was covered by the \$400,000 employee blanket bond.

Exhibit K-7

Cannon County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
For the Year Ended June 30, 2021

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 3,828,526	\$ 217,220	\$ 556,628	\$ 0	\$ 0	\$ 0
Trustee's Collections - Prior Year	138,721	10,812	22,313	0	0	0
Circuit Clerk/Clerk and Master Collections - Prior Years	49,968	2,284	7,060	0	0	0
Interest and Penalty	22,874	1,346	3,448	0	0	0
Pickup Taxes	205	11	29	0	0	0
Payments in-Lieu-of Taxes - Other	7,058	0	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	253,567	251,392	0	0	0	0
Hotel/Motel Tax	3,271	0	0	0	0	0
Wheel Tax	0	0	0	0	0	0
Litigation Tax - General	42,557	0	0	0	0	0
Litigation Tax - Special Purpose	44,121	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	18,747	0	0	0	0	0
Business Tax	80,663	0	0	0	0	1,500
Mineral Severance Tax	0	0	0	0	0	116,791
Adequate Facilities/Development Tax	0	0	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	14,872	844	2,162	0	0	0
Wholesale Beer Tax	69,516	0	0	0	0	0
Total Local Taxes	\$ 4,574,666	\$ 483,909	\$ 591,640	\$ 0	\$ 0	\$ 118,291
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 394	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Licenses and Permits	\$ 394	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

## Exhibit K-7

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 21,386	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Drug Control Fines	0	0	0	14,457	0	0
DUI Treatment Fines	457	0	0	0	0	0
Data Entry Fee - Circuit Court	546	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	33,858	0	0	2,795	0	0
Officers Costs	271	0	0	0	0	0
Game and Fish Fines	549	0	0	0	0	0
Drug Control Fines	0	0	0	4,660	0	0
Veterans Treatment Court Fees	48	0	0	0	0	0
DUI Treatment Fines	2,384	0	0	0	0	0
Data Entry Fee - General Sessions Court	6,203	0	0	0	0	0
Courtroom Security Fee	376	0	0	0	0	0
<u>Juvenile Court</u>						
Victims Assistance Assessments	576	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	418	0	0	0	0	0
Data Entry Fee - Chancery Court	1,624	0	0	0	0	0
<u>Other Courts - In-county</u>						
Fines	1,398	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	0	3,729	0	0
Total Fines, Forfeitures, and Penalties	\$ 70,094	\$ 0	\$ 0	\$ 25,641	\$ 0	\$ 0

(Continued)

Exhibit K-7

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Commercial and Industrial Waste Collection Charge	\$ 0	\$ 3,410	\$ 0	\$ 0	\$ 0	\$ 0
Convenience Waste Centers Collection Charge	0	4,202	0	0	0	0
Surcharge - Waste Tire Disposal	0	3,506	0	0	0	0
Patient Charges	813	0	656,720	0	0	0
Other General Service Charges	200	0	0	0	0	0
<u>Fees</u>						
Recreation Fees	1,000	0	0	0	0	0
Copy Fees	2,442	0	0	0	0	0
Library Fees	26,246	0	0	0	0	0
Archives and Records Management Fee	32,980	0	0	0	0	0
Greenbelt Late Application Fee	200	0	0	0	0	0
Telephone Commissions	60,903	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	94	0
Data Processing Fee - Register	6,520	0	0	0	0	0
Probation Fees	41,675	0	0	0	0	0
Data Processing Fee - Sheriff	1,749	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	2,850	0	0	0	0	0
Data Processing Fee - County Clerk	1,785	0	0	0	0	0
Vehicle Registration Reinstatement Fees	705	0	0	0	0	0
Total Charges for Current Services	\$ 180,068	\$ 11,118	\$ 656,720	\$ 0	\$ 94	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 41,517	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	43,580	0	0	0	0	0

(Continued)

## Exhibit K-7

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
<u>Other Local Revenues (Cont.)</u>						
<u>Recurring Items (Cont.)</u>						
Commissary Sales	\$ 770	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Sale of Gasoline	0	0	0	0	0	7,487
Miscellaneous Refunds	57,564	0	0	0	0	10,562
<u>Nonrecurring Items</u>						
Damages Recovered from Individuals	800	0	0	0	0	0
Contributions and Gifts	110,007	0	0	0	0	0
Total Other Local Revenues	<u>\$ 254,238</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 18,049</u>
<u>Fees Received From County Officials</u>						
<u>Fees In-Lieu-of Salary</u>						
County Clerk	\$ 182,097	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	29,927	0	0	0	0	0
General Sessions Court Clerk	89,506	0	0	0	0	0
Clerk and Master	63,697	0	0	0	0	0
Register	98,936	0	0	0	0	0
Sheriff	8,552	0	0	0	0	0
Trustee	245,066	0	0	0	0	0
Total Fees Received From County Officials	<u>\$ 717,781</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 9,180	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	12,800	0	0	0	0	0

(Continued)



## Exhibit K-7

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
<u>State of Tennessee (Cont.)</u>						
<u>Health and Welfare Grants</u>						
Health Department Programs	\$ 18,465	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Public Works Grants</u>						
Bridge Program	0	0	0	0	0	250,730
Litter Program	39,656	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	16,179	0	0	0	0	0
Beer Tax	18,369	0	0	0	0	0
Vehicle Certificate of Title Fees	6,374	0	0	0	0	0
Alcoholic Beverage Tax	45,587	0	0	0	0	0
State Revenue Sharing - Telecommunications	44,486	0	0	0	0	0
State Shared Sports Gaming Privilege Tax	4,010	0	0	0	0	0
Contracted Prisoner Boarding	184,550	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,943,022
Petroleum Special Tax	0	0	0	0	0	9,958
Registrar's Salary Supplement	11,373	0	0	0	0	0
Other State Grants	28,364	0	0	0	0	0
Other State Revenues	7,757	0	0	0	0	0
Total State of Tennessee	\$ 447,150	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,203,710
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Disaster Relief	0	0	0	0	0	211,486
Homeland Security Grants	65,414	0	0	0	0	0
COVID-19 Grant #2	0	0	3,500	0	0	0

(Continued)

## Exhibit K-7

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
<u>Federal Government (Cont.)</u>						
<u>Federal Through State (Cont.)</u>						
COVID-19 Grant #3	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Federal Government	\$ 65,414	\$ 0	\$ 3,500	\$ 0	\$ 0	\$ 211,486
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$ 6,309,805	\$ 495,027	\$ 1,251,860	\$ 25,641	\$ 94	\$ 2,551,536

(Continued)

Exhibit K-7

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

	Debt Service Funds		Capital Projects Funds			
	General Debt Service	Education Debt Service	General Capital Projects	Education Capital Projects	Other Capital Projects	Total
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 135,761	\$ 0	\$ 81,455	\$ 0	\$ 0	\$ 4,819,590
Trustee's Collections - Prior Year	4,399	0	137	0	0	176,382
Circuit Clerk/Clerk and Master Collections - Prior Years	1,382	0	0	0	0	60,694
Interest and Penalty	673	0	0	0	0	28,341
Pickup Taxes	6	0	0	0	0	251
Payments in-Lieu-of Taxes - Other	0	0	0	0	0	7,058
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	0	0	0	504,959
Hotel/Motel Tax	0	0	0	0	0	3,271
Wheel Tax	0	740,204	0	0	0	740,204
Litigation Tax - General	0	0	0	0	0	42,557
Litigation Tax - Special Purpose	0	0	0	0	0	44,121
Litigation Tax - Jail, Workhouse, or Courthouse	74,746	0	0	0	0	93,493
Business Tax	0	0	0	0	0	82,163
Mineral Severance Tax	0	0	0	0	0	116,791
Adequate Facilities/Development Tax	0	0	0	71,958	0	71,958
<u>Statutory Local Taxes</u>						
Bank Excise Tax	527	0	316	0	0	18,721
Wholesale Beer Tax	0	0	0	0	0	69,516
Total Local Taxes	\$ 217,494	\$ 740,204	\$ 81,908	\$ 71,958	\$ 0	\$ 6,880,070
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 394
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 394

(Continued)

Exhibit K-7

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

	Debt Service Funds		Capital Projects Funds			
	General Debt Service	Education Debt Service	General Capital Projects	Education Capital Projects	Other Capital Projects	Total
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	21,386
Drug Control Fines	0	0	0	0	0	14,457
DUI Treatment Fines	0	0	0	0	0	457
Data Entry Fee - Circuit Court	0	0	0	0	0	546
<u>General Sessions Court</u>						
Fines	0	0	0	0	0	36,653
Officers Costs	0	0	0	0	0	271
Game and Fish Fines	0	0	0	0	0	549
Drug Control Fines	0	0	0	0	0	4,660
Veterans Treatment Court Fees	0	0	0	0	0	48
DUI Treatment Fines	0	0	0	0	0	2,384
Data Entry Fee - General Sessions Court	0	0	0	0	0	6,203
Courtroom Security Fee	0	0	0	0	0	376
<u>Juvenile Court</u>						
Victims Assistance Assessments	0	0	0	0	0	576
<u>Chancery Court</u>						
Officers Costs	0	0	0	0	0	418
Data Entry Fee - Chancery Court	0	0	0	0	0	1,624
<u>Other Courts - In-county</u>						
Fines	0	0	0	0	0	1,398
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	0	0	0	3,729
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	95,735

(Continued)

Exhibit K-7

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

	Debt Service Funds		Capital Projects Funds			
	General Debt Service	Education Debt Service	General Capital Projects	Education Capital Projects	Other Capital Projects	Total
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Commercial and Industrial Waste Collection Charge	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	3,410
Convenience Waste Centers Collection Charge	0	0	0	0	0	4,202
Surcharge - Waste Tire Disposal	0	0	0	0	0	3,506
Patient Charges	0	0	0	0	0	657,533
Other General Service Charges	0	0	0	0	0	200
<u>Fees</u>						
Recreation Fees	0	0	0	0	0	1,000
Copy Fees	0	0	0	0	0	2,442
Library Fees	0	0	0	0	0	26,246
Archives and Records Management Fee	0	0	0	0	0	32,980
Greenbelt Late Application Fee	0	0	0	0	0	200
Telephone Commissions	0	0	0	0	0	60,903
Constitutional Officers' Fees and Commissions	0	0	0	0	0	94
Data Processing Fee - Register	0	0	0	0	0	6,520
Probation Fees	0	0	0	0	0	41,675
Data Processing Fee - Sheriff	0	0	0	0	0	1,749
Sexual Offender Registration Fee - Sheriff	0	0	0	0	0	2,850
Data Processing Fee - County Clerk	0	0	0	0	0	1,785
Vehicle Registration Reinstatement Fees	0	0	0	0	0	705
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	848,000
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	41,517
Lease/Rentals	0	0	0	0	0	43,580

(Continued)

Exhibit K-7

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

	Debt Service Funds		Capital Projects Funds			
	General Debt Service	Education Debt Service	General Capital Projects	Education Capital Projects	Other Capital Projects	Total
<u>Other Local Revenues (Cont.)</u>						
<u>Recurring Items (Cont.)</u>						
Commissary Sales	\$ 0	\$ 0	\$ 0	\$ 0	\$ 30,347	\$ 31,117
Sale of Gasoline	0	0	0	0	0	7,487
Miscellaneous Refunds	0	0	0	0	0	68,126
<u>Nonrecurring Items</u>						
Damages Recovered from Individuals	0	0	0	0	0	800
Contributions and Gifts	0	0	0	0	0	110,007
Total Other Local Revenues	\$ 0	\$ 0	\$ 0	\$ 0	\$ 30,347	\$ 302,634
<u>Fees Received From County Officials</u>						
<u>Fees In-Lieu-of Salary</u>						
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 182,097
Circuit Court Clerk	0	0	0	0	0	29,927
General Sessions Court Clerk	0	0	0	0	0	89,506
Clerk and Master	0	0	0	0	0	63,697
Register	0	0	0	0	0	98,936
Sheriff	0	0	0	0	0	8,552
Trustee	0	0	0	0	0	245,066
Total Fees Received From County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 717,781
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,180
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	0	0	0	0	0	12,800

(Continued)

Exhibit K-7

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

	Debt Service Funds		Capital Projects Funds			
	General Debt Service	Education Debt Service	General Capital Projects	Education Capital Projects	Other Capital Projects	Total
<u>State of Tennessee (Cont.)</u>						
<u>Health and Welfare Grants</u>						
Health Department Programs	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 18,465
<u>Public Works Grants</u>						
Bridge Program	0	0	0	0	0	250,730
Litter Program	0	0	0	0	0	39,656
<u>Other State Revenues</u>						
Income Tax	0	0	0	0	0	16,179
Beer Tax	0	0	0	0	0	18,369
Vehicle Certificate of Title Fees	0	0	0	0	0	6,374
Alcoholic Beverage Tax	0	0	0	0	0	45,587
State Revenue Sharing - Telecommunications	0	0	0	0	0	44,486
State Shared Sports Gaming Privilege Tax	0	0	0	0	0	4,010
Contracted Prisoner Boarding	0	0	0	0	0	184,550
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,943,022
Petroleum Special Tax	0	0	0	0	0	9,958
Registrar's Salary Supplement	0	0	0	0	0	11,373
Other State Grants	0	0	767,644	0	0	796,008
Other State Revenues	0	0	0	0	0	7,757
Total State of Tennessee	\$ 0	\$ 0	\$ 767,644	\$ 0	\$ 0	\$ 3,418,504
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 0	\$ 0	\$ 84,472	\$ 0	\$ 0	\$ 84,472
Disaster Relief	0	0	0	0	0	211,486
Homeland Security Grants	0	0	0	0	0	65,414
COVID-19 Grant #2	0	0	0	0	0	3,500

(Continued)

## Exhibit K-7

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

	<u>Debt Service Funds</u>		<u>Capital Projects Funds</u>			
	General Debt Service	Education Debt Service	General Capital Projects	Education Capital Projects	Other Capital Projects	Total
<u>Federal Government (Cont.)</u>						
<u>Federal Through State (Cont.)</u>						
COVID-19 Grant #3	\$ 0	\$ 0	\$ 216,930	\$ 0	\$ 0	\$ 216,930
Total Federal Government	\$ 0	\$ 0	\$ 301,402	\$ 0	\$ 0	\$ 581,802
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 0	\$ 1,538	\$ 0	\$ 0	\$ 0	\$ 1,538
Total Other Governments and Citizens Groups	\$ 0	\$ 1,538	\$ 0	\$ 0	\$ 0	\$ 1,538
Total	\$ 217,494	\$ 741,742	\$ 1,150,954	\$ 71,958	\$ 30,347	\$ 12,846,458



Exhibit K-8

Cannon County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
Discretely Presented Cannon County School Department  
For the Year Ended June 30, 2021

	Special Revenue Funds					
	General Purpose School	School Federal Projects	Central Cafeteria	Internal School	Total	
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 1,859,951	\$ 0	\$ 0	\$ 0	\$ 1,859,951	
Trustee's Collections - Prior Year	65,482	0	0	0	65,482	
Circuit Clerk/Clerk and Master Collections - Prior Years	23,597	0	0	0	23,597	
Interest and Penalty	10,799	0	0	0	10,799	
Pickup Taxes	97	0	0	0	97	
<u>County Local Option Taxes</u>						
Local Option Sales Tax	1,015,329	0	0	0	1,015,329	
<u>Statutory Local Taxes</u>						
Bank Excise Tax	7,225	0	0	0	7,225	
Total Local Taxes	\$ 2,982,480	\$ 0	\$ 0	\$ 0	\$ 2,982,480	
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 446	\$ 0	\$ 0	\$ 0	\$ 446	
Total Licenses and Permits	\$ 446	\$ 0	\$ 0	\$ 0	\$ 446	
<u>Charges for Current Services</u>						
<u>Education Charges</u>						
Tuition - Other	\$ 1,435	\$ 0	\$ 0	\$ 0	\$ 1,435	
Lunch Payments - Children	0	0	34,785	0	34,785	
Lunch Payments - Adults	0	0	17,440	0	17,440	
Income from Breakfast	0	0	9,540	0	9,540	
A la Carte Sales	0	0	32,223	0	32,223	
Receipts from Individual Schools	9,579	0	0	0	9,579	

(Continued)

## Exhibit K-8

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

	Special Revenue Funds				
	General Purpose School	School Federal Projects	Central Cafeteria	Internal School	Total
<u>Charges for Current Services (Cont.)</u>					
<u>Education Charges (Cont.)</u>					
Other Charges for Services	\$ 322	\$ 0	\$ 0	\$ 0	\$ 322
Total Charges for Current Services	\$ 11,336	\$ 0	\$ 93,988	\$ 0	\$ 105,324
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 24,443	\$ 0	\$ 45	\$ 0	\$ 24,488
Miscellaneous Refunds	90,461	0	170	0	90,631
<u>Nonrecurring Items</u>					
Sale of Equipment	1,075	0	0	0	1,075
Contributions and Gifts	1,046	0	1,500	0	2,546
<u>Other Local Revenues</u>					
Other Local Revenues	7,761	0	0	1,145,048	1,152,809
Total Other Local Revenues	\$ 124,786	\$ 0	\$ 1,715	\$ 1,145,048	\$ 1,271,549
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-behalf Contributions for OPEB	\$ 64,179	\$ 0	\$ 0	\$ 0	\$ 64,179
<u>State Education Funds</u>					
Basic Education Program	12,209,000	0	0	0	12,209,000
Early Childhood Education	410,666	0	0	0	410,666
School Food Service	0	0	9,372	0	9,372
Driver Education	6,091	0	0	0	6,091
Other State Education Funds	261,438	0	0	0	261,438
Career Ladder Program	45,526	0	0	0	45,526

(Continued)

Exhibit K-8

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

	Special Revenue Funds				
	General Purpose School	School Federal Projects	Central Cafeteria	Internal School	Total
<u>State of Tennessee (Cont.)</u>					
<u>Other State Revenues</u>					
State Revenue Sharing - T.V.A.	\$ 385,372	\$ 0	\$ 0	\$ 0	\$ 385,372
Other State Grants	6,472	0	5,000	0	11,472
Total State of Tennessee	\$ 13,388,744	\$ 0	\$ 14,372	\$ 0	\$ 13,403,116
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 586,501	\$ 0	\$ 586,501
USDA - Commodities	0	0	70,000	0	70,000
Breakfast	0	0	300,600	0	300,600
USDA - Other	0	0	15,739	0	15,739
Vocational Education - Basic Grants to States	0	83,756	0	0	83,756
Title I Grants to Local Education Agencies	0	505,179	0	0	505,179
Innovative Education Program Strategies	0	15,707	0	0	15,707
Special Education - Grants to States	0	520,414	0	0	520,414
Special Education Preschool Grants	0	13,872	0	0	13,872
Eisenhower Professional Development State Grants	0	27,433	0	0	27,433
COVID-19 Grant #1	0	333,846	0	0	333,846
COVID-19 Grant #3	0	59,933	0	0	59,933
COVID-19 Grant #4	114,077	0	0	0	114,077
COVID-19 Grant B	0	79,376	0	0	79,376
Other Federal through State	83,686	84,715	0	0	168,401
Total Federal Government	\$ 197,763	\$ 1,724,231	\$ 972,840	\$ 0	\$ 2,894,834

(Continued)

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

	<u>Special Revenue Funds</u>					
	General Purpose School	School Federal Projects	Central Cafeteria	Internal School	Total	
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 1,614,904	\$ 0	\$ 0	\$ 0	\$ 1,614,904	
Total Other Governments and Citizens Groups	<u>\$ 1,614,904</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,614,904</u>	
Total	<u>\$ 18,320,459</u>	<u>\$ 1,724,231</u>	<u>\$ 1,082,915</u>	<u>\$ 1,145,048</u>	<u>\$ 22,272,653</u>	

## Exhibit K-9

Cannon County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2021

General FundGeneral GovernmentCounty Commission

County Official/Administrative Officer	\$	2,800	
Board and Committee Members Fees		920	
Social Security		211	
Employer Medicare		49	
Legal Services		2,300	
Legal Notices, Recording, and Court Costs		1,977	
Total County Commission			\$ 8,257

County Mayor/Executive

County Official/Administrative Officer	\$	88,551	
Secretary(ies)		16,774	
Social Security		7,559	
Pensions		2,043	
Employer Medicare		1,768	
Other Fringe Benefits		358	
Communication		2,818	
Dues and Memberships		1,300	
Legal Services		5,500	
Legal Notices, Recording, and Court Costs		588	
Postal Charges		4	
Office Supplies		3,851	
Building Improvements		757	
Total County Mayor/Executive			131,871

County Attorney

Legal Services	\$	12,478	
Total County Attorney			12,478

Election Commission

County Official/Administrative Officer	\$	69,002	
Clerical Personnel		21,955	
Election Commission		2,620	
Election Workers		23,625	
Social Security		8,628	
Pensions		1,784	
Employee and Dependent Insurance		5,038	
Employer Medicare		2,018	
Other Fringe Benefits		777	
Communication		3,613	
Legal Notices, Recording, and Court Costs		2,331	
Maintenance Agreements		23,141	
Maintenance and Repair Services - Office Equipment		239	
Postal Charges		602	
Printing, Stationery, and Forms		584	
Custodial Supplies		214	
Office Supplies		870	
Other Charges		25,000	

(Continued)

## Exhibit K-9

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

General Fund (Cont.)General Government (Cont.)Election Commission (Cont.)

Building Improvements	\$	13,975	
Office Equipment		24	
Total Election Commission			\$ 206,040

Register of Deeds

County Official/Administrative Officer	\$	76,669	
Secretary(ies)		22,765	
Social Security		6,165	
Pensions		1,929	
Employer Medicare		1,442	
Communication		1,430	
Data Processing Services		6,540	
Dues and Memberships		667	
Postal Charges		165	
Printing, Stationery, and Forms		1,638	
Office Supplies		588	
Total Register of Deeds			119,998

Planning

Contracts with Government Agencies	\$	10,750	
Legal Notices, Recording, and Court Costs		1,575	
Total Planning			12,325

County Buildings

Maintenance Personnel	\$	28,725	
Part-time Personnel		18,178	
Overtime Pay		102	
Social Security		4,863	
Pensions		780	
Employee and Dependent Insurance		4,982	
Employer Medicare		1,137	
Other Fringe Benefits		358	
Communication		1,935	
Contracts with Government Agencies		1,500	
Janitorial Services		8,441	
Maintenance Agreements		1,060	
Maintenance and Repair Services - Buildings		69,953	
Maintenance and Repair Services - Office Equipment		998	
Maintenance and Repair Services - Vehicles		1,198	
Custodial Supplies		3,719	
Gasoline		12,443	
Utilities		49,096	
Total County Buildings			209,468

Preservation of Records

Other Supplies and Materials	\$	2,730	
Total Preservation of Records			2,730

(Continued)

## Exhibit K-9

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

General Fund (Cont.)FinanceAccounting and Budgeting

County Official/Administrative Officer	\$	77,625	
Assistant(s)		56,000	
Accountants/Bookkeepers		126,582	
In-service Training		545	
Social Security		16,691	
Pensions		4,923	
Employee and Dependent Insurance		13,486	
Employer Medicare		3,904	
Other Fringe Benefits		420	
Audit Services		5,520	
Communication		1,289	
Contracts with Other Public Agencies		1,140	
Legal Notices, Recording, and Court Costs		4,331	
Maintenance Agreements		31,098	
Postal Charges		2,365	
Travel		130	
Custodial Supplies		59	
Office Supplies		6,564	
Building Improvements		5,320	
Total Accounting and Budgeting			\$ 357,992

Property Assessor's Office

County Official/Administrative Officer	\$	76,669	
Secretary(ies)		24,720	
Part-time Personnel		9,114	
Board and Committee Members Fees		1,550	
Social Security		8,607	
Pensions		2,144	
Employee and Dependent Insurance		10,069	
Employer Medicare		2,013	
Other Fringe Benefits		777	
Audit Services		2,250	
Communication		1,048	
Data Processing Services		4,184	
Dues and Memberships		1,345	
Legal Notices, Recording, and Court Costs		189	
Postal Charges		766	
Office Supplies		1,139	
Total Property Assessor's Office			146,584

County Trustee's Office

County Official/Administrative Officer	\$	76,669	
Deputy(ies)		30,800	
Part-time Personnel		8,837	
Social Security		8,505	
Pensions		2,256	
Employee and Dependent Insurance		9,964	

(Continued)

## Exhibit K-9

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

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

Employer Medicare	\$	1,989	
Other Fringe Benefits		420	
Communication		2,136	
Data Processing Services		3,666	
Dues and Memberships		927	
Maintenance Agreements		9,826	
Postal Charges		2,550	
Office Supplies		2,051	
Total County Trustee's Office			\$ 160,596

County Clerk's Office

County Official/Administrative Officer	\$	76,669	
Secretary(ies)		55,473	
In-service Training		100	
Social Security		8,115	
Pensions		1,944	
Employee and Dependent Insurance		4,982	
Employer Medicare		1,898	
Communication		1,072	
Dues and Memberships		1,010	
Postal Charges		3,654	
Printing, Stationery, and Forms		2,607	
Office Supplies		3,666	
Building Improvements		19,758	
Data Processing Equipment		8,478	
Office Equipment		2,873	
Total County Clerk's Office			192,299

Data Processing

Data Processing Personnel	\$	8,880	
Social Security		551	
Pensions		112	
Employer Medicare		129	
Office Supplies		2,279	
Total Data Processing			11,951

Administration of JusticeCircuit Court

County Official/Administrative Officer	\$	76,669	
Clerical Personnel		86,036	
Jury and Witness Expense		408	
Social Security		9,952	
Pensions		2,572	
Employee and Dependent Insurance		5,032	
Employer Medicare		2,327	
Communication		3,673	
Contracts with Other Public Agencies		20,373	

(Continued)



## Exhibit K-9

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

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

Dues and Memberships	\$	155	
Legal Notices, Recording, and Court Costs		152	
Maintenance and Repair Services - Office Equipment		1,546	
Postal Charges		1,000	
Printing, Stationery, and Forms		1,209	
Other Contracted Services		262	
Office Supplies		5,502	
Office Equipment		5,333	
Total Circuit Court			\$ 222,201

General Sessions Court

Judge(s)	\$	94,586	
Social Security		6,669	
Pensions		1,835	
Employee and Dependent Insurance		5,052	
Employer Medicare		1,560	
Other Fringe Benefits		420	
Other Contracted Services		1,000	
Total General Sessions Court			111,122

Chancery Court

County Official/Administrative Officer	\$	76,669	
Deputy(ies)		23,690	
Social Security		7,668	
Pensions		1,947	
Employee and Dependent Insurance		4,982	
Employer Medicare		1,793	
Other Fringe Benefits		358	
Communication		1,101	
Contracts with Other Public Agencies		5,772	
Dues and Memberships		987	
Postal Charges		300	
Printing, Stationery, and Forms		751	
Travel		463	
Office Supplies		2,408	
Office Equipment		1,512	
Total Chancery Court			130,401

Juvenile Court

Other Salaries and Wages	\$	21,024	
Social Security		1,304	
Pensions		361	
Employer Medicare		305	
Communication		1,470	
Contracts with Other Public Agencies		700	
Office Supplies		124	
Total Juvenile Court			25,288

(Continued)

## Exhibit K-9

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

General Fund (Cont.)Administration of Justice (Cont.)Judicial Commissioners

Other Salaries and Wages	\$	28,691	
Social Security		1,779	
Pensions		221	
Employer Medicare		416	
Communication		2,249	
Dues and Memberships		300	
Total Judicial Commissioners			\$ 33,656

Probation Services

Probation Officer(s)	\$	39,604	
Social Security		2,455	
Pensions		768	
Employer Medicare		574	
Communication		1,558	
Data Processing Services		3,600	
Other Contracted Services		634	
Drugs and Medical Supplies		2,171	
Office Supplies		360	
Building Improvements		7,218	
Total Probation Services			58,942

Victim Assistance Programs

Other Charges	\$	576	
Total Victim Assistance Programs			576

Public SafetySheriff's Department

County Official/Administrative Officer	\$	84,336	
Deputy(ies)		412,783	
Investigator(s)		80,120	
Captain(s)		43,680	
Sergeant(s)		50,949	
Accountants/Bookkeepers		32,490	
Salary Supplements		12,800	
Dispatchers/Radio Operators		25,682	
Clerical Personnel		7,800	
School Resource Officer		74,880	
Overtime Pay		18,736	
Other Salaries and Wages		80,540	
In-service Training		4,997	
Social Security		58,483	
Pensions		27,282	
Employee and Dependent Insurance		114,150	
Employer Medicare		13,678	
Other Fringe Benefits		997	
Communication		11,016	
Dues and Memberships		3,025	

(Continued)

## Exhibit K-9

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

General Fund (Cont.)Public Safety (Cont.)Sheriff's Department (Cont.)

Maintenance and Repair Services - Equipment	\$	9,042	
Maintenance and Repair Services - Vehicles		51,427	
Postal Charges		775	
Gasoline		57,510	
Office Supplies		20,886	
Uniforms		8,200	
Vehicle and Equipment Insurance		36,385	
Law Enforcement Equipment		46,549	
Motor Vehicles		18,093	
Total Sheriff's Department			\$ 1,407,291

Administration of the Sexual Offender Registry

Office Supplies	\$	1,166	
Total Administration of the Sexual Offender Registry			1,166

Jail

Assistant(s)	\$	35,360	
Supervisor/Director		32,240	
Sergeant(s)		51,868	
Truck Drivers		39,512	
Guards		356,081	
Cafeteria Personnel		57,613	
Maintenance Personnel		31,020	
Social Security		38,621	
Employer Medicare		9,032	
Maintenance and Repair Services - Buildings		53,022	
Medical and Dental Services		171,134	
Travel		969	
Custodial Supplies		18,692	
Food Supplies		74,424	
Utilities		40,447	
Other Supplies and Materials		9,869	
Food Service Equipment		2,384	
Office Equipment		3,414	
Other Construction		23,959	
Total Jail			1,049,661

Fire Prevention and Control

In-service Training	\$	491	
Communication		1,429	
Consultants		1,200	
Contracts with Other Public Agencies		9,314	
Maintenance and Repair Services - Equipment		8,044	
Maintenance and Repair Services - Vehicles		13,145	
Gasoline		3,539	
Office Supplies		3,148	
Uniforms		34,865	

(Continued)

## Exhibit K-9

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

General Fund (Cont.)Public Safety (Cont.)Fire Prevention and Control (Cont.)

Utilities	\$	18,803	
Other Supplies and Materials		895	
Vehicle and Equipment Insurance		4,702	
Other Charges		942	
Communication Equipment		10,949	
Total Fire Prevention and Control			\$ 111,466

Other Emergency Management

In-service Training	\$	1,245	
Communication		9,820	
Maintenance and Repair Services - Equipment		1,704	
Maintenance and Repair Services - Vehicles		3,725	
Other Contracted Services		1,205	
Gasoline		582	
Office Supplies		876	
Other Supplies and Materials		2,635	
Other Charges		2,008	
Other Equipment		71,794	
Total Other Emergency Management			95,594

County Coroner/Medical Examiner

Contracts with Private Agencies	\$	21,775	
Other Contracted Services		5,000	
Other Charges		4,300	
Total County Coroner/Medical Examiner			31,075

Public Health and WelfareLocal Health Center

Communication	\$	4,585	
Contracts with Government Agencies		15,864	
Dues and Memberships		200	
Janitorial Services		2,101	
Maintenance and Repair Services - Buildings		102	
Utilities		7,445	
Total Local Health Center			30,297

Regional Mental Health Center

Other Salaries and Wages	\$	16,337	
Social Security		1,013	
Employer Medicare		237	
Other Supplies and Materials		881	
Total Regional Mental Health Center			18,468

General Welfare Assistance

Contributions	\$	213	
Other Contracted Services		1,000	
Total General Welfare Assistance			1,213

(Continued)

## Exhibit K-9

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

General Fund (Cont.)Public Health and Welfare (Cont.)Sanitation Management

Laborers	\$	22,660	
Part-time Personnel		640	
Social Security		1,370	
Pensions		440	
Employer Medicare		320	
Maintenance and Repair Services - Vehicles		1,966	
Gasoline		1,741	
Instructional Supplies and Materials		10,817	
Total Sanitation Management			\$ 39,954

Social, Cultural, and Recreational ServicesLibraries

Assistant(s)	\$	73,644	
Supervisor/Director		33,000	
In-service Training		781	
Social Security		5,839	
Pensions		1,580	
Employee and Dependent Insurance		16,768	
Employer Medicare		1,366	
Advertising		511	
Contributions		20,538	
Maintenance Agreements		6,000	
Postal Charges		221	
Remittance of Revenue Collected		428	
Other Contracted Services		7,192	
Data Processing Supplies		151	
Instructional Supplies and Materials		913	
Library Books/Media		3,357	
Office Supplies		3,473	
Utilities		4,374	
Other Supplies and Materials		1,818	
Other Charges		3,496	
Total Libraries			185,450

Parks and Fair Boards

Utilities	\$	10,773	
Other Supplies and Materials		1,855	
Total Parks and Fair Boards			12,628

Agriculture and Natural ResourcesAgricultural Extension Service

Salary Supplements	\$	47,297	
Other Fringe Benefits		17,631	
Communication		3,238	
Office Supplies		198	
Utilities		4,581	
Total Agricultural Extension Service			72,945

(Continued)

## Exhibit K-9

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

General Fund (Cont.)Other OperationsVeterans' Services

Other Salaries and Wages	\$	12,480	
Social Security		774	
Pensions		112	
Employer Medicare		181	
Communication		1,719	
Travel		48	
Office Supplies		286	
Total Veterans' Services			\$ 15,600

Other Charges

Building and Contents Insurance	\$	67,691	
Premiums on Corporate Surety Bonds		1,275	
Trustee's Commission		93,148	
Workers' Compensation Insurance		99,325	
Total Other Charges			261,439

Contributions to Other Agencies

Contributions	\$	253,280	
Total Contributions to Other Agencies			253,280

Employee Benefits

Employee and Dependent Insurance	\$	4,982	
Unemployment Compensation		1,797	
Total Employee Benefits			6,779

Miscellaneous

Other Charges	\$	17,508	
Total Miscellaneous			17,508

Total General Fund \$ 5,766,589

Solid Waste/Sanitation FundPublic Health and WelfareSanitation Management

Laborers	\$	56,547	
Overtime Pay		2,529	
Social Security		3,485	
Pensions		539	
Employee and Dependent Insurance		5,038	
Employer Medicare		815	
Communication		267	
Contracts with Other Public Agencies		246,961	
Engineering Services		1,500	
Maintenance Agreements		1,500	
Maintenance and Repair Services - Equipment		2,937	
Maintenance and Repair Services - Vehicles		522	
Other Contracted Services		95	

(Continued)

## Exhibit K-9

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

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

Gasoline	\$	1,000	
Utilities		3,742	
Other Supplies and Materials		3,964	
Trustee's Commission		7,190	
Site Development		368,633	
Total Sanitation Management			\$ 707,264

Total Solid Waste/Sanitation Fund \$ 707,264

Ambulance Service FundPublic Health and WelfareAmbulance/Emergency Medical Services

Supervisor/Director	\$	35,825	
Medical Personnel		615,061	
Part-time Personnel		8,008	
Overtime Pay		1,468	
In-service Training		3,179	
Social Security		41,167	
Pensions		11,590	
Employee and Dependent Insurance		49,052	
Employer Medicare		9,628	
Other Fringe Benefits		800	
Communication		7,412	
Contracts with Private Agencies		33,918	
Dues and Memberships		2,000	
Legal Services		500	
Maintenance Agreements		4,406	
Maintenance and Repair Services - Equipment		9,930	
Maintenance and Repair Services - Vehicles		18,906	
Postal Charges		21	
Remittance of Revenue Collected		17,016	
Other Contracted Services		2,000	
Custodial Supplies		1,601	
Drugs and Medical Supplies		31,034	
Electricity		4,366	
Gasoline		15,099	
Natural Gas		1,255	
Office Supplies		1,655	
Tires and Tubes		898	
Uniforms		3,829	
Water and Sewer		984	
Other Supplies and Materials		7,453	
Trustee's Commission		18,013	
Vehicle and Equipment Insurance		17,011	
Office Equipment		329	
Total Ambulance/Emergency Medical Services			\$ 975,414

(Continued)

Exhibit K-9

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

Ambulance Service Fund (Cont.)

Other Operations

COVID-19 Grant #1

Other Supplies and Materials

\$ 1,680

Total COVID-19 Grant #1

\$ 1,680

Total Ambulance Service Fund

\$ 977,094

Drug Control Fund

Public Safety

Sheriff's Department

Maintenance and Repair Services - Vehicles

\$ 75

Trustee's Commission

279

Other Charges

40

Law Enforcement Equipment

144

Motor Vehicles

20,453

Total Sheriff's Department

\$ 20,991

Total Drug Control Fund

20,991

Constitutional Officers - Fees Fund

Administration of Justice

Circuit Court

Constitutional Officers' Operating Expenses

\$ 94

Total Circuit Court

\$ 94

Total Constitutional Officers - Fees Fund

94

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer

\$ 84,336

Secretary(ies)

35,880

Board and Committee Members Fees

1,200

Social Security

7,022

Pensions

2,322

Employer Medicare

1,642

Communication

4,664

Data Processing Services

9,524

Dues and Memberships

2,707

Legal Notices, Recording, and Court Costs

3,188

Postal Charges

314

Printing, Stationery, and Forms

2,105

Electricity

3,272

Natural Gas

704

Water and Sewer

260

Other Supplies and Materials

1,630

Total Administration

\$ 160,770

(Continued)



## Exhibit K-9

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance

Equipment Operators	\$	126,872	
Truck Drivers		129,858	
Laborers		107,519	
Overtime Pay		22,981	
Social Security		22,847	
Pensions		6,610	
Employer Medicare		5,343	
Rentals		22,220	
Other Contracted Services		46,703	
Asphalt		6,668	
Asphalt - Cold Mix		21,937	
Asphalt - Liquid		257,515	
Concrete		2,020	
Crushed Stone		266,159	
Pipe - Metal		7,164	
Road Signs		3,064	
Structural Steel		1,640	
Wood Products		1,132	
Other Supplies and Materials		9,393	
Total Highway and Bridge Maintenance			\$ 1,067,645

Operation and Maintenance of Equipment

Mechanic(s)	\$	28,308	
Overtime Pay		1,660	
Social Security		1,663	
Pensions		581	
Employer Medicare		389	
Maintenance and Repair Services - Equipment		26,425	
Other Contracted Services		4,627	
Diesel Fuel		54,254	
Equipment and Machinery Parts		32,848	
Garage Supplies		24,595	
Gasoline		15,619	
Lubricants		3,288	
Tires and Tubes		17,081	
Other Supplies and Materials		3,067	
Total Operation and Maintenance of Equipment			214,405

Other Charges

Liability Insurance	\$	4,344	
Trustee's Commission		20,741	
Vehicle and Equipment Insurance		39,112	
Workers' Compensation Insurance		34,898	
Other Charges		1,552	
Total Other Charges			100,647

(Continued)

## Exhibit K-9

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Employee Benefits

Medical Insurance	\$	70,899	
Unemployment Compensation		4,130	
Other Charges		70	
Total Employee Benefits			\$ 75,099

Capital Outlay

Engineering Services	\$	151,960	
Bridge Construction		294,593	
Building Improvements		855	
Highway Equipment		71,138	
Total Capital Outlay			518,546

Principal on Debt

Highways and Streets

Principal on Capital Leases	\$	44,533	
Total Highways and Streets			44,533

Interest on Debt

Highways and Streets

Interest on Capital Leases	\$	716	
Total Highways and Streets			<u>716</u>

Total Highway/Public Works Fund \$ 2,182,361

General Debt Service Fund

Principal on Debt

General Government

Principal on Notes	\$	224,300	
Total General Government			\$ 224,300

Interest on Debt

General Government

Interest on Notes	\$	6,508	
Total General Government			6,508

Other Debt Service

General Government

Trustee's Commission	\$	3,555	
Total General Government			<u>3,555</u>

Total General Debt Service Fund 234,363

Education Debt Service Fund

Principal on Debt

Education

Principal on Other Loans	\$	766,000	
Total Education			\$ 766,000

(Continued)

## Exhibit K-9

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

Education Debt Service Fund (Cont.)

Interest on Debt

Education

Interest on Other Loans

\$ 30,943

Total Education

\$ 30,943

Other Debt Service

Education

Trustee's Commission

\$ 8,113

Other Debt Service

32,427

Total Education

40,540

Total Education Debt Service Fund

\$ 837,483

General Capital Projects Fund

General Government

County Buildings

Maintenance and Repair Services - Buildings

\$ 69,786

Other Supplies and Materials

163,974

Trustee's Commission

1,639

Other Charges

466,301

Total County Buildings

\$ 701,700

Capital Outlay

Regular Capital Outlay

Other Charges

\$ 84,472

Total Regular Capital Outlay

84,472

Capital Projects

General Administration Projects

Building Improvements

\$ 3,210

Total General Administration Projects

3,210

Capital Projects - Donated

Capital Projects Donated to School Department

Contributions

\$ 1,614,904

Total Capital Projects Donated to School Department

1,614,904

Total General Capital Projects Fund

2,404,286

Education Capital Projects Fund

Support Services

Operation of Plant

Trustee's Commission

\$ 747

Other Charges

25,713

Total Operation of Plant

\$ 26,460

Total Education Capital Projects Fund

26,460

Total Governmental Funds - Primary Government

\$ 13,156,985

Cannon County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Cannon County School Department  
For the Year Ended June 30, 2021

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	5,036,457	
Career Ladder Program		21,500	
Educational Assistants		131,058	
Certified Substitute Teachers		5,370	
Non-certified Substitute Teachers		47,790	
Social Security		303,442	
Pensions		422,077	
Medical Insurance		770,854	
Unemployment Compensation		10,086	
Employer Medicare		71,503	
Retirement - Hybrid Stabilization		33,863	
Tuition		1,290	
Instructional Supplies and Materials		73,719	
Textbooks - Bound		497,551	
Software		43,113	
Regular Instruction Equipment		75,619	
Total Regular Instruction Program			\$ 7,545,292

Alternative Instruction Program

Teachers	\$	51,031	
Social Security		3,126	
Pensions		5,241	
Medical Insurance		7,023	
Employer Medicare		731	
Total Alternative Instruction Program			67,152

Special Education Program

Teachers	\$	653,897	
Career Ladder Program		1,000	
Educational Assistants		68,706	
Speech Pathologist		163,319	
Social Security		52,030	
Pensions		76,493	
Medical Insurance		142,587	
Employer Medicare		12,165	
Retirement - Hybrid Stabilization		3,369	
Other Contracted Services		19,662	
Total Special Education Program			1,193,228

Career and Technical Education Program

Teachers	\$	430,580	
Career Ladder Program		3,000	
Educational Assistants		16,397	
Social Security		26,601	
Pensions		35,957	
Medical Insurance		67,611	

(Continued)

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Career and Technical Education Program (Cont.)

Employer Medicare	\$	6,221	
Retirement - Hybrid Stabilization		3,408	
Instructional Supplies and Materials		13,263	
Total Career and Technical Education Program			\$ 603,038

Support Services

Attendance

Supervisor/Director	\$	38,833	
Other Salaries and Wages		7,664	
Social Security		2,809	
Pensions		4,137	
Medical Insurance		3,722	
Employer Medicare		657	
Communication		460	
Travel		827	
Other Supplies and Materials		12,710	
Total Attendance			71,819

Health Services

Supervisor/Director	\$	38,408	
Medical Personnel		93,014	
Other Salaries and Wages		2,080	
Social Security		7,706	
Pensions		7,654	
Medical Insurance		16,616	
Employer Medicare		1,802	
Retirement - Hybrid Stabilization		1,154	
Communication		986	
Travel		3,532	
Other Contracted Services		1,248	
Drugs and Medical Supplies		25	
Other Supplies and Materials		29,724	
Total Health Services			203,949

Other Student Support

Career Ladder Program	\$	1,000	
Guidance Personnel		200,672	
Social Security		11,963	
Pensions		18,486	
Medical Insurance		27,651	
Employer Medicare		2,798	
Retirement - Hybrid Stabilization		854	
Evaluation and Testing		8,149	
Other Contracted Services		2,199	
Other Supplies and Materials		5,049	
Other Equipment		38,000	
Total Other Student Support			316,821

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program

Supervisor/Director	\$	77,866	
Career Ladder Program		3,000	
Librarians		217,537	
Educational Assistants		18,060	
Social Security		18,679	
Pensions		30,752	
Medical Insurance		35,157	
Employer Medicare		4,368	
Travel		3,007	
Library Books/Media		22,290	
Total Regular Instruction Program			\$ 430,716

Special Education Program

Supervisor/Director	\$	41,701	
Career Ladder Program		2,000	
Psychological Personnel		55,075	
Social Security		5,607	
Pensions		10,144	
Medical Insurance		13,461	
Employer Medicare		1,311	
Communication		518	
Travel		212	
Total Special Education Program			130,029

Career and Technical Education Program

Supervisor/Director	\$	4,082	
Social Security		253	
Pensions		419	
Employer Medicare		59	
Total Career and Technical Education Program			4,813

Technology

Supervisor/Director	\$	79,333	
Instructional Computer Personnel		99,541	
Social Security		10,647	
Pensions		10,079	
Medical Insurance		23,417	
Employer Medicare		2,490	
Communication		9,575	
Internet Connectivity		59,059	
Travel		1,061	
Other Contracted Services		1,083	
Cabling		7,144	
Software		17,358	
Other Supplies and Materials		95	
Other Charges		90	
Other Equipment		204,291	
Total Technology			525,263

(Continued)

Exhibit K-10

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Programs

On-behalf Payments to OPEB	\$	64,179	
Total Other Programs			\$ 64,179

Board of Education

Board and Committee Members Fees	\$	7,200	
Social Security		446	
Employer Medicare		104	
Audit Services		6,500	
Dues and Memberships		7,293	
Legal Services		5,215	
Travel		1,487	
Building and Contents Insurance		85,256	
Liability Insurance		36,420	
Trustee's Commission		72,459	
Workers' Compensation Insurance		51,384	
Criminal Investigation of Applicants - TBI		3,009	
Other Charges		6,292	
Total Board of Education			283,065

Director of Schools

County Official/Administrative Officer	\$	88,800	
Career Ladder Program		2,000	
Secretary(ies)		25,311	
Clerical Personnel		40,221	
Social Security		9,011	
Pensions		10,597	
Medical Insurance		37,028	
Employer Medicare		2,107	
Communication		8,303	
Dues and Memberships		2,390	
Postal Charges		3,555	
Travel		288	
Other Contracted Services		7,053	
Office Supplies		3,540	
Total Director of Schools			240,204

Office of the Principal

Principals	\$	503,363	
Career Ladder Program		1,000	
Assistant Principals		117,153	
Secretary(ies)		221,548	
Social Security		49,241	
Pensions		67,400	
Medical Insurance		123,460	
Employer Medicare		11,593	
Communication		2,244	

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Travel	\$	473	
Office Supplies		586	
Other Charges		643	
Total Office of the Principal			\$ 1,098,704

Fiscal Services

Accountants/Bookkeepers	\$	3,934	
Secretary(ies)		2,975	
Social Security		428	
Pensions		134	
Employer Medicare		100	
Contributions		109,545	
Office Supplies		2,885	
Total Fiscal Services			120,001

Operation of Plant

Custodial Personnel	\$	220,165	
Social Security		12,584	
Pensions		3,967	
Medical Insurance		44,555	
Employer Medicare		3,110	
Other Contracted Services		68,539	
Electricity		394,784	
Natural Gas		39,708	
Water and Sewer		44,817	
Other Supplies and Materials		93,360	
Boiler Insurance		2,899	
Total Operation of Plant			928,488

Maintenance of Plant

Maintenance Personnel	\$	96,343	
Social Security		5,754	
Pensions		1,869	
Medical Insurance		20,730	
Employer Medicare		1,346	
Communication		577	
Other Contracted Services		64,969	
Other Supplies and Materials		35,341	
Other Charges		1,994	
Administration Equipment		33,788	
Maintenance Equipment		3,917	
Total Maintenance of Plant			266,628

Transportation

Supervisor/Director	\$	8,361	
Bus Drivers		275,555	

(Continued)



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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Other Salaries and Wages	\$	27,492	
Social Security		19,199	
Pensions		5,795	
Employer Medicare		4,490	
Communication		597	
Contracts with Vehicle Owners		208,945	
Travel		1,307	
Gasoline		45,231	
Tires and Tubes		11,512	
Vehicle Parts		82,967	
Vehicle and Equipment Insurance		21,314	
Other Charges		18,165	
Transportation Equipment		156,791	
Total Transportation			\$ 887,721

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	16,721	
Teachers		17,459	
Educational Assistants		34,099	
Other Salaries and Wages		23,026	
Social Security		5,519	
Pensions		2,495	
Employer Medicare		1,291	
Retirement - Hybrid Stabilization		38	
Travel		458	
Instructional Supplies and Materials		542	
Other Charges		675	
Total Community Services			102,323

Early Childhood Education

Supervisor/Director	\$	38,408	
Teachers		159,233	
Clerical Personnel		4,606	
Educational Assistants		54,474	
Non-certified Substitute Teachers		1,350	
Social Security		14,565	
Pensions		19,346	
Medical Insurance		57,991	
Employer Medicare		3,406	
Retirement - Hybrid Stabilization		744	
Communication		272	
Travel		376	
Other Contracted Services		10,686	
Food Supplies		60	
Instructional Supplies and Materials		42,952	
In Service/Staff Development		125	
Total Early Childhood Education			408,594

(Continued)

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

General Purpose School Fund (Cont.)

Capital Outlay

Regular Capital Outlay

Architects	\$	60,512	
Contributions		1,538	
Building Improvements		1,680,938	
Total Regular Capital Outlay			\$ 1,742,988

Total General Purpose School Fund \$ 17,235,015

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	299,699	
Educational Assistants		24,288	
Social Security		18,929	
Pensions		31,265	
Medical Insurance		59,652	
Unemployment Compensation		170	
Employer Medicare		4,431	
Software		55,088	
Other Supplies and Materials		27,195	
Regular Instruction Equipment		206,054	
Total Regular Instruction Program			\$ 726,771

Special Education Program

Educational Assistants	\$	121,201	
Speech Pathologist		45,615	
Social Security		9,391	
Pensions		4,442	
Medical Insurance		54,943	
Unemployment Compensation		300	
Employer Medicare		2,196	
Retirement - Hybrid Stabilization		921	
Contracts with Other Public Agencies		6,053	
Evaluation and Testing		1,607	
Instructional Supplies and Materials		85,249	
Other Supplies and Materials		5,193	
In Service/Staff Development		800	
Special Education Equipment		6,840	
Total Special Education Program			344,751

Career and Technical Education Program

Maintenance and Repair Services - Equipment	\$	3,343	
Instructional Supplies and Materials		9,972	
Other Supplies and Materials		15,987	
Other Charges		412	
Vocational Instruction Equipment		61,266	
Total Career and Technical Education Program			90,980

(Continued)

Exhibit K-10

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

School Federal Projects Fund (Cont.)

Support Services

Health Services

Medical Personnel	\$	11,858	
Social Security		735	
Pensions		593	
Unemployment Compensation		33	
Employer Medicare		172	
Retirement - Hybrid Stabilization		240	
Other Contracted Services		7,200	
Other Supplies and Materials		23,610	
In Service/Staff Development		1,600	
Total Health Services			\$ 46,041

Other Student Support

Travel	\$	898	
In Service/Staff Development		4,090	
Other Charges		3,998	
Total Other Student Support			8,986

Regular Instruction Program

Supervisor/Director	\$	38,408	
Instructional Computer Personnel		6,600	
Other Salaries and Wages		21,300	
Social Security		3,856	
Pensions		6,669	
Medical Insurance		6,486	
Unemployment Compensation		87	
Employer Medicare		902	
Retirement - Hybrid Stabilization		42	
Consultants		250	
Travel		1,028	
Software		37,905	
Other Supplies and Materials		809	
In Service/Staff Development		5,356	
Total Regular Instruction Program			129,698

Special Education Program

Supervisor/Director	\$	41,276	
Psychological Personnel		14,102	
Other Salaries and Wages		16,083	
Social Security		4,129	
Pensions		4,513	
Medical Insurance		13,682	
Unemployment Compensation		51	
Employer Medicare		966	
Contracts with Private Agencies		35,592	
Travel		2,246	
Other Contracted Services		31,778	

(Continued)

Exhibit K-10

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Other Supplies and Materials	\$	1,233	
In Service/Staff Development		7,882	
Other Equipment		971	
Total Special Education Program			\$ 174,504

Career and Technical Education Program

Supervisor/Director	\$	1,481	
Social Security		92	
Pensions		152	
Unemployment Compensation		4	
Employer Medicare		21	
Total Career and Technical Education Program			1,750

Technology

In-service Training	\$	105	
Internet Connectivity		18,396	
Total Technology			18,501

Operation of Plant

Custodial Supplies	\$	650	
Total Operation of Plant			650

Maintenance of Plant

Maintenance and Repair Services - Equipment	\$	9,980	
Other Supplies and Materials		21,991	
Total Maintenance of Plant			31,971

Transportation

Other Salaries and Wages	\$	21,621	
Social Security		1,340	
Unemployment Compensation		65	
Employer Medicare		314	
Maintenance and Repair Services - Vehicles		5,000	
Total Transportation			28,340

Operation of Non-Instructional Services

Community Services

Teachers	\$	18,909	
Other Salaries and Wages		46,736	
Social Security		4,052	
Pensions		2,058	
Unemployment Compensation		146	
Employer Medicare		948	
Retirement - Hybrid Stabilization		119	
Travel		307	
Other Supplies and Materials		406	
Other Charges		47	
Total Community Services			<u>73,728</u>

Total School Federal Projects Fund \$ 1,676,671

(Continued)

Exhibit K-10

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

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	53,334	
Accountants/Bookkeepers		13,500	
Cafeteria Personnel		313,368	
Social Security		22,142	
Pensions		6,782	
Medical Insurance		91,278	
Unemployment Compensation		533	
Employer Medicare		5,178	
Communication		824	
Maintenance and Repair Services - Equipment		12,063	
Travel		18	
Food Supplies		372,019	
Office Supplies		48	
USDA - Commodities		70,000	
Other Supplies and Materials		40,320	
Other Charges		712	
Food Service Equipment		4,313	
Total Food Service			\$ 1,006,432

Total Central Cafeteria Fund \$ 1,006,432

Internal School Fund

Operation of Non-Instructional Services

Community Services

Other Charges	\$	1,149,549	
Total Community Services			\$ 1,149,549

Total Internal School Fund 1,149,549

Total Governmental Funds - Cannon County School Department \$ 21,067,667

Cannon County, Tennessee  
Schedule of Detailed Additions, Deductions,  
and Changes in Net Position - City Custodial Fund  
For the Year Ended June 30, 2021

	Cities - Sales Tax Fund
<hr/>	
<u>Additions</u>	
Local Option Sales Tax	\$ 516,565
Total Additions	<u>\$ 516,565</u>
<u>Deductions</u>	
Remittance of Revenues Collected	\$ 511,400
Trustee's Commission	<u>5,165</u>
Total Deductions	<u>\$ 516,565</u>
Excess of Additions Over (Under) Deductions	\$ 0
Net Position, July 1, 2020	<u>0</u>
Net Position, June 30, 2021	<u><u>\$ 0</u></u>

## **SINGLE AUDIT SECTION**



JASON E. MUMPOWER  
*Comptroller*

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

Independent Auditor's Report

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

To the County Executive and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cannon County, Tennessee, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Cannon County's basic financial statements, as listed in the table of contents, and have issued our report thereon dated February 1, 2022. Our report includes a reference to other auditors who audited the financial statements of the Internal School Fund of the Cannon County School Department (a discretely presented component unit) as described in our report on Cannon County's financial statements. This report does not include the results of the other auditor's 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Cannon County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Findings and Questioned Costs as item: 2021-001.

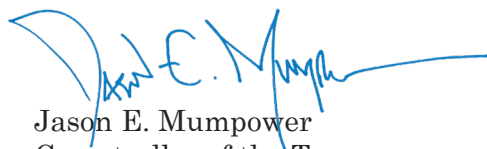
## **Cannon County's Response to Finding**

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

## **Purpose of this Report**

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

Very truly yours,



Jason E. Mumpower  
Comptroller of the Treasury  
Nashville, Tennessee

February 1, 2022

JEM/tg



JASON E. MUMPOWER  
*Comptroller*

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

**Independent Auditor's Report**

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

To the County Executive and Board of County Commissioners:

**Report on Compliance for Each Major Federal Program**

We have audited Cannon County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Cannon County's major federal programs for the year ended June 30, 2021. Cannon County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

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

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

### ***Opinion on Each Major Federal Program***

In our opinion, Cannon County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

### **Report on Internal Control Over Compliance**

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

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

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

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

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

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cannon County, Tennessee, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Cannon County's basic financial statements. We issued our report thereon dated February 1, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Jason E. Mumpower  
Comptroller of the Treasury  
Nashville, Tennessee

February 1, 2022

JEM/tg

Cannon County, Tennessee, and the Cannon County School Department  
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (3) (9) (10)  
For the Year Ended June 30, 2021

Federal/Pass-through Agency/State Grantor Program Title	Federal Assistance Listings Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Award:			
Emergency Watershed Protection Program	10.923	N/A	\$ 211,486
Passed-through State Department of Education:			
Child Nutrition Cluster: (5)			
School Breakfast Program	10.553	N/A	281,607 (6)
COVID 19 - School Breakfast Program	10.553	N/A	18,993 (6)
National School Lunch Program	10.555	N/A	567,714 (6) (7)
COVID 19 - National School Lunch Program	10.555	N/A	33,171 (6)
Passed-through State Department of Agriculture:			
Child Nutrition Cluster: (5)			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	71,355 (6) (8)
Total U.S. Department of Agriculture			<u>\$ 1,184,326</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants	14.228	(4)	<u>\$ 84,472</u>
U.S. Department of Transportation:			
Passed-through State Department of Safety and Homeland Security:			
Alcohol Open Container Requirements	20.607	N/A	<u>\$ 7,346</u>
U.S. Department of Treasury:			
Passed-through State Department of Finance and Administration:			
Coronavirus Relief Fund	21.019	N/A	\$ 216,930 (6)
Passed-through State Department of Education:			
Coronavirus Relief Fund	21.019	N/A	174,010 (6)
Passed-through State Department of Health:			
Coronavirus Relief Fund	21.019	N/A	2,300 (6)
Total U.S. Department of Treasury			<u>\$ 393,240</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 519,432
Special Education Cluster: (5)			
Special Education - Grants to States	84.027	N/A	530,154
Special Education - Preschool Grants	84.173	N/A	14,098
Career and Technical Education - Basic Grants to States	84.048	N/A	88,257
Twenty-First Century Community Learning Centers	84.287	N/A	73,729
Supporting Effective Instruction State Grant	84.367	N/A	33,413
Student Support and Academic Enrichment Program	84.424	N/A	11,037
COVID 19 - Education Stabilization Fund Program - Elementary and Secondary			
School Emergency Relief Fund (ESSER 1.0)	84.425D	N/A	322,191 (6)
COVID 19 - Education Stabilization Fund Program - Elementary and Secondary			
School Emergency Relief Fund (ESSER 2.0)	84.425D	N/A	78,929 (6)
Total U.S. Department of Education			<u>\$ 1,671,240</u>
U.S. Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
2020 HAVA Election Security Grants	90.404	(4)	<u>\$ 25,000</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	(4)	\$ 5,000
Homeland Security Grant Program	97.067	(4)	60,414
Total U.S. Department of Homeland Security			<u>\$ 65,414</u>
Total Expenditures of Federal Awards			<u><u>\$ 3,431,038</u></u>

(Continued)

Cannon County, Tennessee, and the Cannon County School Department  
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (3) (9) (10) (Cont.)

Federal/Pass-through Agency/State Grantor Program Title	Federal Assistance Listings Number	Contract Number	Expenditures
<u>State Grants</u>			
Juvenile Justice State Supplement Funds - State Commission on Children and Youth	N/A	(4)	\$ 9,180
Litter Program - State Department of Transportation	N/A	(4)	39,656
Rural Local Health Services - State Department of Health	N/A	(4)	18,465
State Direct Appropriation Grant FY 2020- State Department of Finance and Administration	N/A	(4)	767,644
Technology Opportunities for the Public Grants - State Department of Economic and Community Development	N/A	(4)	3,364
Governor's Civics Seal and Mini-Grants Program - State Department of Education	N/A	(4)	2,225
Alternative Breakfast Mini-Grant - State Department of Education	N/A	(4)	5,000
Lottery for Education Afterschool Programs (LEAPs) - State Department of Education	N/A	(4)	83,686
Early Childhood Education - State Department of Education	N/A	(4)	410,666
Coordinated School Health - State Department of Education	N/A	(4)	89,997
Safe Schools Act - State Department of Education	N/A	(4)	46,934
School Bus Seat Restraint Grant Program - State Department of Education	N/A	(4)	9,800
Total State Grants			<u>\$ 1,486,617</u>

FAL = Federal Assistance Listings

N/A = Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.  
(2) Cannon County elected not to use the 10% de minimis cost rate permitted in the Uniform Guidance.  
(3) No amounts (\$0) were passed-through to subrecipients.  
(4) Information not available.  
(5) Child Nutrition Cluster total \$972,840; Special Education Cluster total \$544,252.  
(6) Total for FAL No. 10.553 is \$300,600; Total for FAL No. 10.555 is \$672,240; Total for 21.019 is \$393,240; Total for FAL No. 84.425D is \$401,120.  
(7) National School Lunch Program \$553,330; After School Snack Program \$14,384.  
(8) Commodities - Noncash Assistance \$70,000; Commodities Distribution Rebate \$1,355.  
(9) For the year ended June 30, 2021, Cannon County received donated PPE valued at \$204,421 (\$153,316 federal and \$51,105 state) from the Tennessee Department of Military. These donations were unaudited.

(10) CONSOLIDATED ADMINISTRATION	Federal	Amount
The following amounts were consolidated for administration purposes:	Assistance	Provided to
	Listing	Consolidated
<u>Program Title</u>	<u>Number</u>	<u>Administration</u>
Title I Grants to Local Educational Agencies	84.010	\$ 50,815
Supporting Effective Instruction State Grant	84.367	924
Student Support and Academic Enrichment Program	84.424	231
Total amounts consolidated for administration purposes		<u>\$ 51,970</u>

Cannon County, Tennessee  
Summary Schedule of Prior-year Findings  
For the Year Ended June 30, 2021

*Government Auditing Standards* require auditors to report the status of uncorrected findings from prior audits. In addition, OMB's Uniform Guidance requires auditees to report the status of all prior-year findings whether corrected or not. Presented below are financial statement findings along with their current status from the Annual Financial Report for Cannon County, Tennessee, for the year ended June 30, 2021.

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

Fiscal Year	Page Number	Finding Number	Title of Finding	FAL Number	Current Status
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**OFFICE OF ROAD SUPERVISOR**

2020	192	2020-001	Expenditures exceeded appropriations.	N/A	Corrected
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***Prior-year Federal Awards Findings***

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

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**CANNON COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2021**

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**PART I, SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements:**

1. Our report on the financial statements of Cannon County is unmodified.
2. Internal Control Over Financial Reporting:
  - \* Material weakness identified? **NO**
  - \* Significant deficiency identified? **NONE REPORTED**
3. Noncompliance material to the financial statements noted? **NO**

**Federal Awards:**

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



## **PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS**

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

### **OFFICE OF FINANCE DIRECTOR**

#### **FINDING 2021-001**

#### **THE OFFICE DID NOT FILE A REPORT ON DEBT OBLIGATION WITH THE STATE COMPTROLLER'S OFFICE**

(Noncompliance Under *Government Auditing Standards*)

On November 24, 2020, the county entered into a \$2,021,390 Energy Efficient Schools Initiative loan agreement; however, the office did not file a Report on Debt Obligation with the State Comptroller's Office as required by state statute. Section 9-21-134, *Tennessee Code Annotated*, requires that within 45 days following the issuance of debt, a county must provide to the state Comptroller's Office certain information, such as a description of the purchase for which the debt was issued, a description of the debt obligation, and an itemized description of the cost of issuance. This deficiency is a result of a lack of management oversight.

#### **RECOMMENDATION**

The office should file a Report on Debt Obligation with the state Comptroller's Office for each debt issuance within 45 days following the issuance of the debt as required by state statute.

#### **MANAGEMENT'S RESPONSE – FINANCE DIRECTOR**

I concur with this finding. This was an oversight. In the future, we will ensure the form is sent to the Comptroller's office within the 45-day time period either by the county or the lending institution.

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

There were no findings and questioned costs related to federal awards for the year ended June 30, 2021.

**Cannon County, Tennessee**  
**Management's Corrective Action Plan**  
**For the Year Ended June 30, 2021**

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

Finding Number	Title of Finding	Corrective Action Plan Page Number
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**OFFICE OF FINANCE DIRECTOR**

2021-001	The office did not file a report on debt obligation with the State Comptroller's Office.	196
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***Diane Hickman***  
**Cannon County Finance Director**

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*110 S. Tatum Street, Suite 216, Woodbury, TN 37190*  
*(629) 218-3213*  
*diane.hickman@cannoncountyttn.gov*

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**Corrective Action Plan**

**CANNON COUNTY**

**FINDING:** THE OFFICE DID NOT FILE A REPORT ON DEBT OBLIGATION WITH THE STATE COMPTROLLER'S OFFICE

**Response and Corrective Action Plan Prepared by:**  
Diane Hickman, Finance Director

**Person Responsible for Implementing the Corrective Action:**  
Diane Hickman, Finance Director

**Anticipated Completion Date of Corrective Action:**  
01/25/2022

**Repeat Finding:**  
No

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

**Planned Corrective Action:**  
Following the Exit Interview with County Audit on 1/25/22, a Debt Obligation report was sent to the Comptroller's office. In the future, we will ensure this form is sent within the 45-day time period by the county or the lending institution.

**Signature:**

*Diane Hickman 1/25/22*