
ANNUAL FINANCIAL REPORT BENTON COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2014



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

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

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

***JAN PAGE, CPA, CFE
Audit Manager***

***TIFFANY NOLEN, CFE
Auditor 4***

***SHELBI TUCKER
MANDY SPENCER
JACOB McNATT, CFE
WENDY HEATH, CFE
State Auditors***

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

BENTON COUNTY, TENNESSEE

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Summary of Audit Findings

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

Scope

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

Results

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

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

Findings

The following are summaries of the audit findings:

OFFICE OF COUNTY MAYOR

- ◆ The General Debt Service and General Capital Projects funds required material audit adjustments for proper financial statement presentation.
- ◆ Expenditures exceeded appropriations.
- ◆ General ledger payroll deduction accounts were not reconciled with payroll reports and payments in the General Fund.

OFFICES OF COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, REGISTER OF DEEDS, AND SHERIFF

- ◆ Duties were not segregated adequately.

OFFICES OF COUNTY CLERK, CLERK AND MASTER, AND REGISTER OF DEEDS

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

BENTON COUNTY

- ◆ Benton County has a material recurring audit finding.

INTRODUCTORY SECTION

Benton County Officials

June 30, 2014

Officials

Barry Barnett, County Mayor
Barry Carter, Road Supervisor
Mark Florence, Director of Schools
Sherry Beasley, Trustee
Linda Armstrong, Assessor of Property
Wanda Malin, County Clerk
Sam Rainwaters, Circuit and General Sessions Courts Clerk
Timothy Burrus, Clerk and Master
Debra Hargis, Register of Deeds
Tony King, Sheriff

Board of County Commissioners

Ken Berry, Chairman	William Hatler
Harold Albritton	Angela Hern
Jamie Barrett	Don Jordan
Jerry Brandon	Debbie Kyle
James S. Deaton	George Montgomery
Gary Evans	Fred Patterson
Dayna Ferguson	Mary Powers
Gary Furr	Brett Rogers
Sonny Hall	Jimmy Wiseman

Board of Education

Joey Cooper, Chairman	Brent Hedge
Judy Arnold	Tim Hyatt
Keith Arnold	Robert Livingston
Betty Jo Douglas	Robert Thompson
Ruby Evans	Marko Winters
Mark Hargis	James Woodall

Audit Committee

Mary Powers, Chairman
Debbie Kyle
Bob Wessels

FINANCIAL SECTION



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

Independent Auditor's Report

Benton County Mayor and
Board of County Commissioners
Benton County, Tennessee

To the County Mayor and Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Benton County, Tennessee, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Benton County Electric System, a major fund and the entire business-type activities. 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 Benton County Electric System is based solely on the report of 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 business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Benton County, Tennessee, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General 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., Benton County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* and GASB Statement No. 70, *Accounting and Reporting for Nonexchange Financial Guarantees*, which have an effective date of June 30, 2014. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the schedules of funding progress – pension plan and other postemployment benefits plans on pages 85 - 87 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 Benton County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds, combining and individual fund financial statements of the Benton County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

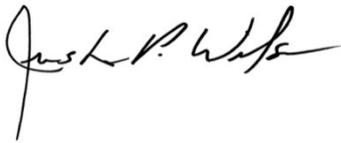
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds, combining and individual fund financial statements of the Benton County School Department (a discretely presented component unit), and miscellaneous schedules are the responsibility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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2014, on our consideration of Benton County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Benton County's internal control over financial reporting and compliance.

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a prominent initial "J" and "W".

Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

December 22, 2014

JPW/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

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

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Benton County School Department
<u>ASSETS</u>				
Cash	\$ 1,023	\$ 1,723,983	\$ 1,725,006	\$ 301
Equity in Pooled Cash and Investments	7,322,595	0	7,322,595	4,259,778
Inventories	0	267,632	267,632	0
Accounts Receivable	8,080	1,712,292	1,720,372	0
Allowance for Uncollectibles	0	(8,225)	(8,225)	0
Due from Other Governments	773,578	0	773,578	467,734
Due from Component Units	68,178	0	68,178	0
Property Taxes Receivable	3,412,441	0	3,412,441	4,101,441
Allowance for Uncollectible Property Taxes	(123,105)	0	(123,105)	(151,369)
Prepaid Items	0	1,482,054	1,482,054	0
Other Restricted Assets	0	642,901	642,901	0
Deferred Charges - Debt Issuance Costs	0	116,312	116,312	0
Notes Receivable	0	596,114	596,114	0
Capital Assets Not Depreciated:				
Land	1,231,410	188,840	1,420,250	507,205
Construction in Progress	0	177,231	177,231	278,450
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	9,347,363	0	9,347,363	10,721,152
Infrastructure	9,259,193	0	9,259,193	0
Other Capital Assets	1,097,056	20,656,636	21,753,692	848,714
Total Assets	<u>\$ 32,397,812</u>	<u>\$ 27,555,770</u>	<u>\$ 59,953,582</u>	<u>\$ 21,033,406</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred Charge on Refunding	\$ 86,864	\$ 0	\$ 86,864	\$ 0
Total Deferred Outflows of Resources	<u>\$ 86,864</u>	<u>\$ 0</u>	<u>\$ 86,864</u>	<u>\$ 0</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 126,081	\$ 2,962,773	\$ 3,088,854	\$ 36,565
Accrued Payroll	0	16,818	16,818	0
Payroll Deductions Payable	39,641	0	39,641	0
Accrued Leave	0	373,951	373,951	0
Contracts Payable	235,123	0	235,123	104,420
Due to Primary Government	0	0	0	68,178
Due to State of Tennessee	11,524	0	11,524	0
Accrued Interest Payable	80,535	7,872	88,407	0
Other Current Liabilities	10,287	154,787	165,074	0
Customer Deposits Payable	0	811,710	811,710	0
Noncurrent Liabilities:				
Due Within One Year	861,015	325,000	1,186,015	0
Due in More Than One Year (net of unamortized premium on debt)	9,476,370	5,659,511	15,135,881	367,671
Total Liabilities	<u>\$ 10,840,576</u>	<u>\$ 10,312,422</u>	<u>\$ 21,152,998</u>	<u>\$ 576,834</u>

(Continued)

Exhibit A

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

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Benton County School Department
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 3,167,028	\$ 0	\$ 3,167,028	\$ 3,795,777
Total Deferred Inflows of Resources	\$ 3,167,028	\$ 0	\$ 3,167,028	\$ 3,795,777
<u>NET POSITION</u>				
Net Investment in Capital Assets	\$ 16,682,097	\$ 16,769,259	\$ 33,451,356	\$ 12,355,521
Restricted for:				
General Government	175,537	0	175,537	0
Administration of Justice	37,968	0	37,968	0
Public Safety	423,852	0	423,852	0
Public Health and Welfare	33,211	0	33,211	0
Social, Cultural, and Recreational Services	251,662	0	251,662	0
Highway/Public Works	1,288,776	0	1,288,776	0
Debt Service	373,174	635,029	1,008,203	0
Capital Projects	153,375	0	153,375	0
Education	0	0	0	2,475
Operation of Non-instructional Services	0	0	0	430,340
Unrestricted	(942,580)	(160,940)	(1,103,520)	3,872,459
Total Net Position	\$ 18,477,072	\$ 17,243,348	\$ 35,720,420	\$ 16,660,795

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

Exhibit B

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

Functions/Programs	Net (Expense) Revenue and Changes in Net Position										
	Program Revenues					Primary Government					Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Governmental Activities	Business-type Activities	Total	Benton County School Department		
Primary Government:											
Governmental Activities:											
General Government	\$ 2,037,241	\$ 210,136	\$ 218,521	\$ 112,464	\$ (1,496,120)	\$ 0	\$ (1,496,120)	\$ 0	0		
Finance	589,778	429,538	0	0	(160,240)	0	(160,240)	0	0		
Administration of Justice	618,264	431,033	112,179	0	(75,052)	0	(75,052)	0	0		
Public Safety	4,245,541	461,856	50,513	293,158	(3,440,014)	0	(3,440,014)	0	0		
Public Health and Welfare	931,240	414,120	49,442	0	(467,678)	0	(467,678)	0	0		
Social, Cultural, and Recreational Services	458,397	25,107	82,037	0	(351,253)	0	(351,253)	0	0		
Agriculture and Natural Resources	37,175	0	0	0	(37,175)	0	(37,175)	0	0		
Highways/Public Works	2,492,689	11,599	1,551,933	0	(929,157)	0	(929,157)	0	0		
Interest on Long-term Debt	261,878	672,485	0	0	410,607	0	410,607	0	0		
Total Governmental Activities	\$ 11,672,203	\$ 2,655,874	\$ 2,064,625	\$ 405,622	\$ (6,546,082)	\$ 0	\$ (6,546,082)	\$ 0	0		
Business-type Activities:											
Benton County Electric System	\$ 22,718,686	\$ 24,040,592	\$ 0	\$ 0	\$ 0	\$ 1,321,906	\$ 1,321,906	\$ 0	0		
Total Primary Government	\$ 34,390,889	\$ 26,696,466	\$ 2,064,625	\$ 405,622	\$ (6,546,082)	\$ 1,321,906	\$ (5,224,176)	\$ 0	0		
Component Unit:											
Benton County School Department	\$ 21,260,909	\$ 311,013	\$ 3,448,826	\$ 0	\$ 0	\$ 0	\$ 0	\$ (17,501,070)	0		
Total Component Unit	\$ 21,260,909	\$ 311,013	\$ 3,448,826	\$ 0	\$ 0	\$ 0	\$ 0	\$ (17,501,070)	0		

(Continued)

Exhibit B

Benton County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		Component Unit	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Benton County School Department
					Governmental Activities	Business-type Activities		
General Revenues:								
Taxes:								
Property Taxes Levied for General Purposes		\$ 3,049,615	\$ 0	\$ 0	\$ 3,049,615	\$ 4,031,685		
Property Taxes Levied for Debt Service		148,461	0	0	148,461	0		
Local Option Sales Taxes		365,879	0	0	365,879	1,961,511		
Litigation Tax		149,552	0	0	149,552	0		
Business Tax		118,398	0	0	118,398	0		
Mineral Severance Tax		133,647	0	0	133,647	0		
Wholesale Beer Tax		79,465	0	0	79,465	0		
Other Local Taxes		48,870	0	0	48,870	1,687		
Grants and Contributions Not Restricted to Specific Programs		1,945,006	0	0	1,945,006	11,808,888		
Unrestricted Investment Income		54,133	6,743	0	60,876	0		
Miscellaneous		95,325	0	0	95,325	52,500		
Total General Revenues		\$ 6,188,351	\$ 6,743	\$ 6,743	\$ 6,195,094	\$ 17,856,271		
Transfers								
		\$ 392,702	\$ (392,702)	\$ 0	\$ 0	\$ 0		
Change in Net Position		\$ 34,971	\$ 935,947	\$ 970,918	\$ 970,918	\$ 355,201		
Net Position, July 1, 2013		18,442,101	16,307,401	34,749,502	34,749,502	16,305,594		
Net Position, June 30, 2014		\$ 18,477,072	\$ 17,243,348	\$ 35,720,420	\$ 35,720,420	\$ 16,660,795		

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

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

	Major Funds		Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	Other Governmental Funds		
<u>ASSETS</u>					
Cash	\$ 100	\$ 0	\$ 923	\$ 1,023	
Equity in Pooled Cash and Investments	4,328,470	1,308,861	1,685,264	7,322,595	
Accounts Receivable	3,106	0	4,974	8,080	
Due from Other Governments	158,883	306,855	307,840	773,578	
Due from Other Funds	5,897	0	0	5,897	
Due from Component Units	0	0	68,178	68,178	
Property Taxes Receivable	2,884,215	238,959	289,267	3,412,441	
Allowance for Uncollectible Property Taxes	(103,663)	(8,795)	(10,647)	(123,105)	
Total Assets	\$ 7,277,008	\$ 1,845,880	\$ 2,345,799	\$ 11,468,687	
<u>LIABILITIES</u>					
Accounts Payable	\$ 123,887	\$ 0	\$ 2,194	\$ 126,081	
Payroll Deductions Payable	39,341	300	0	39,641	
Contracts Payable	0	0	235,123	235,123	
Due to Other Funds	0	0	5,897	5,897	
Due to State of Tennessee	0	0	11,524	11,524	
Other Current Liabilities	10,287	0	0	10,287	
Total Liabilities	\$ 173,515	\$ 300	\$ 254,738	\$ 428,553	
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 2,678,002	\$ 221,226	\$ 267,800	\$ 3,167,028	
Deferred Delinquent Property Taxes	92,361	8,050	9,745	110,156	
Other Deferred/Unavailable Revenue	20,025	138,859	135,551	294,435	
Total Deferred Inflows of Resources	\$ 2,790,388	\$ 368,135	\$ 413,096	\$ 3,571,619	

(Continued)

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

	Major Funds		Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	Other Governmental Funds		
FUND BALANCES					
Restricted:					
Restricted for General Government	\$ 26,270	\$ 0	\$ 0	\$ 0	26,270
Restricted for Administration of Justice	37,968	0	0	0	37,968
Restricted for Public Safety	406,518	0	17,334	0	423,852
Restricted for Public Health and Welfare	33,211	0	0	0	33,211
Restricted for Social, Cultural, and Recreational Services	251,662	0	0	0	251,662
Restricted for Other Operations	0	0	133,527	0	133,527
Restricted for Highways/Public Works	0	1,141,867	0	0	1,141,867
Restricted for Capital Outlay	0	0	112,290	0	112,290
Restricted for Debt Service	0	0	254,321	0	254,321
Restricted for Capital Projects	0	0	23,668	0	23,668
Committed:					
Committed for Highways/Public Works	0	335,578	0	0	335,578
Committed for Capital Outlay	0	0	219,196	0	219,196
Committed for Debt Service	0	0	917,629	0	917,629
Unassigned	3,557,476	0	0	0	3,557,476
Total Fund Balances	\$ 4,313,105	\$ 1,477,445	\$ 1,677,965	\$ 0	\$ 7,468,515
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 7,277,008	\$ 1,845,880	\$ 2,345,799	\$ 0	\$ 11,468,687

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

Exhibit C-2

Benton County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
For the Year Ended June 30, 2014

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$	7,468,515
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	1,231,410	
Add: buildings and improvements net of accumulated depreciation		9,347,363	
Add: infrastructure net of accumulated depreciation		9,259,193	
Add: other capital assets net of accumulated depreciation		<u>1,097,056</u>	20,935,022
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: other loan payable	\$	(95,200)	
Less: capital lease payable		(17,925)	
Less: bonds payable		(9,905,000)	
Add: deferred amount on refunding		86,864	
Less: compensated absences payable		(174,669)	
Less: other postemployment benefits liability		(90,548)	
Less: accrued interest on capital lease and bonds		(80,535)	
Less: other deferred revenue - premium on debt		<u>(54,043)</u>	(10,331,056)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>404,591</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>18,477,072</u></u>

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

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

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	Other	Governmental Funds		
<u>Revenues</u>						
Local Taxes	\$ 3,239,430	\$ 333,808	\$ 623,097	\$ 0	\$ 4,196,335	
Licenses and Permits	19,978	0	0	0	19,978	
Fines, Forfeitures, and Penalties	139,599	0	48,022	0	187,621	
Charges for Current Services	431,944	0	6,695	0	438,639	
Other Local Revenues	302,771	28,340	22,189	0	353,300	
Fees Received from County Officials	735,296	0	0	0	735,296	
State of Tennessee	2,459,856	1,604,194	564,932	0	4,628,982	
Federal Government	39,713	3,126	0	0	42,839	
Other Governments and Citizens Groups	21,366	0	637,507	0	658,873	
Total Revenues	\$ 7,389,953	\$ 1,969,468	\$ 1,902,442	\$ 0	\$ 11,261,863	
<u>Expenditures</u>						
Current:						
General Government	\$ 1,191,165	\$ 0	\$ 0	\$ 0	\$ 1,191,165	
Finance	580,282	0	0	0	580,282	
Administration of Justice	605,524	0	6,695	0	612,219	
Public Safety	3,456,846	0	60,028	0	3,516,874	
Public Health and Welfare	888,926	0	0	0	888,926	
Social, Cultural, and Recreational Services	386,045	0	0	0	386,045	
Agriculture and Natural Resources	34,838	0	0	0	34,838	
Other Operations	420,214	0	165,821	0	586,035	
Highways	0	1,855,477	0	0	1,855,477	
Debt Service:						
Principal on Debt	8,158	0	833,600	0	841,758	
Interest on Debt	1,777	0	245,844	0	247,621	
Other Debt Service	0	0	7,033	0	7,033	

(Continued)

Exhibit C-3

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

	Major Funds		Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	Other Governmental Funds		
<u>Expenditures (Cont.)</u>					
Capital Projects	0 \$	0 \$	588,315 \$		588,315
Total Expenditures	7,573,775 \$	1,855,477 \$	1,907,336 \$		11,336,588
Excess (Deficiency) of Revenues Over Expenditures	(183,822) \$	113,991 \$	(4,894) \$		(74,725)
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	13,384 \$	8,022 \$	0 \$		21,406
Transfers In	372,202	20,500	53,195		445,897
Transfers Out	(53,195)	0	0		(53,195)
Total Other Financing Sources (Uses)	332,391 \$	28,522 \$	53,195 \$		414,108
Net Change in Fund Balances	148,569 \$	142,513 \$	48,301 \$		339,383
Fund Balance, July 1, 2013	4,164,536	1,334,932	1,629,664		7,129,132
Fund Balance, June 30, 2014	4,313,105 \$	1,477,445 \$	1,677,965 \$		7,468,515

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

Exhibit C-4

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

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$	339,383
(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	\$	485,345	
Less: current-year depreciation expense		<u>(1,654,711)</u>	(1,169,366)
(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			(3,600)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2014	\$	404,591	
Less: deferred delinquent property taxes and other deferred June 30, 2013		<u>(359,285)</u>	45,306
(4) The issuance of long-term debt (e.g., bonds, 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 effect of these differences in the treatment of long-term debt and related items.			
Add: change in premium on debt issuances	\$	7,303	
Add: principal payments on other loans		13,600	
Add: principal payments on capital leases		8,158	
Add: principal payments on bonds		820,000	
Less: change in deferred amount on refunding debt		<u>(20,366)</u>	828,695
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in accrued interest payable	\$	6,109	
Change in compensated absences payable		(8,070)	
Change in other postemployment benefits liability		<u>(3,486)</u>	(5,447)
Change in net position of governmental activities (Exhibit B)			<u>\$ 34,971</u>

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

Exhibit C-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 3,239,430	\$ 3,097,564	\$ 3,097,564	\$ 141,866
Licenses and Permits	19,978	20,165	41,576	(21,598)
Fines, Forfeitures, and Penalties	139,599	169,838	169,838	(30,239)
Charges for Current Services	431,944	505,675	528,470	(96,526)
Other Local Revenues	302,771	289,105	416,652	(113,881)
Fees Received from County Officials	735,296	759,140	761,112	(25,816)
State of Tennessee	2,459,856	2,558,920	2,647,617	(187,761)
Federal Government	39,713	40,000	40,000	(287)
Other Governments and Citizens Groups	21,366	30,000	45,000	(23,634)
Total Revenues	<u>\$ 7,389,953</u>	<u>\$ 7,470,407</u>	<u>\$ 7,747,829</u>	<u>\$ (357,876)</u>
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 30,551	\$ 36,888	\$ 36,888	\$ 6,337
Board of Equalization	2,230	2,440	2,440	210
Beer Board	323	316	810	487
Other Boards and Committees	30	3,000	3,000	2,970
County Mayor/Executive	377,382	261,625	389,252	11,870
County Attorney	48,654	45,000	73,155	24,501
Election Commission	161,474	153,237	166,592	5,118
Register of Deeds	156,061	162,209	163,879	7,818
County Buildings	181,961	175,000	202,849	20,888
Other General Administration	232,499	224,996	232,499	0
<u>Finance</u>				
Property Assessor's Office	180,944	181,412	182,918	1,974
Reappraisal Program	7,577	10,000	10,000	2,423
County Trustee's Office	161,151	168,517	167,267	6,116
County Clerk's Office	230,610	233,320	235,681	5,071
<u>Administration of Justice</u>				
Circuit Court	266,609	265,004	272,441	5,832
General Sessions Court	0	145,668	0	0
General Sessions Judge	137,566	0	146,481	8,915
Chancery Court	152,248	153,979	154,095	1,847
Juvenile Court	49,101	47,597	50,497	1,396
<u>Public Safety</u>				
Sheriff's Department	1,772,515	1,868,286	1,978,936	206,421
Administration of the Sexual Offender Registry	3,910	2,500	6,250	2,340
Jail	1,370,957	1,587,981	1,614,438	243,481
Juvenile Services	104,767	105,616	107,459	2,692
Fire Prevention and Control	2,000	2,000	2,000	0
Rural Fire Protection	108,499	113,000	113,000	4,501
Rescue Squad	10,000	8,000	10,000	0
Other Emergency Management	45,605	83,713	80,113	34,508
Inspection and Regulation	0	500	429	429
County Coroner/Medical Examiner	38,593	20,000	39,375	782

(Continued)

Exhibit C-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Health and Welfare</u>				
Local Health Center	\$ 34,714	\$ 31,187	\$ 39,689	\$ 4,975
Rabies and Animal Control	82,400	70,914	90,705	8,305
Ambulance/Emergency Medical Services	667,200	667,200	667,200	0
Alcohol and Drug Programs	2,250	2,250	2,250	0
Crippled Children Services	900	900	900	0
Other Local Health Services	1,980	0	10,711	8,731
Appropriation to State	13,506	15,506	13,506	0
Sanitation Management	28,420	29,788	30,288	1,868
Sanitation Education/Information	42,906	49,549	47,499	4,593
Other Public Health and Welfare	14,650	24,000	25,600	10,950
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	130,611	152,992	154,583	23,972
Libraries	246,200	221,025	260,966	14,766
Parks and Fair Boards	9,234	6,300	11,300	2,066
<u>Agriculture and Natural Resources</u>				
Agricultural Extension Service	34,838	55,381	55,381	20,543
<u>Other Operations</u>				
Industrial Development	153	0	2,500	2,347
Airport	141,388	117,462	161,003	19,615
Veterans' Services	10,653	10,853	10,853	200
Other Charges	113,918	90,321	112,821	(1,097)
Contributions to Other Agencies	97,798	97,798	97,798	0
Employee Benefits	56,304	3,000	59,410	3,106
<u>Principal on Debt</u>				
General Government	8,158	0	8,158	0
<u>Interest on Debt</u>				
General Government	1,777	0	1,681	(96)
Total Expenditures	\$ 7,573,775	\$ 7,708,230	\$ 8,307,546	\$ 733,771
Excess (Deficiency) of Revenues				
Over Expenditures	\$ (183,822)	\$ (237,823)	\$ (559,717)	\$ 375,895
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 13,384	\$ 0	\$ 7,030	\$ 6,354
Transfers In	372,202	331,500	331,500	40,702
Transfers Out	(53,195)	0	(53,195)	0
Total Other Financing Sources	\$ 332,391	\$ 331,500	\$ 285,335	\$ 47,056
Net Change in Fund Balance				
Fund Balance, July 1, 2013	\$ 4,164,536	\$ 3,699,401	\$ 3,699,401	\$ 465,135
Fund Balance, June 30, 2014				
	\$ 4,313,105	\$ 3,793,078	\$ 3,425,019	\$ 888,086

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

Exhibit C-6

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 333,808	\$ 359,406	\$ 356,391	\$ (22,583)
Other Local Revenues	28,340	10,000	20,317	8,023
State of Tennessee	1,604,194	2,019,164	2,019,164	(414,970)
Federal Government	3,126	0	3,126	0
Total Revenues	<u>\$ 1,969,468</u>	<u>\$ 2,388,570</u>	<u>\$ 2,398,998</u>	<u>\$ (429,530)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 154,104	\$ 166,855	\$ 166,855	\$ 12,751
Highway and Bridge Maintenance	1,076,767	1,620,133	1,640,939	564,172
Operation and Maintenance of Equipment	230,167	384,819	384,819	154,652
Other Charges	73,344	81,545	81,545	8,201
Employee Benefits	251,985	344,180	345,462	93,477
Capital Outlay	69,110	665,882	665,882	596,772
Total Expenditures	<u>\$ 1,855,477</u>	<u>\$ 3,263,414</u>	<u>\$ 3,285,502</u>	<u>\$ 1,430,025</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 113,991</u>	<u>\$ (874,844)</u>	<u>\$ (886,504)</u>	<u>\$ 1,000,495</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 8,022	\$ 0	\$ 8,022	\$ 0
Transfers In	20,500	20,500	21,123	(623)
Total Other Financing Sources	<u>\$ 28,522</u>	<u>\$ 20,500</u>	<u>\$ 29,145</u>	<u>\$ (623)</u>
Net Change in Fund Balance	\$ 142,513	\$ (854,344)	\$ (857,359)	\$ 999,872
Fund Balance, July 1, 2013	<u>1,334,932</u>	<u>1,370,388</u>	<u>1,373,403</u>	<u>(38,471)</u>
Fund Balance, June 30, 2014	<u><u>\$ 1,477,445</u></u>	<u><u>\$ 516,044</u></u>	<u><u>\$ 516,044</u></u>	<u><u>\$ 961,401</u></u>

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

Exhibit D-1

Benton County, Tennessee
Statement of Net Position
Proprietary Fund
June 30, 2014

Business-type
 Activities -
Major Fund
Benton County
Electric System

ASSETS

Current Assets:	
Cash	\$ 1,723,983
Inventories	267,632
Accounts Receivable	1,712,292
Allowance for Uncollectibles	(8,225)
Prepaid Items	1,482,054
Total Current Assets	<u>\$ 5,177,736</u>
Noncurrent Assets:	
Restricted Cash, Cash Equivalents, and Investments on Deposit	\$ 642,901
Deferred Charges - Debt Issuance Costs	116,312
Notes Receivable	596,114
Capital Assets:	
Assets Not Depreciated:	
Land	188,840
Construction in Progress	177,231
Assets Net of Accumulated Depreciation:	
Other Capital Assets	<u>20,656,636</u>
Total Noncurrent Assets	<u>\$ 22,378,034</u>
Total Assets	<u>\$ 27,555,770</u>

LIABILITIES

Current Liabilities:	
Accounts Payable	\$ 2,962,773
Accrued Payroll	16,818
Accrued Leave	373,951
Other Current Liabilities	154,787
Customer Deposits Payable	811,710
Current Liabilities Payable from Restricted Assets:	
Accrued Interest Payable	7,872
Revenue Bonds Payable - Current	<u>325,000</u>
Total Current Liabilities	<u>\$ 4,652,911</u>

(Continued)

Exhibit D-1

Benton County, Tennessee
Statement of Net Position
Proprietary Fund (Cont.)

Business-type
 Activities -
Major Fund
Benton County
Electric System

LIABILITIES (CONT.)

Noncurrent Liabilities:

Advances from Home Insulation Program	\$ 609,210
Accrued Leave - Long-term	1,121,853
Debt Premium	23,448
Revenue Bonds Payable - Long-term	<u>3,905,000</u>
Total Noncurrent Liabilities	<u>\$ 5,659,511</u>
Total Liabilities	<u>\$ 10,312,422</u>

NET POSITION

Net Investment in Capital Assets	\$ 16,769,259
Restricted for Debt Service	635,029
Unrestricted	<u>(160,940)</u>
Total Net Position	<u>\$ 17,243,348</u>

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

Exhibit D-2

Benton County, Tennessee
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2014

	Business-type Activities - Major Fund
	<u>Benton County Electric System</u>
<u>Operating Revenues</u>	
Sale of Electric Energy	\$ 23,410,408
Forfeited Discounts	159,653
Rent from Electric Property	246,293
Other Electric Revenue	95,578
Miscellaneous Service Revenue	128,660
Total Operating Revenues	<u>\$ 24,040,592</u>
<u>Operating Expenses</u>	
Purchased Power	\$ 16,766,780
Distribution Expense:	
Station Expense	24,681
Overhead Line Expense	222,964
Street Lighting and Signal System	1,600
Meter Expense	109,974
Security Lighting	12,022
Rents	14,658
Miscellaneous	246,868
Customer Accounts Expense:	
Meter Reading Expense	10,778
Customer Records and Collection	431,153
Sales Expenses:	
Demonstration and Selling Expense	8,613
Administrative Expenses:	
Salaries	436,713
Office Supplies and Expense	91,637
Outside Services Employed	122,445
Insurance	45,322
Injuries and Damages	233,076
Employee Pension and Benefits	917,965
General Advertising	38,643

(Continued)

Exhibit D-2

Benton County, Tennessee
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund (Cont.)

	Business-type Activities - Major Fund
	<u>Benton County Electric System</u>
<u>Operating Expenses (Cont.)</u>	
Maintenance Expenses:	
Station Equipment	\$ 42,206
Overhead Lines	1,042,175
Underground Lines	1,122
Line Transformers	40,481
Street Lights and Signal System	23,624
Meters	49,487
Security Lighting	47,532
General Plant and Equipment	14,616
Depreciation and Amortization	1,227,886
Taxes and Tax Equivalents	377,981
Total Operating Expenses	<u>\$ 22,603,002</u>
Operating Income	<u>\$ 1,437,590</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 6,743
Interest Expense	(108,680)
Amortization of Debt Expense	(7,004)
Total Nonoperating Revenues (Expenses)	<u>\$ (108,941)</u>
Income (Loss) Before Transfers	\$ 1,328,649
Transfers Out	(392,702)
Change in Net Position	<u>\$ 935,947</u>
Net Position, July 1, 2013	<u>16,307,401</u>
Net Position, June 30, 2014	<u><u>\$ 17,243,348</u></u>

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

Exhibit D-3

Benton County, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2014

	Business-type Activities - Major Fund
	<u>Benton County Electric System</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 23,883,669
Payments to Suppliers	(19,620,615)
Payments to Employees and for Employee Benefits	(1,354,678)
Payments for in-Lieu-of Tax Payments	(377,981)
Customer Deposits Received	180,790
Customer Deposits Refunded	(117,920)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 2,593,265</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Construction and Acquisition of Plant	\$ (1,267,997)
Plant Removal Cost	(140,103)
Materials Salvaged from Retirements	41,314
Principal Paid on Bonds	(315,000)
Interest Paid on Bonds	(110,102)
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (1,791,888)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Repayment of TVA Advances	\$ 50,427
Transfers to Other Funds	(392,702)
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ (342,275)</u>
<u>Cash Flows from Investing Activities</u>	
Collection of Notes Receivable	\$ (47,229)
Interest Earned	6,743
Net Cash Provided By (Used In) Investing Activities	<u>\$ (40,486)</u>
Net Increase (Decrease) in Cash	\$ 418,616
Cash, July 1, 2013	<u>1,948,268</u>
Cash, June 30, 2014	<u><u>\$ 2,366,884</u></u>

(Continued)

Exhibit D-3

Benton County, Tennessee
Statement of Cash Flows
Proprietary Fund (Cont.)

	<u>Business-type Activities - Major Fund Benton County Electric System</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income	\$ 1,437,590
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Depreciation Expense	1,227,886
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	(156,923)
(Increase) Decrease in Inventories	5,721
(Increase) Decrease in Prepaid Items	(125,898)
Increase (Decrease) in Accounts Payable and Other Current Liabilities	142,019
Increase (Decrease) in Customer Deposits	62,870
	<u>2,593,265</u>
Net Cash Provided By (Used In) Operating Activities	\$ <u>2,593,265</u>
<u>Reconciliation of Cash With the Statement of Net Position</u>	
Cash Per Net Position	\$ 1,723,983
Other Restricted Assets Per Net Position	<u>642,901</u>
Cash, June 30, 2014	<u>\$ 2,366,884</u>

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

Exhibit E

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

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 482,382
Equity in Pooled Cash and Investments	37,598
Accounts Receivable	400
Due from Other Governments	<u>287,496</u>
Total Assets	<u>\$ 807,876</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 287,496
Due to Litigants, Heirs, and Others	<u>520,380</u>
Total Liabilities	<u>\$ 807,876</u>

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

BENTON COUNTY, TENNESSEE

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BENTON COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Benton 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 Benton County:

A. Reporting Entity

Benton County is a public municipal corporation governed by an elected 18-member board. As required by GAAP, these financial statements present Benton County (the primary government) and its component units. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

The Benton County School Department operates the public school system in the county, and the voters of Benton 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 Benton County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Benton County, and the Benton 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 Benton County Emergency Communications District were not available from other auditors in time for inclusion in this report; however, in our opinion, this omission is not material to the component units' opinion unit.

The Industrial Development Board of the County of Benton was formed as an operating agency and instrumentality of Benton County for the purpose of acquiring and developing land for industrial development in the county. The

Benton County Commission appoints five members of the nine-member board. The other members are permanent members and consist of the county mayor, the chairman of the Chamber of Commerce, and the mayors of the cities of Big Sandy and Camden. The financial statements for the Industrial Development Board of the County of Benton were not available from other auditors in time for inclusion in this report; however, in our opinion, this omission is not material to the component units' opinion unit.

The Benton 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. Although required by GAAP, the financial statements of the Benton County Emergency Communication District and the Industrial Development Board of the County of Benton were not available in time for inclusion, as previously mentioned. Complete financial statements of the Benton County Emergency Communications District and the Industrial Development Board of the County of Benton can be obtained from their respective administrative offices at the following addresses:

Administrative Offices:

Benton County Emergency
Communications District
P.O. Box 755
Camden, TN 38320

Industrial Development Board of
the County of Benton
11035 New Hope Road
Big Sandy, TN 38221

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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Benton 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.

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

Separate financial statements are provided for governmental funds, proprietary funds (enterprise), and fiduciary funds. The fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and the major enterprise fund 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 proprietary fund and fiduciary funds financial statements, except for agency funds, which have no measurement focus. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund financial statements of Benton 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/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. Benton County reports one proprietary fund, a major enterprise fund.

Separate financial statements are provided for governmental funds, the proprietary fund, and fiduciary funds. Major individual governmental funds and the major enterprise fund 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. Benton County considers grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the General Debt Service Fund for payments to be made early in the following year.

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

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

Benton 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.

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.

Benton County reports the following major proprietary fund:

Benton County Electric System Fund – This fund accounts for the operations of the electric system.

Additionally, Benton County reports the following fund types:

Debt Service Fund – The General Debt Service Fund is used to account for the resources accumulated and payments made for

principal and interest on long-term general obligation debt of governmental funds.

Capital Projects Funds – These funds account for the financial resources to be used for the acquisition or construction of major capital projects.

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

The discretely presented Benton 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 Benton County School Department reports the following fund type:

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

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

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

1. Deposits and Investments

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

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

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

2. Receivables and Payables

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

All property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 1.93 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.

3. Capital Assets

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental and business-type columns in the government-wide financial statements. Capital assets are defined by the government (excluding the Benton County Electric System Fund, enterprise fund) as assets with an initial, individual cost of \$10,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

Property, plant, equipment, and infrastructure of the primary government (excluding the Benton County Electric System Fund, enterprise fund) 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>
Building and Improvements	7 - 40
Land Improvements	20 - 30
Vehicles	5 - 10
Other Capital Assets	5 - 20
Infrastructure:	
Roads	8 - 20
Bridges	15 - 30

4. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

5. Compensated Absences

It is the policy of the Benton County general government (excluding the Highway Department, which does not provide for employees to accumulate vacation or sick leave days beyond the end of the fiscal year, and excluding the Benton County Electric System Fund, enterprise fund), to permit full-time employees to accumulate a limited amount of earned but unused vacation benefits that will be paid to employees upon separation from service. A liability for

vacation benefits is reported in governmental funds only if the amounts have matured, for example, as a result of employee resignations and retirements. The granting of sick leave has no guaranteed payment attached and therefore requires no accrual or recording.

The general policy of the School Department permits the unlimited accumulation of unused sick leave days for professional personnel (teachers). The granting of sick leave has no guaranteed payment attached, and therefore, requires no accrual or recording. There is no provision for accumulating vacation days.

6. Long-term Obligations

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

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

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

7. Net Position and Fund Balance

In the government-wide financial statements and the proprietary fund in the fund 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 \$2,737,555 of restricted net position, in governmental activities for the primary government, of which \$133,527 is restricted by enabling legislation.

As of June 30, 2014, Benton County had \$5,765,200 of outstanding debt for capital purposes for the discretely presented Benton County School Department. This debt is a liability of Benton County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Benton County has incurred a liability significantly decreasing its unrestricted net position 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 Committee to make assignments for the general government. The Board of Education makes assignments for the School Department.

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

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

Discretely Presented Benton County School Department

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

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

Primary Government

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

Discretely Presented Benton County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees Fund (special revenue fund), which is not budgeted, and the Community Development/Industrial Park and Other 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, Beer Board, Other Boards and Committees, 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 the GAAP basis is presented on the face of each budgetary schedule.

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

Fund	Description	Amount
School Department:		
Major Fund:		
General Purpose School	School Improvements	\$ 170,750
"	Bus Purchase	91,449

B. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the County Commission in the following major appropriation categories (the legal level of control) of the following funds:

Fund/Major Appropriation Category	Amount Overspent
General:	
Other Operations - Other Charges	\$ 1,097
Interest on Debt - General Government	96
Drug Control:	
Other Operations - Other Charges	265
General Capital Projects:	
Other Operations - Other Charges	2,636

Expenditures that exceed appropriations are a violation of state statutes. The expenditures in excess of appropriations were funded by available fund balances.

C. Potential Cash Shortage

On July 7, 2014, the county mayor filed a fraud reporting form with our office advising of a potential cash shortage at the Benton County Animal Shelter. The state Comptroller's Division of Investigations is currently reviewing this matter and their findings, if any, will be reported in subsequent communications.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Benton County (excluding the Benton County Electric System Fund, enterprise fund) and the Benton 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 reflected on the balance sheets or statements of net position represents nonpooled amounts held separately by individual funds.

Deposits

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

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

Investments

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

Investment Balances. As of June 30, 2014, Benton County had the following investments carried at fair value. All investments are in the county trustee's investment pool. Separate disclosures concerning pooled investments cannot be made for Benton County (excluding the Benton County Electric System Fund, enterprise fund) and the discretely presented Benton County School Department since both pool their deposits and investments through the county trustee.

Investment	Weighted Average Maturity (days)	Fair Value
State Treasurer's Investment Pool	109	\$ 390,344

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

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

B. Capital Assets

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

Primary Government

Governmental Activities:

	Balance 7-1-13	Increases	Decreases	Balance 6-30-14
Capital Assets Not Depreciated:				
Land	\$ 1,202,058	\$ 32,952	\$ (3,600)	\$ 1,231,410
Construction in Progress	274,591	0	(274,591)	0
Total Capital Assets Not Depreciated	<u>\$ 1,476,649</u>	<u>\$ 32,952</u>	<u>\$ (278,191)</u>	<u>\$ 1,231,410</u>

Governmental Activities (Cont.):

	Balance 7-1-13	Increases	Decreases	Balance 6-30-14
Capital Assets Depreciated:				
Buildings and				
Improvements	\$ 13,058,993	\$ 0	\$ 0	\$ 13,058,993
Roads and Bridges	18,523,929	357,602	0	18,881,531
Other Capital Assets	5,172,595	369,382	(7,900)	5,534,077
Total Capital Assets				
Depreciated	\$ 36,755,517	\$ 726,984	\$ (7,900)	\$ 37,474,601
Less Accumulated				
Depreciation For:				
Buildings and				
Improvements	\$ 3,215,141	\$ 496,489	\$ 0	\$ 3,711,630
Roads and Bridges	8,776,027	846,311	0	9,622,338
Other Capital Assets	4,133,010	311,911	(7,900)	4,437,021
Total Accumulated				
Depreciation	\$ 16,124,178	\$ 1,654,711	\$ (7,900)	\$ 17,770,989
Total Capital Assets				
Depreciated, Net	\$ 20,631,339	\$ (927,727)	\$ 0	\$ 19,703,612
Governmental Activities				
Capital Assets, Net	\$ 22,107,988	\$ (894,775)	\$ (278,191)	\$ 20,935,022

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

Governmental Activities:

General Administration	\$ 40,986
Finance	2,240
Administration of Justice	5,060
Public Safety	539,061
Public Health and Welfare	40,578
Social, Cultural, and Recreational Services	48,311
Agriculture and Natural Resources	1,854
Other Operations	280,530
Highways/Public Works	696,091
Total Depreciation Expense - Governmental Activities	<u>\$ 1,654,711</u>

Discretely Presented Benton County School Department

Governmental Activities:

	Balance 7-1-13	Increases	Balance 6-30-14
	<u> </u>		<u> </u>
Capital Assets Not Depreciated:			
Land	\$ 479,205	\$ 28,000	\$ 507,205
Construction in Progress	0	278,450	278,450
Total Capital Assets Not Depreciated	<u>\$ 479,205</u>	<u>\$ 306,450</u>	<u>\$ 785,655</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 20,639,366	\$ 278,440	\$ 20,917,806
Other Capital Assets	2,438,460	11,477	2,449,937
Total Capital Assets Depreciated	<u>\$ 23,077,826</u>	<u>\$ 289,917</u>	<u>\$ 23,367,743</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 9,698,735	\$ 497,919	\$ 10,196,654
Other Capital Assets	1,491,561	109,662	1,601,223
Total Accumulated Depreciation	<u>\$ 11,190,296</u>	<u>\$ 607,581</u>	<u>\$ 11,797,877</u>
Total Capital Assets Depreciated, Net	<u>\$ 11,887,530</u>	<u>\$ (317,664)</u>	<u>\$ 11,569,866</u>
Governmental Activities Capital Assets, Net	<u>\$ 12,366,735</u>	<u>\$ (11,214)</u>	<u>\$ 12,355,521</u>

There were no decreases in capital assets to report during the year ended June 30, 2014. Depreciation expense was charged to functions of the discretely presented Benton County School Department as follows:

Governmental Activities:

Instruction	\$ 451,669
Support Services	130,949
Operation of Non-instructional Services	<u>24,963</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 607,581</u></u>

C. Construction Commitments

At June 30, 2014, the School Department had uncompleted construction contracts of \$170,750 in the General Purpose School Fund for school improvements. Funding has been received for these future expenditures.

D. Interfund Receivables, Payables, and Transfers

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

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental	\$ 5,897

This balance 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:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government: Nonmajor governmental	Component Unit: School Department: General Purpose School	\$ 68,178

Interfund Transfers:

Interfund transfers for the year ended June 30, 2014, consisted of the following amounts:

Primary Government

<u>Transfers Out</u>	<u>Transfers In</u>		
	General Fund	Highway/ Public Works Fund	Nonmajor Governmental Fund
General Fund	\$ 0	\$ 0	\$ 53,195
Benton County Electric System Fund	372,202	20,500	0
Total	\$ 372,202	\$ 20,500	\$ 53,195

Discretely Presented Benton County School Department

Transfers Out	Transfers In	
	General Purpose School Fund	Nonmajor Governmental Fund
General Purpose School Fund	\$ 0	\$ 60,000
Nonmajor governmental fund	31,030	0
Total	<u>\$ 31,030</u>	<u>\$ 60,000</u>

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 and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

E. Capital Lease

On March 13, 2013, Benton County entered into a three-year lease-purchase agreement for a Sheriff's Department truck. The terms of the agreement require total lease payments of \$35,920 plus interest payments of 6.45 percent. Title to the truck transfers to Benton County at the end of the lease period. The lease payments are made from the General Fund.

The asset acquired through the capital lease is as follows:

Asset	Governmental Activities
Sheriff's Department Truck	\$ 35,920
Less: Accumulated Depreciation	<u>(9,579)</u>
Total Book Value	<u>\$ 26,341</u>

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2014, were as follows:

Year Ending June 30	Governmental Funds
2015	\$ 9,838
2016	9,839
Total Minimum Lease Payments	\$ 19,677
Less: Amount Representing Interest	(1,752)
Present Value of Minimum Lease Payments	<u>\$ 17,925</u>

F. Long-term Obligations

Primary Government (Excluding the Benton County Electric System Fund, Enterprise Fund)

General Obligation Bonds, Notes, and Other Loans

Benton County issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented School Department. In addition, general obligation bonds have been issued to refund other general obligation bonds. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds and the other loan outstanding were issued for original terms of up to 25 years for bonds and up to 15 years for the other loan. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and the other loan included in long-term debt as of June 30, 2014, will be retired from the General Debt Service Fund.

General obligation bonds, the other loan, and the capital lease outstanding as of June 30, 2014, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-14
General Obligation Bonds	4 %	10-1-32	\$ 5,000,000	\$ 4,235,000
General Obligation Bonds - Refunding	1 to 2	12-1-21	6,350,000	5,670,000
Other Loan	0	12-28-20	204,000	95,200
Capital Lease	6.45	3-13-16	35,920	17,925

During the 2006-07 year, Benton County entered into a loan agreement with the Tennessee State School Bond Authority. Under this loan agreement, the authority loaned Benton County \$204,000 for the Benton County Career and Technology Center. This loan is interest free and earns interest monthly based upon the local government investment pool rate, which is netted against the annual principal payment. The county pays an annual administrative fee of \$65.

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

Year Ending June 30	Bonds		
	Principal	Interest	Total
2015	\$ 830,000	\$ 233,319	\$ 1,063,319
2016	850,000	220,419	1,070,419
2017	860,000	207,144	1,067,144
2018	870,000	193,619	1,063,619
2019	885,000	179,744	1,064,744
2020-2024	3,160,000	641,565	3,801,565
2025-2029	1,235,000	371,100	1,606,100
2030-2033	1,215,000	99,900	1,314,900
Total	<u>\$ 9,905,000</u>	<u>\$ 2,146,810</u>	<u>\$ 12,051,810</u>

Year Ending June 30	Other Loan		
	Principal	Other Fees	Total
2015	\$ 13,600	\$ 65	\$ 13,665
2016	13,600	65	13,665
2017	13,600	65	13,665
2018	13,600	65	13,665
2019	13,600	65	13,665
2020-2021	27,200	130	27,330
Total	<u>\$ 95,200</u>	<u>\$ 455</u>	<u>\$ 95,655</u>

There is \$1,171,950 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds, the other loan, and the capital lease totaled \$608, based on the 2010 federal census.

Changes in Long-term Obligations

Long-term obligations activity for the primary government (excluding the Benton County Electric System Fund, enterprise fund) for the year ended June 30, 2014, was as follows:

	Bonds	Other Loan	Capital Lease
Balance, July 1, 2013	\$ 10,725,000	\$ 108,800	\$ 26,083
Reductions	(820,000)	(13,600)	(8,158)
Balance, June 30, 2014	<u>\$ 9,905,000</u>	<u>\$ 95,200</u>	<u>\$ 17,925</u>
Balance Due Within One Year	<u>\$ 830,000</u>	<u>\$ 13,600</u>	<u>\$ 8,682</u>

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2013	\$ 166,599	\$ 87,062
Additions	137,646	4,089
Reductions	(129,576)	(603)
Balance, June 30, 2014	<u>\$ 174,669</u>	<u>\$ 90,548</u>
Balance Due Within One Year	<u>\$ 8,733</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2014	\$ 10,283,342
Add: Unamortized Premium on Debt	54,043
Less: Balance Due Within One Year	<u>(861,015)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 9,476,370</u>

Compensated absences will be paid from the General Fund and other postemployment benefits will be paid from the employing funds, the General and Highway/Public Works funds.

Discretely Presented Benton County School Department

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Benton County School Department for the year ended June 30, 2014, was as follows:

Governmental Activities:

	<u>Other Postemployment Benefits</u>
Balance, July 1, 2013	\$ 442,230
Additions	141,455
Reductions	<u>(216,014)</u>
Balance, June 30, 2014	<u>\$ 367,671</u>
Balance Due Within One Year	<u>\$ 0</u>

Other postemployment benefits will be paid from the General Purpose School and School Federal Projects funds.

G. Pledges of Receivables and Future Revenues

In November 1996, the citizens of Benton County voted by public referendum to increase the local sales tax by one-half percent. Benton County began collecting this tax in January 1997. The increase in sales tax was specifically designated for paying the debt service requirements for bonds issued to construct school facilities. Benton County, the School Department, the City of Camden, and the City of Big Sandy have pledged their portions of the sales tax increase to the county's General Debt Service Fund through December 1, 2021, for the retirement of this school debt. The amount of sales tax collections transferred (Benton County, \$58,203), and contributed (General Purpose School Fund, \$344,477, City of Camden, \$269,865, and City of Big Sandy, \$16,409) to the General Debt Service Fund, as a result of this sales tax increase, totaled \$688,954 during the year.

H. On-Behalf Payments – Discretely Presented Benton County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Benton County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2014, were \$52,617 and \$22,710, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

I. Short-term Debt

Benton County issued tax anticipation notes in advance of property tax collections and deposited the proceeds in the General Fund. These loans were retired prior to June 30, 2014, as required by state statutes, and therefore have not been reflected in the financial statements of this report. Short-term debt activity for the year ended June 30, 2013, was as follows:

	Balance			Balance
	7-1-13	Issued	Paid	6-30-14
Tax Anticipation Notes	\$ 0	\$ 400,000	\$ (400,000)	\$ 0

V. OTHER INFORMATION

A. Risk Management

Employee Health Insurance

Primary Government (Excluding the Benton County Electric System Fund, Enterprise Fund)

Until October 31, 2013, Benton County was participating in a public entity risk pool to provide health insurance coverage for its employees. Effective November 1, 2013, Benton County (except for the Highway and School Department) purchased commercial insurance for the risks associated with employee health coverage. Settled claims did not exceed this commercial coverage in the fiscal year. In addition to the commercial coverage, Benton County also chose to become self-insured and established a Health Reimbursement Account (HRA) to provide coverage to each employee for the unreimbursed deductible amounts under the commercial insurance policy.

This activity is currently being accounted for in the General Fund. All full-time employees of Benton County (except for the Highway and School Department) are eligible to participate in the HRA. The county contributes \$83.33 monthly per employee to the HRA to be used by the administrator of the county's employee insurance plan to reimburse employees for the out-of-pocket costs of their deductible. This amount is based on the total deductible cost per employee and the maximum that an employee can draw from the HRA is \$1,000 per year. The county has no risks beyond the amounts paid into the HRA. Claims liabilities are established based on estimates of the ultimate cost of claims that have been reported but not settled. Changes in the balance of claims liabilities during the past fiscal year are as follows:

	Beginning of Fiscal Year Liability	Current Year Claims and Estimates	Payments	Balance at Fiscal Year-End
2013-14	\$ 0	\$ 29,245	\$ 29,245	\$ 0

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

Discretely Presented Benton County School Department

The discretely presented Benton County 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, *TCA*, all local education agencies are eligible to participate. The LEGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. Section 8-27-303, *TCA*, provides for the LEGIF to be self-sustaining through member premiums.

Liability, Property, Casualty, and Workers' Compensation Insurance

Benton County (excluding the Benton County Electric System Fund, enterprise fund) and the discretely presented 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 government pays annual premiums to the TN-RMT for its 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.

B. Accounting Changes

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

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

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

C. Subsequent Events

On August 31, 2014, Debra Hargis left the Office of Register of Deeds and was succeeded by Sonya Volz, and Tony King left the Office of Sheriff and was succeeded by Kenny Christopher.

D. Contingent Liabilities

The county is involved in several pending lawsuits. County officials estimate that the potential claims not covered by insurance resulting from such litigation would not materially affect the county's financial statements.

Benton County is contingently liable for a state revolving fund loan of the Benton-Decatur Special Sewer District. Benton County would become liable for this loan and the interest thereon in the event of default by the sewer district. As of June 30, 2014, future principal and interest requirements were \$839,201 and \$97,572, respectively.

E. Joint Ventures

The Twenty-fourth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Twenty-fourth Judicial District, Benton, Carroll, Decatur, Hardin, and Henry counties, and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors, including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Benton County made no contributions to the DTF for the year ended June 30, 2014.

The Benton-Decatur Special Sewer District was created through a joint agreement between Benton and Decatur counties. The agreement established the Benton-Decatur Special Sewer District Management Board, which plans, constructs, and manages a public sewer system for residents of Benton and Decatur counties. The management board includes six members, three of whom are appointed by the mayor of Benton County and three are appointed

by the mayor of Decatur County. Benton County has control over budgeting and financing only to the extent of representation by the three board members appointed.

Benton County does not retain an equity interest in either of the joint ventures. Complete financial statements for the Twenty-fourth Judicial District Drug Task Force and the Benton-Decatur Special Sewer District can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Office of District Attorney General
Twenty-fourth Judicial District
P.O. Box 686
Huntingdon, TN 38344

Benton-Decatur Special Sewer District
P.O. Box 594
Parsons, TN 38363

F. Retirement Commitments

Plan Description

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

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to the Tennessee Treasury

Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at <http://www.tn.gov/treasury/tcrs/PS/>.

Funding Policy

Benton County requires employees to contribute five percent of their earnable compensation to the plan. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2014, was 6.8 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2014, Benton County's annual pension cost of \$504,641 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2011, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected three percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected postretirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The county's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2011, was eight years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-14	\$504,641	100%	\$0
6-30-13	487,996	100	0
6-30-12	488,457	100	0

Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the plan was 94.36 percent funded. The actuarial accrued liability for benefits was \$17.03 million, and the actuarial value of assets was \$16.07 million, resulting

in an unfunded actuarial accrued liability (UAAL) of \$.96 million. The covered payroll (annual payroll of active employees covered by the plan) was \$6.99 million, and the ratio of the UAAL to the covered payroll was 13.75 percent.

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

SCHOOL TEACHERS

Plan Description

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

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2014, was 8.88 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2014, 2013, and 2012, were \$816,685, \$826,775, and \$869,672, respectively, equal to the required contributions for each year.

G. Other Postemployment Benefits (OPEB)

Primary Government (Excluding the Highway Department and the Benton County Electric System Fund, Enterprise Fund)

Benton County purchases commercial health insurance for its employees and allows retirees to remain in the plan. Retirees are required to pay 100 percent of their medical premiums. The county had not obtained an actuarial valuation to determine the data necessary for the measurement, recognition, and display of other postemployment benefits necessary to prepare government-wide financial statements and note disclosures; however, we do not believe the amount is material to the government-wide financial statements.

Benton County Highway Department and the Discretely Presented Benton County School Department

Plan Description

The Benton County Highway Department and the Benton County School Department participate in the state-administered Local Government Group Insurance Plan and Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-207, *Tennessee Code Annotated (TCA)*, for local governments and Section 8-27-302, *TCA*, for local education employees. Prior to reaching the age of 65, all members have the option of choosing between the standard or partnership preferred provider organization (PPO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://www.tn.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop their own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. Retirees' contributions vary depending on the insurance options they select. During the year ended June 30, 2014, the Benton County Highway Department and the Benton County School Department contributed \$603 and \$216,014, respectively, for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Local Government Group Plan
ARC	\$ 141,000	\$ 4,000
Interest on the NOPEBO	17,689	3,482
Adjustment to the ARC	(17,234)	(3,393)
Annual OPEB cost	\$ 141,455	\$ 4,089
Less: Amount of contribution	(216,014)	(603)
Increase/decrease in NOPEBO	\$ (74,559)	\$ 3,486
Net OPEB obligation, 7-1-13	442,230	87,062
Net OPEB obligation, 6-30-14	\$ 367,671	\$ 90,548

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-12	Local Education Group	\$ 244,193	77%	\$ 384,471
6-30-13	"	247,055	77	442,230
6-30-14	"	141,455	153	367,671
6-30-12	Local Government Group	27,883	28	67,589
6-30-13	"	27,834	30	87,062
6-30-14	"	4,089	15	90,548

Funded Status and Funding Progress

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

	Local Education Group Plan	Local Government Group Plan
Actuarial valuation date	7-1-13	7-1-13
Actuarial accrued liability (AAL)	\$ 1,237,000	\$ 33,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 1,237,000	\$ 33,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 11,267,694	\$ 739,658
UAAL as a % of covered payroll	11%	4%

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

Actuarial Methods and Assumptions

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

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

H. Purchasing Laws

Office of County Mayor

Purchasing procedures for the Office of County Mayor are governed by provisions of Chapter 541, Private Acts of 1939, as amended, and the County Purchasing Law of 1983, Sections 5-14-201 through 5-14-206, *Tennessee Code Annotated (TCA)*. The private act provides for the issuance of requisitions and purchase orders for all purchases of equipment, supplies, and materials. The County Purchasing Law of 1983 provides for all purchases exceeding \$10,000 to be made after public advertisement and solicitation of competitive bids.

Office of Road Supervisor

Purchasing procedures for the Highway Department are governed by provisions of Chapter 250, Private Acts of 1943, and the Uniform Road Law, Section 54-7-113, *TCA*. Provisions of the private act stipulate that after taking bids, all purchases must be approved by the road supervisor, county mayor, and the County Highway Committee. The Uniform Road Law provides for purchases exceeding \$10,000 to be made after public advertisement and solicitation of competitive bids.

Office of Director of Schools

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

VI. OTHER NOTES – BENTON COUNTY ELECTRIC SYSTEM FUND, ENTERPRISE FUND)

A. Significant Accounting Policies

1. Reporting Entity

The Benton County Electric System is a proprietary fund of Benton County. *Tennessee Code Annotated*, Section 7-52-117(c) states “Subject to the provisions of Section 7-52-132, the superintendent, with the approval of the supervisory body, may acquire and dispose of all property, real and personal, necessary to effectuate the purposes of this part. The title of such property shall be taken in the name of the municipality” (county). Therefore, Benton County Electric System does not possess sufficient corporate powers that distinguish it as a legally separate entity, and is considered a proprietary fund of Benton

County, Tennessee. The electric system is under the regulatory of the Tennessee Valley Authority.

2. **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The electric system's financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The accounting policies of the electric system conform to applicable accounting principles generally accepted in the United States of America as defined by the Governmental Accounting Standards Board (GASB).

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the electric system are charges to customers for sales and service. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

3. **Assets, Liabilities, and Net Position**

a. **Deposits and Investments**

The electric system's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the electric system to invest in certificates of deposit, obligations of the U.S. Treasury, agencies and instrumentalities, obligations guaranteed by the U.S. government or its agencies, repurchase agreements, and the state's investment pool.

Investments were made up entirely of certificates of deposits with a maturity of three months or more for the fiscal year ended June 30, 2014.

b. Accounts Receivable

Trade receivables result from unpaid billings for electric service to customers and from unpaid billings related to work performed for or materials sold to certain entities. All trade receivables are shown net of an allowance for uncollectible accounts. The allowance for uncollectible customer accounts recorded by the electric system is based on past history of uncollectible accounts and management's analysis of current accounts.

c. Inventories and Prepaid Items

All inventories are valued at the lower of average cost or market, using the first-in/first-out method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

d. Restricted Assets

Certain proceeds of the bond issues, as well as certain resources set aside for their repayment, are classified as restricted assets on the Statement of Net Position because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The electric system elects to use restricted assets before unrestricted assets when a situation arises where either can be used.

e. Capital Assets

Capital assets, which include property, plant, equipment, and construction in progress, are defined by the electric system as assets with an initial, individual cost of more than \$500 (amount not rounded) and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Assets acquired through contributions from developers or other customers are capitalized at their estimated fair market value at the date of donation.

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

are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the electric system are depreciated using the straight line method over the following useful lives:

<u>Assets</u>	<u>Years</u>
General Plant	5 - 40
Transmission Plant	28 - 33
Distribution Plant	16 - 40

f. Compensated Absences

It is the electric system's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay has been accrued and is reflected as a long-term liability on the financial statements. All sick leave has been accrued at 75 percent of the total value and is reflected as a long-term liability on the financial statements.

In March 1997, the electric system approved a policy that would permit employees, at their discretion, to give sick leave to another employee involved in a catastrophic illness where such an employee had exhausted all available sick leave and vacation. The leave would be paid at the rate the employee receiving leave is currently earning. The board feels that the 75 percent approximation of sick leave accrued is enough to cover any expenditures for leave under this policy.

g. Long-term Obligations

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

h. Deferred Outflows/Inflows of Resources

During the year ended June 30, 2013, the electric system adopted the provisions of Governmental Accounting Standards Board Statement No. 63, *Reporting Deferred Outflows, Deferred Inflows and Net Position*. The objective of the statement is to provide financial reporting guidance for deferred outflows of resources and deferred 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 and so will not be recognized as an outflow of resources (expense/expenditure) until then. The electric system currently has no items that qualify for reporting in the category.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents acquisition of the net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

i. Impact of Recently Issued Accounting Pronouncements

In March 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows and inflows of resources, certain items that were previously reported as assets and liabilities. This statement is effective for financial periods beginning December 15, 2012. The electric system will continue to report bond issuance costs as an asset and amortize those over the life of the bonds instead of expensing those costs in the current year in accordance with certain provisions included in GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements*. This regulatory option as part of Statement No. 65 is available due to the above mentioned cost being used for rate setting by the electric system.

In June 2012, GASB issued Statement No. 67, *Financial Reporting for Pension Plans* and Statement No. 68, *Accounting and Financial Reporting for Pensions*. Statement No. 67 amends Statement No. 25 and Statement No. 68 amends Statement No. 27. Statement No. 67, effective for fiscal years beginning after June 15, 2013, revises existing standards of financial reporting by state and local government pension plans and will be adopted by the pension plan itself. Statement No. 68 will affect the governments that participate as employers in these plans and is effective for fiscal years beginning after June 15, 2014. For governments to adopt Statement No. 68, the underlying pension plans must first adopt Statement No. 67. These statements establish a

definition of a pension plan that reflects the primary activities associated with the pension arrangement – determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. Statement No. 68 details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. The objective of Statement No. 68 is to improve accounting and financial reporting by state and local governments for pensions. These pension standards include significant changes to how governmental employers will report liabilities related to pension obligations. Management is currently evaluating the impact that the adoption of Statement No. 68 will have on the electric system’s financial statements.

j. Net Position Flow Assumption

Sometimes the electric system will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the electric system’s policy to consider restricted net position to have been depleted before unrestricted net position is applied.

k. Net Position

Equity is classified as net position and displayed in the following three components:

- Net investment in capital assets – Consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds that are attributable to the acquisition, construction, or improvement of those assets; debt related to unspent proceeds or other restricted cash and investments is excluded from the determination.
- Restricted for debt service – Consists of net position for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations and enabling legislation, including self-imposed legal mandates, less any related liabilities.
- Unrestricted – All other net position that does not meet the description of the above categories.

1. Use of Estimates

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

B. Stewardship, Compliance, and Accountability

Budgetary Information

The electric system adopts flexible annual operating and capital budgets. Budgets are adopted on a basis consistent with generally accepted accounting principles. The current operating budget details the electric system's plans to earn and expend funds for charges incurred for operation, maintenance, certain interest and general functions, and other charges for the fiscal year. The capital budget details the plan to receive and expend cash basis capital contribution fees, special assessments, grants, borrowings, and certain revenues for capital projects.

All unexpended appropriations in the operating budget remaining at the end of the fiscal year lapse. Management submits a proposed budget to the board prior to the July meeting, and the budget is adopted at that meeting for the next fiscal year. During the year, management is authorized to transfer budgeted amounts between line items.

C. Detailed Notes on All Funds

1. Deposits and Investments

Custodial Credit Risk. The electric system's policies limit deposits and investments to those instruments allowed by applicable state laws and are described below. State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105 percent of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the electric system's agent in the electric system's name, or by the Federal Reserve banks acting as third-party agents. State statutes also authorize the electric system to invest in bonds, notes or treasury bills of the United States or any of its agencies, certificates of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities, and the state pooled investment fund.

Statutes also require that securities underlying repurchase agreements must have a market value at least equal to the amount of funds invested in the repurchase transaction. As of June 30, 2014, none of the electric system's deposits was exposed to custodial credit risk.

2. Receivables

Accounts receivable of the Benton County Electric System at June 30, 2014, consisted of the following:

	<u>Receivables</u>
Billed Services for Utility Customers	\$ 1,712,292
Allowance for Doubtful Accounts	<u>(8,225)</u>
Total Accounts Receivable	<u>\$ 1,704,067</u>

Restricted Assets

All deposits required by the 2005 and 2012 Electric Plant Revenue Bonds have been made. Transactions in funds other than the 2005 and 2012 Electric Plant Revenue Bond funds are at the discretion of the board of directors, and there are no applicable legal requirements or restrictions on these funds.

The restricted assets consist of the following:

2005 and 2012 Electric Plant Revenue Bond funds	
Interest and Sinking Fund	\$ 197,548
Reserve Fund	<u>445,353</u>
Total Restricted Assets	<u>\$ 642,901</u>

The total of these funds is represented by:

Certificates of Deposit and Bank Accounts	<u>\$ 642,901</u>
-------------------------------------------	-------------------

3. Capital Assets

Capital assets activity during the year was as follows:

	<u>Balance</u>			<u>Balance</u>
	7-1-13	Additions	Disposals	6-30-14
Capital Assets Not Depreciated:				
Land	\$ 188,840	\$ 0	\$ 0	\$ 188,840
Construction in Progress	<u>156,090</u>	<u>21,141</u>	<u>0</u>	<u>177,231</u>
Total Capital Assets Not Depreciated	<u>\$ 344,930</u>	<u>\$ 21,141</u>	<u>\$ 0</u>	<u>\$ 366,071</u>

Capital Assets (Cont.)	Balance			Balance
	7-1-13	Additions	Disposals	6-30-14
Capital Assets Depreciated:				
Other Capital Assets	\$ 34,252,971	\$ 1,246,856	\$ 410,946	\$ 35,088,881
Total Capital Assets Depreciated	<u>\$ 34,252,971</u>	<u>\$ 1,246,856</u>	<u>\$ 410,946</u>	<u>\$ 35,088,881</u>
Less Accumulated Deprecation For:				
Other Capital Assets	\$ 13,714,095	\$ 1,244,079	\$ 525,929	\$ 14,432,245
Total Accumulated Depreciation	<u>\$ 13,714,095</u>	<u>\$ 1,244,079</u>	<u>\$ 525,929</u>	<u>\$ 14,432,245</u>
Total Capital Assets Depreciated, Net	<u>\$ 20,538,876</u>	<u>\$ 2,777</u>	<u>\$ (114,983)</u>	<u>\$ 20,656,636</u>
Total Capital Assets, Net	<u>\$ 20,883,806</u>	<u>\$ 23,918</u>	<u>\$ (114,983)</u>	<u>\$ 21,022,707</u>

Depreciation expense of \$1,244,079 (including \$16,193 of transportation expense clearing) was recorded by the electric system.

4. **Long-term Debt**

Long-term debt consists of the following:

Type	Interest Rate	Balance 6-30-14
Electric System Revenue Refunding Bonds, Series 2005	3.9%	\$ 790,000
Electric System Revenue Refunding and Improvement Bonds, Series 2012	2 to 2.5	<u>3,440,000</u>
Total		<u>\$ 4,230,000</u>

During 2005, Benton County issued \$1,225,000 of Electric System Revenue Bonds, Series 2005, to replace a substation in Camden, Tennessee. The bonds bear interest at a rate of 3.9 percent and mature serially in varying amounts from \$40,000 in fiscal year 2006 to \$85,000 in fiscal year 2025. The bonds are secured by a pledge of revenues by the electric system. Expenses incurred in the issuance of the bonds are being amortized by equal charges to operations over the life of the bonds.

On February 14, 2012, Benton County Electric System issued at par \$3,975,000 of Electric System Revenue Refunding Bonds, Series 2012, to refund \$1,690,000 of then-outstanding series 2000 and 2004 bonds. The 2012 bonds bear an interest rate varying between two and 2.5 percent and will be repaid in variable amounts, with the final payment due December 1, 2028. The refunded 2000 and 2004 bonds carried an

interest rate varying between 1.1 and 5.25 percent and also were due in variable amounts, with the final payment due December 1, 2021.

The following is a summary of long-term debt transactions for the year ended June 30, 2014.

	Balance 7-1-13	Additions	Retirements	Balance 6-30-14
Revenue bonds payable	\$ 4,545,000	\$ 0	\$ 315,000	\$ 4,230,000

The scheduled annual requirements for long-term debt at June 30, 2014, including interest of \$720,699, are as follows:

Year Ending June 30	Revenue Bonds		
	Principal	Interest	Total
2015	\$ 325,000	\$ 100,365	\$ 425,365
2016	330,000	92,675	422,675
2017	345,000	84,737	429,737
2018	275,000	77,302	352,302
2019	285,000	70,420	355,420
2020-2024	1,540,000	241,497	1,781,497
2025-2028	1,130,000	53,703	1,183,703
Total	<u>\$ 4,230,000</u>	<u>\$ 720,699</u>	<u>\$ 4,950,699</u>

5. Net Position

Net position represents the difference between assets and liabilities. The restricted net position amounts were as follows:

Net Investment in Capital Assets:	
Net Property, Plant, and Equipment in Service	\$ 21,022,707
Unamortized Bond Premium	(23,448)
Less: Revenue Bonds Payable	<u>(4,230,000)</u>
Total Net Investment in Capital Assets	<u>\$ 16,769,259</u>
Restricted for Debt Service:	
Restricted Cash and Investments	\$ 642,901
Less: Current Liabilities Payable from Restricted Assets - Accrued Interest Payable	<u>(7,872)</u>
Total Restricted for Debt Service	<u>\$ 635,029</u>
Unrestricted	<u>\$ (160,940)</u>
Total Net Position	<u>\$ 17,243,348</u>

D. Other Information

1. Pension Costs

The following pension information for the year ended June 30, 2014, is the most current information available.

Tennessee Consolidated Retirement System

All employees of the Benton County Electric System hired after November 22, 1988, are included with the employees of Benton County and are covered under the Tennessee Consolidated Retirement System, a multi-employer plan. The electric system's payroll for these employees totaled \$1,484,792 with employer contributions of \$151,955 (10.23 percent of covered wages) and employee contributions of \$89,935. Additional disclosures pertaining to the electric system's employees may be obtained by referring to Note V.F.

Central Service Association Plan (CSA)

The electric system participates in a multi-employer pension plan sponsored by Central Service Association. Substantially, all employees are covered by this contributory pension plan. The electric system funds both the employee and employer portion of the pension plan. Contributions to the plan were \$330,786. The electric system's payroll for employees covered by the plan for the year ended June 30, 2013, was \$1,011,686, and the total payroll for the year was \$2,459,935.

Plan Description

The following description of the plan is provided for the Central Service Association Employee Retirement Plan in total. Plan net assets and accumulated plan benefit information relative to the electric system's portion of the multi-employee plan are not determinable.

The plan is a multi-employer defined benefit plan with employees eligible to participate on the date of employment. The employer contributes amounts sufficient to meet the actuarially determined funding requirements of the plan in order to provide for anticipated benefits. The employer has a right to discontinue contributions at any time and terminate the plan. In the event of termination of the plan, the net assets of the plan are to be used to purchase annuities for the participants in a specified manner.

However, the Pension Benefit Guaranty Corporation guarantees the payments of all non-forfeitable basic benefits, subject to certain limitations prescribed by the Employee Retirement Income Security Act of 1974 (ERISA).

Funding Policy

The contributions of the employer are made in amounts sufficient to fund the plan's current service costs on a current basis and to fund the initial past service costs plus interest thereon over 20 years. The plan has met the ERISA minimum funding requirements.

Annual Pension Costs

For the year ended June 30, 2012, the electric system's annual pension cost of \$330,786 for the plan was equal to the electric system's required and actual contributions. The required contribution was determined as part of the October 1, 2012, actuarial valuation using the frozen entry age actuarial cost method. The actuarial assumptions included (a) seven percent investment rate of return (net of administrative expenses), and (b) projected salary increases of five percent, including cost of living adjustments. The actuarial value of plan assets was determined using the following. The pension account is maintained in accordance with the group annuity contract between the plan sponsor and Massachusetts Mutual. Assets are assigned to the General Investment Account for the insurance company where investments are comprised mainly of bonds and mortgages. For valuation purposes, the unadjusted value of the pension account assigned by the insurance company is used.

For assets held in separate investment accounts, the actuarial value of assets is equal to the average market value of assets, with phase-in, as defined in 1.412 (c) (2)-1(b)(7) of the regulations under Section 412 of the Internal Revenue Code. The averaging period is five years. The average market value is adjusted to be no greater than 120 percent and no less than 80 percent of the market value of assets.

Three-year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9-30-12	\$ 303,879	108.85 %	\$ 26,907
9-30-11	303,879	103.67	11,157
9-30-10	289,409	107.90	22,876

2. Power Contract

The electric system has a power contract with the Tennessee Valley Authority (TVA), whereby the electric system purchases all its electric power from TVA and is subject to certain restrictions and conditions as provided for in the power contract. Such restrictions include, but are not limited to, prohibitions against furnishings, advancing, lending, pledging, or otherwise diverting electric system funds, revenues, or property to other operations of the county and the purchase or payment of, or providing security for indebtedness on other obligations applicable to such other operations.

3. Risk Management

The electric system is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2014, the electric system purchased commercial insurance for all of the above risks. Settled claims have not exceeded this commercial coverage in any of the past three years and there has been no significant reduction in the amount of coverage provided.

4. Other Postemployment Benefits (OPEB)

Plan Description

Benton County Electric System sponsors a single-employer postemployment benefit plan. The plan provides medical, prescription, and death benefits to eligible retirees and their spouses.

Funding Policy

The electric system intends to continue its policy of funding OPEB liabilities on a pay-as-you-go basis and not to pre-fund any unfunded annual required contribution as determined under Governmental Accounting Standards Board (GASB) Statement No. 45.

Annual OPEB Cost and Net OPEB Obligation

The electric system's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the electric system's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the electric system's net OPEB obligation.

Components of Net OPEB Obligation

Annual Required Contribution	\$ 48,066
Interest on Net OPEB Obligation	5,200
Adjustment to Annual Required Contribution	<u>(6,940)</u>
Annual OPEB Cost (Expense)	\$ 46,326
Contributions Made	<u>(31,534)</u>
Increase in Net Obligation	\$ 14,792
Net OPEB obligation, 7-1-13	<u>115,564</u>
 Net OPEB obligation, 6-30-14	 <u><u>\$ 130,356</u></u>

The electric system's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-14	\$ 46,326	68.1 %	\$ 130,356
6-30-13	45,836	39.5	115,564
6-30-12	45,069	58.2	87,825

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$477,829, and the actuarial value of assets was zero resulting in an unfunded actuarial accrued liability (UAAL) of \$477,829. The covered payroll (annual payroll of active employees covered by the plan) was \$2,293,244 and the ratio of the UAAL to the covered payroll was 20.8 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions of the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on a substantive plan (the plan as understood by the employer and the plan members) and includes the type of benefits provided at the time of each valuation and the historical pattern of sharing the benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2011, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a seven percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan assets at the valuation date, and an annual healthcare cost trend of eight percent initially, reduced by decrements to an ultimate rate of five percent after three years. The actuarial value of assets was determined using a standard balanced portfolio expectation for retirement plan asset returns. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at July 1, 2013, was 25 years.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

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

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Frozen Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7-1-13	\$ 16,074	\$ 17,035	\$ 961	94.36	% \$ 6,988	13.75 %
7-1-11	13,949	15,183	1,234	91.87	6,945	17.77
7-1-09	10,965	11,355	390	96.56	6,598	5.92

Exhibit F-2

Benton County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Benton County School Department
June 30, 2014

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>PRIMARY GOVERNMENT</u>							
Local Government Group	7-1-10	\$ 0	\$ 146	\$ 146	0%	\$ 3,664	4%
"	7-1-11	0	110	110	0	3,914	3
"	7-1-13	0	33	33	0	740	4
Benton County Electric System	7-1-12	0	465	465	0	2,242	21
"	7-1-13	0	478	478	0	2,183	22
"	7-1-14	0	478	478	0	2,293	21
<u>DISCRETELY PRESENTED BENTON COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-10	0	2,131	2,131	0	10,445	20
"	7-1-11	0	2,250	2,250	0	10,510	21
"	7-1-13	0	1,237	1,237	0	11,268	11

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

NONE

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

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for 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.

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

Other Special Revenue Fund – The Other Special Revenue Fund is used to account for revenues generated by the Tennessee River Resort District Act and expended for tourism.

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 Fund

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

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

Capital Projects Funds

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

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

Community Development/Industrial Park Fund – The Community Development/Industrial Park Fund is used to account for bond proceeds and local revenues to be used for the acquisition and construction of a new jail.

Other Capital Projects Fund – The Other Capital Projects Fund is used to account for note proceeds and federal and state grant funds received for airport improvements.

Exhibit G-1

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

	Special Revenue Funds				Debt Service Fund		Capital Projects Funds
	Drug Control	Other Special Revenue	Constitutional Officers - Fees	Total	General Debt Service	General Capital Projects	
\$	0	0	923	923	0	0	0
	28,834	120,004	0	148,838	1,067,247	213,573	0
	0	0	4,974	4,974	0	0	0
	0	31,481	0	31,481	143,019	82,090	0
	0	0	0	0	68,178	0	0
	0	0	0	0	150,922	138,345	0
	0	0	0	0	(5,555)	(5,092)	0
	28,834	151,485	5,897	186,216	1,423,811	428,916	0

ASSETS

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

Total Assets

LIABILITIES

Accounts Payable
 Contracts Payable
 Due to Other Funds
 Due to State of Tennessee
 Total Liabilities

DEFERRED INFLOWS OF RESOURCES

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

(Continued)

Exhibit G-1

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

	Special Revenue Funds			Total	Debt Service Fund	Capital Projects Funds
	Drug Control	Other Special Revenue	Constitutional Officers - Fees		General Debt Service	General Capital Projects
\$ 17,334 \$	0 \$	0 \$	0 \$	17,334 \$	0 \$	0
0	133,527	0	0	133,527	0	0
0	0	0	0	0	0	112,290
0	0	0	0	0	254,321	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	8
0	0	0	0	0	917,629	0
\$ 17,334 \$	133,527 \$	0 \$	0 \$	150,861 \$	1,171,950 \$	112,298
\$ 28,834 \$	151,485 \$	5,897 \$	186,216 \$	1,423,811 \$	428,916	

FUND BALANCES

Restricted:

Restricted for Public Safety
 Restricted for Other Operations
 Restricted for Capital Outlay
 Restricted for Debt Service
 Restricted for Capital Projects

Committed:

Committed for Capital Outlay
 Committed for Debt Service
 Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

(Continued)

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

	Capital Projects Funds (Cont.)				Total Nonmajor Governmental Funds
	Community Development/ Industrial Park	Other Capital Projects	Total		
\$	0	0	0	0	5,897
	219,188	36,418	469,179		1,685,264
	0	51,250	133,340		307,840
	0	0	0		68,178
	0	0	138,345		289,267
	0	0	(5,092)		(10,647)
\$	219,188	87,668	735,772		2,345,799

ASSETS

Cash	
Equity in Pooled Cash and Investments	
Due from Other Governments	
Due from Component Units	
Property Taxes Receivable	
Allowance for Uncollectible Property Taxes	
Total Assets	

LIABILITIES

Accounts Payable	
Contracts Payable	
Due to Other Funds	
Due to State of Tennessee	
Total Liabilities	
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred Current Property Taxes	
Deferred Delinquent Property Taxes	
Other Deferred/Unavailable Revenue	
Total Deferred Inflows of Resources	

(Continued)

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

	Capital Projects Funds (Cont.)				Total Nonmajor Governmental Funds
	Community Development/ Industrial Park	Other Capital Projects	Total		
\$	0	0	0	0	17,334
	0	0	0	0	133,527
	0	0	112,290		112,290
	0	0	0	0	254,321
	0	23,668	23,668		23,668
	219,188	0	219,196		219,196
	0	0	0		917,629
\$	219,188	23,668	355,154	\$	1,677,965
\$	219,188	87,668	735,772	\$	2,345,799

FUND BALANCES

Restricted:

- Restricted for Public Safety
- Restricted for Other Operations
- Restricted for Capital Outlay
- Restricted for Debt Service
- Restricted for Capital Projects

Committed:

- Committed for Capital Outlay
- Committed for Debt Service

Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

Exhibit G-2

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

	Special Revenue Funds				Total	Debt Service Fund	Capital Projects Funds
	Drug Control	Other Special Revenue	Constitutional Officers - Fees				
<u>Revenues</u>							
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 490,924	\$ 132,173	
Fines, Forfeitures, and Penalties	48,022	0	0	48,022	0	0	
Charges for Current Services	0	0	6,695	6,695	0	0	
Other Local Revenues	2,362	0	0	2,362	3,153	0	
State of Tennessee	0	161,900	0	161,900	0	293,158	
Other Governments and Citizens Groups	0	0	0	0	637,507	0	
Total Revenues	\$ 50,384	\$ 161,900	\$ 6,695	\$ 218,979	\$ 1,131,584	\$ 425,331	
<u>Expenditures</u>							
Current:							
Administration of Justice	\$ 0	\$ 0	\$ 6,695	\$ 6,695	\$ 0	\$ 0	
Public Safety	60,028	0	0	60,028	0	0	
Other Operations	414	162,604	0	163,018	0	2,636	
Debt Service:							
Principal on Debt	0	0	0	0	833,600	0	
Interest on Debt	0	0	0	0	245,844	0	
Other Debt Service	0	0	0	0	7,033	0	
Capital Projects	0	0	0	0	0	388,139	
Total Expenditures	\$ 60,442	\$ 162,604	\$ 6,695	\$ 229,741	\$ 1,086,477	\$ 390,775	
Excess (Deficiency) of Revenues Over Expenditures	\$ (10,058)	\$ (704)	\$ 0	\$ (10,762)	\$ 45,107	\$ 34,556	

(Continued)

Exhibit G-2

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

	Special Revenue Funds				Total	Debt Service Fund	Capital Projects Funds
	Drug Control	Other Special Revenue	Constitutional Officers - Fees				
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 0	\$ 53,195	\$ 0	\$ 53,195	\$ 0	\$ 0	0
Total Other Financing Sources (Uses)	\$ 0	\$ 53,195	\$ 0	\$ 53,195	\$ 0	\$ 0	0
Net Change in Fund Balances	\$ (10,058)	\$ 52,491	\$ 0	\$ 42,433	\$ 45,107	\$ 34,556	
Fund Balance, July 1, 2013	27,392	81,036	0	108,428	1,126,843	77,742	
Fund Balance, June 30, 2014	\$ 17,334	\$ 133,527	\$ 0	\$ 150,861	\$ 1,171,950	\$ 112,298	

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

	Capital Projects Funds (Cont.)				Total Nonmajor Governmental Funds
	Community Development/ Industrial Park	Other Capital Projects	Total		
<u>Revenues</u>					
Local Taxes	\$ 0	\$ 0	\$ 132,173	\$ 623,097	
Fines, Forfeitures, and Penalties	0	0	0	48,022	
Charges for Current Services	0	0	0	6,695	
Other Local Revenues	16,674	0	16,674	22,189	
State of Tennessee	0	109,874	403,032	564,932	
Other Governments and Citizens Groups	0	0	0	637,507	
Total Revenues	\$ 16,674	\$ 109,874	\$ 551,879	\$ 1,902,442	
<u>Expenditures</u>					
Current:					
Administration of Justice	\$ 0	\$ 0	\$ 0	6,695	
Public Safety	0	0	0	60,028	
Other Operations	167	0	2,803	165,821	
Debt Service:					
Principal on Debt	0	0	0	833,600	
Interest on Debt	0	0	0	245,844	
Other Debt Service	0	0	0	7,033	
Capital Projects	62,809	137,367	588,315	588,315	
Total Expenditures	\$ 62,976	\$ 137,367	\$ 591,118	\$ 1,907,336	
Excess (Deficiency) of Revenues Over Expenditures	\$ (46,302)	\$ (27,493)	\$ (39,239)	\$ (4,894)	

(Continued)

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

	Capital Projects Funds (Cont.)				Total Nonmajor Governmental Funds
	Community Development/ Industrial Park	Other Capital Projects	Total		
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 0 \$	0 \$	0 \$	0 \$	53,195
Total Other Financing Sources (Uses)	\$ 0 \$	0 \$	0 \$	0 \$	53,195
Net Change in Fund Balances	(46,302) \$	(27,493) \$	(39,239) \$	(39,239) \$	48,301
Fund Balance, July 1, 2013	265,490	51,161	394,393	394,393	1,629,664
Fund Balance, June 30, 2014	219,188 \$	23,668 \$	355,154 \$	355,154 \$	1,677,965

Exhibit G-3

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 48,022	\$ 9,700	\$ 58,313	\$ (10,291)
Other Local Revenues	2,362	2,750	4,637	(2,275)
Other Governments and Citizens Groups	0	500	500	(500)
Total Revenues	<u>\$ 50,384</u>	<u>\$ 12,950</u>	<u>\$ 63,450</u>	<u>\$ (13,066)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 60,028	\$ 7,800	\$ 70,227	\$ 10,199
<u>Other Operations</u>				
Other Charges	414	149	149	(265)
<u>Support Services</u>				
Other Student Support	0	5,000	5,000	5,000
Total Expenditures	<u>\$ 60,442</u>	<u>\$ 12,949</u>	<u>\$ 75,376</u>	<u>\$ 14,934</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (10,058)</u>	<u>\$ 1</u>	<u>\$ (11,926)</u>	<u>\$ 1,868</u>
Net Change in Fund Balance	\$ (10,058)	1	(11,926)	1,868
Fund Balance, July 1, 2013	<u>27,392</u>	<u>24,937</u>	<u>24,937</u>	<u>2,455</u>
Fund Balance, June 30, 2014	<u><u>\$ 17,334</u></u>	<u><u>\$ 24,938</u></u>	<u><u>\$ 13,011</u></u>	<u><u>\$ 4,323</u></u>

Exhibit G-4

Benton County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Other Special Revenue Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
State of Tennessee	\$ 161,900	\$ 152,000	\$ 152,000	\$ 9,900
Total Revenues	\$ 161,900	\$ 152,000	\$ 152,000	\$ 9,900
<u>Expenditures</u>				
<u>Other Operations</u>				
Tourism	\$ 161,009	\$ 143,308	\$ 196,503	\$ 35,494
Other Charges	1,595	1,672	1,672	77
Total Expenditures	\$ 162,604	\$ 144,980	\$ 198,175	\$ 35,571
Excess (Deficiency) of Revenues Over Expenditures	\$ (704)	\$ 7,020	\$ (46,175)	\$ 45,471
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 53,195	\$ 0	\$ 53,195	\$ 0
Total Other Financing Sources	\$ 53,195	\$ 0	\$ 53,195	\$ 0
Net Change in Fund Balance	\$ 52,491	\$ 7,020	\$ 7,020	\$ 45,471
Fund Balance, July 1, 2013	81,036	81,036	81,036	0
Fund Balance, June 30, 2014	\$ 133,527	\$ 88,056	\$ 88,056	\$ 45,471

Exhibit G-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 490,924	\$ 468,983	\$ 468,983	\$ 21,941
Other Local Revenues	3,153	0	0	3,153
Other Governments and Citizens Groups	637,507	627,162	627,162	10,345
Total Revenues	<u>\$ 1,131,584</u>	<u>\$ 1,096,145</u>	<u>\$ 1,096,145</u>	<u>\$ 35,439</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 140,000	\$ 140,000	\$ 140,000	\$ 0
Education	693,600	690,483	693,600	0
<u>Interest on Debt</u>				
General Government	172,200	172,200	172,200	0
Education	73,644	73,644	73,644	0
<u>Other Debt Service</u>				
General Government	6,468	12,058	12,308	5,840
Education	565	1,600	1,415	850
Total Expenditures	<u>\$ 1,086,477</u>	<u>\$ 1,089,985</u>	<u>\$ 1,093,167</u>	<u>\$ 6,690</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 45,107</u>	<u>\$ 6,160</u>	<u>\$ 2,978</u>	<u>\$ 42,129</u>
Net Change in Fund Balance	\$ 45,107	\$ 6,160	\$ 2,978	\$ 42,129
Fund Balance, July 1, 2013	<u>1,126,843</u>	<u>1,072,432</u>	<u>1,072,432</u>	<u>54,411</u>
Fund Balance, June 30, 2014	<u>\$ 1,171,950</u>	<u>\$ 1,078,592</u>	<u>\$ 1,075,410</u>	<u>\$ 96,540</u>

Exhibit G-6

Benton County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Capital Projects Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 132,173	\$ 131,069	\$ 131,069	\$ 1,104
State of Tennessee	293,158	284,297	382,887	(89,729)
Total Revenues	<u>\$ 425,331</u>	<u>\$ 415,366</u>	<u>\$ 513,956</u>	<u>\$ (88,625)</u>
<u>Expenditures</u>				
<u>Other Operations</u>				
Other Charges	\$ 2,636	\$ 0	\$ 0	\$ (2,636)
<u>Capital Projects</u>				
General Administration Projects	388,139	320,877	556,250	168,111
Total Expenditures	<u>\$ 390,775</u>	<u>\$ 320,877</u>	<u>\$ 556,250</u>	<u>\$ 165,475</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 34,556</u>	<u>\$ 94,489</u>	<u>\$ (42,294)</u>	<u>\$ 76,850</u>
Net Change in Fund Balance	\$ 34,556	\$ 94,489	\$ (42,294)	\$ 76,850
Fund Balance, July 1, 2013	<u>77,742</u>	<u>77,742</u>	<u>77,742</u>	<u>0</u>
Fund Balance, June 30, 2014	<u><u>\$ 112,298</u></u>	<u><u>\$ 172,231</u></u>	<u><u>\$ 35,448</u></u>	<u><u>\$ 76,850</u></u>

Fiduciary Funds

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

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

Community Development - Agency Fund – The Community Development - Agency Fund is used to account for the purchase of property and construction of the Morris Chapel Fire Department funded through the sale of the prior fire department site.

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

Exhibit H-1

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

	<u>Agency Funds</u>			<u>Total</u>
	<u>Cities - Sales Tax</u>	<u>Community Development - Agency</u>	<u>Constitutional Officers - Agency</u>	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 482,382	\$ 482,382
Equity in Pooled Cash and Investments	0	37,598	0	37,598
Accounts Receivable	0	0	400	400
Due from Other Governments	287,496	0	0	287,496
Total Assets	\$ 287,496	\$ 37,598	\$ 482,782	\$ 807,876
<u>LIABILITIES</u>				
Due to Other Taxing Units	\$ 287,496	\$ 0	\$ 0	\$ 287,496
Due to Litigants, Heirs, and Others	0	37,598	482,782	520,380
Total Liabilities	\$ 287,496	\$ 37,598	\$ 482,782	\$ 807,876

Exhibit H-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,590,410	\$ 1,590,410	\$ 0
Due from Other Governments	269,531	287,496	269,531	287,496
Total Assets	\$ 269,531	\$ 1,877,906	\$ 1,859,941	\$ 287,496
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 269,531	\$ 1,877,906	\$ 1,859,941	\$ 287,496
Total Liabilities	\$ 269,531	\$ 1,877,906	\$ 1,859,941	\$ 287,496
<u>Community Development - Agency Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 77,500	\$ 39,902	\$ 37,598
Total Assets	\$ 0	\$ 77,500	\$ 39,902	\$ 37,598
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 0	\$ 77,500	\$ 39,902	\$ 37,598
Total Liabilities	\$ 0	\$ 77,500	\$ 39,902	\$ 37,598
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 686,344	\$ 3,145,248	\$ 3,349,210	\$ 482,382
Accounts Receivable	0	400	0	400
Total Assets	\$ 686,344	\$ 3,145,648	\$ 3,349,210	\$ 482,782
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 686,344	\$ 3,145,648	\$ 3,349,210	\$ 482,782
Total Liabilities	\$ 686,344	\$ 3,145,648	\$ 3,349,210	\$ 482,782

(Continued)

Exhibit H-2

Benton County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds (Cont.)

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Assets</u>				
Cash	\$ 686,344	\$ 3,145,248	\$ 3,349,210	\$ 482,382
Equity in Pooled Cash and Investments	0	1,667,910	1,630,312	37,598
Accounts Receivable	0	400	0	400
Due from Other Governments	269,531	287,496	269,531	287,496
Total Assets	<u>\$ 955,875</u>	<u>\$ 5,101,054</u>	<u>\$ 5,249,053</u>	<u>\$ 807,876</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 269,531	\$ 1,877,906	\$ 1,859,941	\$ 287,496
Due to Litigants, Heirs, and Others	686,344	3,223,148	3,389,112	520,380
Total Liabilities	<u>\$ 955,875</u>	<u>\$ 5,101,054</u>	<u>\$ 5,249,053</u>	<u>\$ 807,876</u>

Benton County School Department

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

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

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

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

Exhibit I-1

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

Functions/Programs	Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Charges for Services	Operating Grants and Contributions	
Governmental Activities:			
Instruction	\$ 12,725,320	\$ 0	\$ (11,256,940)
Support Services	6,766,243	58,555	(5,995,081)
Operation of Non-instructional Services	1,769,346	252,458	(249,049)
Total Governmental Activities	\$ 21,260,909	\$ 311,013	\$ (17,501,070)
General Revenues:			
Taxes:			
Property Taxes Levied for General Purposes			\$ 4,031,685
Local Option Sales Taxes			1,961,511
Other Local Taxes			1,687
Grants and Contributions Not Restricted to Specific Programs			11,808,888
Miscellaneous			52,500
Total General Revenues			\$ 17,856,271
Change in Net Position			\$ 355,201
Net Position, July 1, 2013			16,305,594
Net Position, June 30, 2014			\$ 16,660,795

Exhibit I-2

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

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 301	\$ 301
Equity in Pooled Cash and Investments	3,769,738	490,040	4,259,778
Due from Other Governments	467,734	0	467,734
Property Taxes Receivable	4,101,441	0	4,101,441
Allowance for Uncollectible Property Taxes	(151,369)	0	(151,369)
Total Assets	\$ 8,187,544	\$ 490,341	\$ 8,677,885
<u>LIABILITIES</u>			
Accounts Payable	\$ 36,565	\$ 0	\$ 36,565
Contracts Payable	104,420	0	104,420
Due to Primary Government	68,178	0	68,178
Total Liabilities	\$ 209,163	\$ 0	\$ 209,163
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 3,795,777	\$ 0	\$ 3,795,777
Deferred Delinquent Property Taxes	138,965	0	138,965
Other Deferred/Unavailable Revenue	156,719	0	156,719
Total Deferred Inflows of Resources	\$ 4,091,461	\$ 0	\$ 4,091,461
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 2,475	\$ 0	\$ 2,475
Restricted for Operation of Non-instructional Services	0	430,340	430,340
Assigned:			
Assigned for Education	294,333	60,001	354,334
Unassigned	3,590,112	0	3,590,112
Total Fund Balances	\$ 3,886,920	\$ 490,341	\$ 4,377,261
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 8,187,544	\$ 490,341	\$ 8,677,885

Exhibit I-3

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

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$	4,377,261
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	507,205	
Add: construction in progress		278,450	
Add: buildings and improvements net of accumulated depreciation		10,721,152	
Add: other capital assets net of accumulated depreciation		<u>848,714</u>	12,355,521
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: other postemployment benefits liability			(367,671)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			
			<u>295,684</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>16,660,795</u></u>

Exhibit I-4

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

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General	Other	Total
	Purpose	Govern-	Governmental
	School	mental	Funds
		Funds	
<u>Revenues</u>			
Local Taxes	\$ 6,172,998	\$ 0	\$ 6,172,998
Licenses and Permits	1,569	0	1,569
Charges for Current Services	54,263	256,750	311,013
Other Local Revenues	52,449	1,858	54,307
State of Tennessee	12,267,124	13,504	12,280,628
Federal Government	5,217	2,740,174	2,745,391
Other Governments and Citizens Groups	12,960	0	12,960
Total Revenues	<u>\$ 18,566,580</u>	<u>\$ 3,012,286</u>	<u>\$ 21,578,866</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 10,758,348	\$ 1,175,099	\$ 11,933,447
Support Services	6,141,534	480,549	6,622,083
Operation of Non-instructional Services	288,082	1,367,922	1,656,004
Capital Outlay	768,452	0	768,452
Debt Service:			
Other Debt Service	349,497	0	349,497
Total Expenditures	<u>\$ 18,305,913</u>	<u>\$ 3,023,570</u>	<u>\$ 21,329,483</u>
Excess (Deficiency) of Revenues			
Over Expenditures	\$ 260,667	\$ (11,284)	\$ 249,383
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 5,229	\$ 0	\$ 5,229
Transfers In	31,030	60,000	91,030
Transfers Out	(60,000)	(31,030)	(91,030)
Total Other Financing Sources (Uses)	<u>\$ (23,741)</u>	<u>\$ 28,970</u>	<u>\$ 5,229</u>
Net Change in Fund Balances	\$ 236,926	\$ 17,686	\$ 254,612
Fund Balance, July 1, 2013	3,649,994	472,655	4,122,649
Fund Balance, June 30, 2014	<u>\$ 3,886,920</u>	<u>\$ 490,341</u>	<u>\$ 4,377,261</u>

Exhibit I-5

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

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

Net change in fund balances - total governmental funds (Exhibit I-4)		\$ 254,612
(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	\$ 596,367	
Less: current-year depreciation expense	<u>(607,581)</u>	(11,214)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2014	\$ 295,684	
Less: deferred delinquent property taxes and other deferred June 30, 2013	<u>(258,440)</u>	37,244
(3) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in other postemployment benefits liability		<u>74,559</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 355,201</u>

Exhibit I-6

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

	<u>Special Revenue Funds</u>		<u>Total</u>
	<u>School</u>	<u>Central</u>	<u>Nonmajor</u>
	<u>Federal</u>	<u>Cafeteria</u>	<u>Governmental</u>
	<u>Projects</u>		<u>Funds</u>
<u>ASSETS</u>			
Cash	\$ 0	\$ 301	\$ 301
Equity in Pooled Cash and Investments	60,001	430,039	490,040
Total Assets	<u>\$ 60,001</u>	<u>\$ 430,340</u>	<u>\$ 490,341</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Operation of Non-instructional Services	\$ 0	\$ 430,340	\$ 430,340
Assigned:			
Assigned for Education	60,001	0	60,001
Total Fund Balances	<u>\$ 60,001</u>	<u>\$ 430,340</u>	<u>\$ 490,341</u>

Exhibit I-7

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

	<u>Special Revenue Funds</u>		Total
	School	Central	Nonmajor
	Federal	Cafeteria	Governmental
	Projects		Funds
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 256,750	\$ 256,750
Other Local Revenues	0	1,858	1,858
State of Tennessee	0	13,504	13,504
Federal Government	1,684,752	1,055,422	2,740,174
Total Revenues	<u>\$ 1,684,752</u>	<u>\$ 1,327,534</u>	<u>\$ 3,012,286</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 1,175,099	\$ 0	\$ 1,175,099
Support Services	480,549	0	480,549
Operation of Non-instructional Services	0	1,367,922	1,367,922
Total Expenditures	<u>\$ 1,655,648</u>	<u>\$ 1,367,922</u>	<u>\$ 3,023,570</u>
Excess (Deficiency) of Revenues			
Over Expenditures	<u>\$ 29,104</u>	<u>\$ (40,388)</u>	<u>\$ (11,284)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 60,000	\$ 0	\$ 60,000
Transfers Out	(31,030)	0	(31,030)
Total Other Financing Sources (Uses)	<u>\$ 28,970</u>	<u>\$ 0</u>	<u>\$ 28,970</u>
Net Change in Fund Balances	\$ 58,074	\$ (40,388)	\$ 17,686
Fund Balance, July 1, 2013	1,927	470,728	472,655
Fund Balance, June 30, 2014	<u>\$ 60,001</u>	<u>\$ 430,340</u>	<u>\$ 490,341</u>

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 6,172,998	\$ 0	\$ 0	\$ 6,172,998	\$ 5,999,452	\$ 5,999,452	\$ 173,546
Licenses and Permits	1,569	0	0	1,569	1,135	1,135	434
Charges for Current Services	54,263	0	0	54,263	41,100	55,100	(837)
Other Local Revenues	52,449	0	0	52,449	28,300	54,690	(2,241)
State of Tennessee	12,267,124	0	0	12,267,124	12,127,824	12,232,706	34,418
Federal Government	5,217	0	0	5,217	0	0	5,217
Other Governments and Citizens Groups	12,960	0	0	12,960	6,000	12,000	960
Total Revenues	\$ 18,566,580	\$ 0	\$ 0	\$ 18,566,580	\$ 18,203,811	\$ 18,355,083	\$ 211,497
Expenditures							
<u>Instruction</u>							
Regular Instruction Program	\$ 9,014,187	\$ (8,335)	\$ 3,492	\$ 9,009,344	\$ 9,201,540	\$ 9,257,656	\$ 248,312
Special Education Program	1,118,846	0	0	1,118,846	1,142,772	1,142,773	23,927
Vocational Education Program	625,315	0	444	625,759	643,026	643,027	17,268
<u>Support Services</u>							
Attendance	74,290	0	0	74,290	69,962	74,560	270
Health Services	268,746	0	0	268,746	276,629	285,937	17,191
Other Student Support	300,811	0	0	300,811	309,035	309,035	8,224
Regular Instruction Program	644,066	0	0	644,066	653,930	653,930	9,864
Special Education Program	97,080	0	0	97,080	98,053	98,053	973
Vocational Education Program	136,581	(382)	0	136,199	136,382	136,764	565
Other Programs	75,327	0	0	75,327	0	75,327	0
Board of Education	409,647	0	0	409,647	513,775	513,787	104,140
Director of Schools	157,359	0	0	157,359	158,811	158,811	1,452
Office of the Principal	969,295	0	0	969,295	980,555	980,554	11,259
Fiscal Services	169,076	0	0	169,076	171,099	171,099	2,023
Operation of Plant	1,282,354	(5,700)	15,077	1,291,731	1,472,025	1,477,725	185,994
Maintenance of Plant	538,629	(10,053)	9,821	538,397	577,591	595,378	56,981
Transportation	925,087	0	91,449	1,016,536	946,882	1,053,882	37,346
Central and Other	93,186	0	0	93,186	94,455	94,455	1,269

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Operation of Non-instructional Services</u>							
Food Service	\$ 59,414	\$ 0	\$ 0	\$ 59,414	\$ 59,414	\$ 59,414	\$ 0
Community Services	2,000	0	0	2,000	2,000	2,000	0
Early Childhood Education	226,668	0	0	226,668	227,537	227,608	940
<u>Capital Outlay</u>							
Regular Capital Outlay	768,452	(283,062)	174,050	659,440	215,844	1,001,824	342,384
<u>Other Debt Service</u>							
Education	349,497	0	0	349,497	0	350,000	503
<u>Total Expenditures</u>	\$ 18,305,913	\$ (307,532)	\$ 294,333	\$ 18,292,714	\$ 17,951,317	\$ 19,363,599	\$ 1,070,885
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 260,667	\$ 307,532	\$ (294,333)	\$ 273,866	\$ 252,494	\$ (1,008,516)	\$ 1,282,382
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 5,229	\$ 0	\$ 0	\$ 5,229	\$ 100	\$ 11,454	\$ (6,225)
Transfers In	31,030	0	0	31,030	23,500	23,500	7,530
Transfers Out	(60,000)	0	0	(60,000)	(375,000)	(150,045)	90,045
<u>Total Other Financing Sources</u>	\$ (23,741)	\$ 0	\$ 0	\$ (23,741)	\$ (351,400)	\$ (115,091)	\$ 91,350
<u>Net Change in Fund Balance</u>	\$ 236,926	\$ 307,532	\$ (294,333)	\$ 250,125	\$ (98,906)	\$ (1,123,607)	\$ 1,373,732
<u>Fund Balance, July 1, 2013</u>	3,649,994	(307,532)	0	3,342,462	3,132,741	3,132,741	209,721
<u>Fund Balance, June 30, 2014</u>	\$ 3,886,920	\$ 0	\$ (294,333)	\$ 3,592,587	\$ 3,033,835	\$ 2,009,134	\$ 1,583,453

Exhibit I-9

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 1,684,752	\$ 1,655,463	\$ 1,862,279	\$ (177,527)
Total Revenues	\$ 1,684,752	\$ 1,655,463	\$ 1,862,279	\$ (177,527)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 705,736	\$ 689,320	\$ 767,058	\$ 61,322
Special Education Program	444,906	440,392	508,191	63,285
Vocational Education Program	24,457	25,185	24,457	0
<u>Support Services</u>				
Other Student Support	119,056	118,038	124,215	5,159
Regular Instruction Program	232,205	230,852	270,577	38,372
Special Education Program	71,459	72,066	74,566	3,107
Vocational Education Program	1,406	1,200	1,406	0
Transportation	56,423	54,745	59,633	3,210
Total Expenditures	\$ 1,655,648	\$ 1,631,798	\$ 1,830,103	\$ 174,455
Excess (Deficiency) of Revenues Over Expenditures	\$ 29,104	\$ 23,665	\$ 32,176	\$ (3,072)
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 60,000	\$ 28,000	\$ 0	\$ 60,000
Transfers Out	(31,030)	(51,665)	(34,101)	3,071
Total Other Financing Sources	\$ 28,970	\$ (23,665)	\$ (34,101)	\$ 63,071
Net Change in Fund Balance	\$ 58,074	\$ 0	\$ (1,925)	\$ 59,999
Fund Balance, July 1, 2013	1,927	1,927	1,927	0
Fund Balance, June 30, 2014	\$ 60,001	\$ 1,927	\$ 2	\$ 59,999

Exhibit I-10

Benton County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Central Cafeteria Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 256,750	\$ 395,000	\$ 395,000	\$ (138,250)
Other Local Revenues	1,858	9,000	9,000	(7,142)
State of Tennessee	13,504	15,000	15,000	(1,496)
Federal Government	1,055,422	1,126,000	1,138,000	(82,578)
Total Revenues	<u>\$ 1,327,534</u>	<u>\$ 1,545,000</u>	<u>\$ 1,557,000</u>	<u>\$ (229,466)</u>
<u>Expenditures</u>				
<u>Operation of Non-instructional Services</u>				
Food Service	\$ 1,367,922	\$ 1,545,000	\$ 1,557,000	\$ 189,078
Total Expenditures	<u>\$ 1,367,922</u>	<u>\$ 1,545,000</u>	<u>\$ 1,557,000</u>	<u>\$ 189,078</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (40,388)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (40,388)</u>
Net Change in Fund Balance	\$ (40,388)	\$ 0	\$ 0	\$ (40,388)
Fund Balance, July 1, 2013	<u>470,728</u>	<u>487,301</u>	<u>487,301</u>	<u>(16,573)</u>
Fund Balance, June 30, 2014	<u>\$ 430,340</u>	<u>\$ 487,301</u>	<u>\$ 487,301</u>	<u>\$ (56,961)</u>

MISCELLANEOUS SCHEDULES

Exhibit J-1

Benton County, Tennessee
 Schedule of Changes in Long-term Other Loan, Capital Lease, and Bonds
 For the Year Ended June 30, 2014

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-13	Paid and/or Matured During Period	Outstanding 6-30-14
<u>OTHER LOAN PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
Qualified Zone Academy Bonds: Career and Technical Center	\$ 204,000	0 %	7-7-06	12-28-20	\$ 108,800	\$ 13,600	\$ 95,200
Total Other Loan Payable					\$ 108,800	\$ 13,600	\$ 95,200
<u>CAPITAL LEASE PAYABLE</u>							
<u>Payable through General Fund</u>							
Sheriff's Department Truck	35,920	6.45	3-13-13	3-13-16	\$ 26,083	\$ 8,158	\$ 17,925
Total Capital Lease Payable					\$ 26,083	\$ 8,158	\$ 17,925
<u>BONDS PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
Jail Bonds, Series 2007	5,000,000	4	10-1-07	10-1-32	\$ 4,375,000	\$ 140,000	\$ 4,235,000
School Bonds, Series 2012 Refunding	6,350,000	1 to 2	10-31-12	12-1-21	6,350,000	680,000	5,670,000
Total Bonds Payable					\$ 10,725,000	\$ 820,000	\$ 9,905,000

Exhibit J-2

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

Year Ending June 30	Other Loan		Total
	Principal	Other Fees	
2015	\$ 13,600	\$ 65	\$ 13,665
2016	13,600	65	13,665
2017	13,600	65	13,665
2018	13,600	65	13,665
2019	13,600	65	13,665
2020	13,600	65	13,665
2021	13,600	65	13,665
Total	\$ 95,200	\$ 455	\$ 95,655

Year Ending June 30	Capital Lease		Total
	Principal	Interest	
2015	\$ 8,682	\$ 1,156	\$ 9,838
2016	9,243	596	9,839
Total	\$ 17,925	\$ 1,752	\$ 19,677

Year Ending June 30	Bonds		Total
	Principal	Interest	
2015	\$ 830,000	\$ 233,319	\$ 1,063,319
2016	850,000	220,419	1,070,419
2017	860,000	207,144	1,067,144
2018	870,000	193,619	1,063,619
2019	885,000	179,744	1,064,744
2020	895,000	161,944	1,056,944
2021	915,000	142,409	1,057,409
2022	930,000	124,212	1,054,212
2023	205,000	110,700	315,700
2024	215,000	102,300	317,300
2025	225,000	93,500	318,500
2026	235,000	84,300	319,300
2027	245,000	74,700	319,700
2028	260,000	64,600	324,600
2029	270,000	54,000	324,000
2030	285,000	42,900	327,900
2031	295,000	31,300	326,300
2032	310,000	19,200	329,200
2033	325,000	6,500	331,500
Total	\$ 9,905,000	\$ 2,146,810	\$ 12,051,810

Exhibit J-3

Benton County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Benton County School Department
For the Year Ended June 30, 2014

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	Other Special Revenue	Operations	\$ 53,195
Benton County Electric System	General	Payment in-lieu-of taxes	372,202
"	Highway/Public Works	"	<u>20,500</u>
Total Transfers Primary Government			<u>\$ 445,897</u>
<u>DISCRETELY PRESENTED BENTON COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	School Federal Projects	Cash flow	\$ 60,000
School Federal Projects	General Purpose School	Indirect costs	<u>31,030</u>
Total Transfers Discretely Presented Benton County School Department			<u>\$ 91,030</u>

Exhibit J-4

Benton County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Benton County School Department
For the Year Ended June 30, 2014

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 71,184	\$ 50,000	RLI Insurance Company
Road Supervisor	Section 8-24-102, TCA	67,795	100,000	"
Director of Schools	State Board of Education and Benton County	75,946	50,000	State Farm Fire And Casualty Company
Trustee	Board of Education			
Assessor of Property	Section 8-24-102, TCA	61,632	744,800	RLI Insurance Company
County Clerk	Section 8-24-102, TCA	61,632	50,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, TCA	61,632	55,000	"
Clerk and Master	Section 8-24-102, TCA, and Chancery Court Judge	61,632 (1)	50,000	"
Register of Deeds	Section 8-24-102, TCA	61,632	25,000	"
Sheriff	Section 8-24-102, TCA	67,795 (2)	25,000	"
Employee Blanket Bond:				
County Mayor and Road Supervisor:			150,000	Tennessee Risk Management Trust
All Employees			150,000	"
Schools Employees' Blanket Bond				

(1) Does not include special commissioner fees of \$6,695.

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

Exhibit J-5

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

	Special Revenue Funds						Debt Service Fund
	General	Drug Control	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 2,489,647	\$ 0	\$ 0	\$ 0	\$ 216,994	\$ 137,045	
Trustee's Collections - Prior Year	90,415	0	0	0	7,881	6,635	
Circuit/Clerk and Master Collections - Prior Years	70,522	0	0	0	6,126	4,412	
Interest and Penalty	17,710	0	0	0	1,544	1,222	
Payments in-Lieu-of Taxes - T.V.A.	7,320	0	0	0	0	0	
Payments in-Lieu-of Taxes - Other	157	0	0	0	14	9	
<u>County Local Option Taxes</u>							
Local Option Sales Tax	2,765	0	0	0	0	341,601	
Hotel/Motel Tax	39,554	0	0	0	0	0	
Litigation Tax - General	51,967	0	0	0	0	0	
Litigation Tax - Special Purpose	15,115	0	0	0	0	0	
Litigation Tax - Jail, Workhouse, or Courthouse	82,470	0	0	0	0	0	
Business Tax	118,562	0	0	0	0	0	
Mixed Drink Tax	2,346	0	0	0	0	0	
Mineral Severance Tax	32,398	0	0	0	101,249	0	
Other County Local Option Taxes	5,267	0	0	0	0	0	
<u>Statutory Local Taxes</u>							
Bank Excise Tax	131,592	0	0	0	0	0	
Wholesale Beer Tax	79,465	0	0	0	0	0	
Beer Privilege Tax	900	0	0	0	0	0	
Interstate Telecommunications Tax	1,258	0	0	0	0	0	
Total Local Taxes	\$ 3,239,430	\$ 0	\$ 0	\$ 0	\$ 333,808	\$ 490,924	

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service Fund
	General	Drug Control	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works	
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Animal Vaccination	11,691 \$	0 \$	0 \$	0 \$	0 \$	0
Cable TV Franchise	5,052	0	0	0	0	0
<u>Permits</u>						
Beer Permits	1,000	0	0	0	0	0
Other Permits	2,235	0	0	0	0	0
Total Licenses and Permits	19,978 \$	0 \$	0 \$	0 \$	0 \$	0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	10,922 \$	0 \$	0 \$	0 \$	0 \$	0
Officers Costs	2,062	0	0	0	0	0
Drug Control Fines	57	7,604	0	0	0	0
Drug Court Fees	1,797	0	0	0	0	0
Jail Fees	4,418	0	0	0	0	0
DUI Treatment Fines	428	0	0	0	0	0
Data Entry Fee - Circuit Court	545	0	0	0	0	0
Victims Assistance Assessments	941	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	10,648	0	0	0	0	0
Officers Costs	30,322	0	0	0	0	0
Drug Control Fines	0	28,698	0	0	0	0
Drug Court Fees	4,204	0	0	0	0	0
Jail Fees	32,339	0	0	0	0	0
DUI Treatment Fines	4,857	0	0	0	0	0
Data Entry Fee - General Sessions Court	7,350	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service Fund
	General	Drug Control	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>General Sessions Court (Cont.)</u>						
Courtroom Security Fee	\$ 576	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Victims Assistance Assessments	16,079	0	0	0	0	0
Juvenile Court						
Fines	3,731	0	0	0	0	0
Chancery Court						
Officers Costs	1,238	0	0	0	0	0
Data Entry Fee - Chancery Court	2,725	0	0	0	0	0
Courtroom Security Fee	4,360	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	11,720	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 139,599	\$ 48,022	\$ 0	\$ 0	\$ 0	\$ 0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Surcharge - Host Agency	\$ 392,271	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fees</u>						
Copy Fees	4,904	0	0	0	0	0
Library Fees	4,544	0	0	0	0	0
Archives and Records Management Fee - County Clerk	5,622	0	0	0	0	0
Telephone Commissions	14,127	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	6,695	0	0
Data Processing Fee - Register	5,996	0	0	0	0	0
Data Processing Fee - Sheriff	676	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	3,600	0	0	0	0	0
Data Processing Fee - County Clerk	204	0	0	0	0	0
Total Charges for Current Services	\$ 431,944	\$ 0	\$ 0	\$ 6,695	\$ 0	\$ 0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service Fund
	General	Drug Control	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works	
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 50,980	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,153
Lease/Rentals	69,228	0	0	0	0	0
Sale of Materials and Supplies	597	0	0	0	11,599	0
Commissary Sales	6,522	0	0	0	0	0
Sale of Gasoline	64,520	0	0	0	12,348	0
Sale of Recycled Materials	796	652	0	0	3,696	0
E-Rate Funding	10,644	0	0	0	0	0
Miscellaneous Refunds	31,475	0	0	0	697	0
<u>Nonrecurring Items</u>						
Sale of Equipment	54,079	0	0	0	0	0
Sale of Property	1,660	0	0	0	0	0
Damages Recovered from Individuals	2,112	710	0	0	0	0
Contributions and Gifts	10,158	1,000	0	0	0	0
Total Other Local Revenues	\$ 302,771	\$ 2,362	\$ 0	\$ 0	\$ 28,340	\$ 3,153
<u>Fees Received from County Officials</u>						
<u>Fees in-Lieu-of Salary</u>						
County Clerk	\$ 154,260	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	29,878	0	0	0	0	0
General Sessions Court Clerk	115,605	0	0	0	0	0
Clerk and Master	91,234	0	0	0	0	0
Register	64,526	0	0	0	0	0
Sheriff	10,341	0	0	0	0	0
Trustee	269,452	0	0	0	0	0
Total Fees Received from County Officials	\$ 735,296	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service Fund
	General	Drug Control	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works	
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 112,179	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Airport Maintenance Program	2,590	0	0	0	0	0
Aging Programs	36,746	0	0	0	0	0
Solid Waste Grants	8,051	0	0	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	10,800	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Health Department Programs	14,743	0	0	0	0	0
<u>Public Works Grants</u>						
Litter Program	25,823	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	28,550	0	0	0	0	0
Resort District Sales Tax	161,900	0	161,900	0	0	0
Beer Tax	9,456	0	0	0	0	0
Alcoholic Beverage Tax	39,550	0	0	0	0	0
State Revenue Sharing - T. V. A.	1,512,030	0	0	0	50,000	0
Contracted Prisoner Boarding	418,211	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	1,542,296	0
Petroleum Special Tax	0	0	0	0	11,898	0
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	43,164	0	0	0	0	0
Other State Revenues	20,899	0	0	0	0	0
Total State of Tennessee	\$ 2,459,856	\$ 0	\$ 161,900	\$ 0	\$ 1,604,194	\$ 0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service Fund
	General	Drug Control	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works	
<u>Federal Government</u>						
<u>Federal Through State</u>						
Disaster Relief	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,126	\$ 0
Homeland Security Grants	23,093	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Other Direct Federal Revenue	16,620	0	0	0	0	0
Total Federal Government	\$ 39,713	\$ 0	\$ 0	\$ 0	\$ 3,126	\$ 0
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 16,075	\$ 0	\$ 0	\$ 0	\$ 0	\$ 637,507
Citizens Groups	5,291	0	0	0	0	0
Donations	21,366	0	0	0	0	637,507
Total Other Governments and Citizens Groups	\$ 7,389,953	\$ 50,384	\$ 161,900	\$ 6,695	\$ 1,969,468	\$ 1,131,584

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

	Capital Projects Funds					Total
	General Capital Projects	Community Development/ Industrial Park	Other Capital Projects			
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 125,612	\$ 0	\$ 0	\$ 0	\$ 2,969,298	
Trustee's Collections - Prior Year	2,903	0	0	0	107,834	
Circuit/Clerk and Master Collections - Prior Years	3,004	0	0	0	84,064	
Interest and Penalty	646	0	0	0	21,122	
Payments in-Lieu-of Taxes - T.V.A.	0	0	0	0	7,320	
Payments in-Lieu-of Taxes - Other	8	0	0	0	188	
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	0	0	344,366	
Hotel/Motel Tax	0	0	0	0	39,554	
Litigation Tax - General	0	0	0	0	51,967	
Litigation Tax - Special Purpose	0	0	0	0	15,115	
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	82,470	
Business Tax	0	0	0	0	118,562	
Mixed Drink Tax	0	0	0	0	2,346	
Mineral Severance Tax	0	0	0	0	133,647	
Other County Local Option Taxes	0	0	0	0	5,267	
<u>Statutory Local Taxes</u>						
Bank Excise Tax	0	0	0	0	131,592	
Wholesale Beer Tax	0	0	0	0	79,465	
Beer Privilege Tax	0	0	0	0	900	
Interstate Telecommunications Tax	0	0	0	0	1,258	
Total Local Taxes	\$ 132,173	\$ 0	\$ 0	\$ 0	\$ 4,196,335	

(Continued)

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

	Capital Projects Funds					Total
	General Capital Projects	Community Development/ Industrial Park	Other Capital Projects			
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Animal Vaccination	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	11,691
Cable TV Franchise	0	0	0	0	0	5,052
<u>Permits</u>						
Beer Permits	0	0	0	0	0	1,000
Other Permits	0	0	0	0	0	2,235
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	19,978
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	10,922
Officers Costs	0	0	0	0	0	2,062
Drug Control Fines	0	0	0	0	0	7,661
Drug Court Fees	0	0	0	0	0	1,797
Jail Fees	0	0	0	0	0	4,418
DUI Treatment Fines	0	0	0	0	0	428
Data Entry Fee - Circuit Court	0	0	0	0	0	545
Victims Assistance Assessments	0	0	0	0	0	941
<u>General Sessions Court</u>						
Fines	0	0	0	0	0	10,648
Officers Costs	0	0	0	0	0	30,322
Drug Control Fines	0	0	0	0	0	28,698
Drug Court Fees	0	0	0	0	0	4,204
Jail Fees	0	0	0	0	0	32,339
DUI Treatment Fines	0	0	0	0	0	4,857
Data Entry Fee - General Sessions Court	0	0	0	0	0	7,350

(Continued)

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

	Capital Projects Funds				Total
	General Capital Projects	Community Development/ Industrial Park	Other Capital Projects		
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>General Sessions Court (Cont.)</u>					
Courtroom Security Fee	\$ 0	\$ 0	\$ 0	\$ 0	576
Victims Assistance Assessments	0	0	0	0	16,079
<u>Juvenile Court</u>					
Fines	0	0	0	0	3,731
<u>Chancery Court</u>					
Officers Costs	0	0	0	0	1,238
Data Entry Fee - Chancery Court	0	0	0	0	2,725
Courtroom Security Fee	0	0	0	0	4,360
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	0	0	0	0	11,720
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	187,621
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Surcharge - Host Agency	\$ 0	\$ 0	\$ 0	\$ 0	392,271
<u>Fees</u>					
Copy Fees	0	0	0	0	4,904
Library Fees	0	0	0	0	4,544
Archives and Records Management Fee - County Clerk	0	0	0	0	5,622
Telephone Commissions	0	0	0	0	14,127
Constitutional Officers' Fees and Commissions	0	0	0	0	6,695
Data Processing Fee - Register	0	0	0	0	5,996
Data Processing Fee - Sheriff	0	0	0	0	676
Sexual Offender Registration Fee - Sheriff	0	0	0	0	3,600
Data Processing Fee - County Clerk	0	0	0	0	204
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	\$ 0	438,639

(Continued)

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

	Capital Projects Funds					Total
	General Capital Projects	Community Development/ Industrial Park	Other Capital Projects			
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	54,133
Lease/Rentals	0	16,674	0	0	0	85,902
Sale of Materials and Supplies	0	0	0	0	0	12,196
Commissary Sales	0	0	0	0	0	6,522
Sale of Gasoline	0	0	0	0	0	76,868
Sale of Recycled Materials	0	0	0	0	0	5,144
E-Rate Funding	0	0	0	0	0	10,644
Miscellaneous Refunds	0	0	0	0	0	32,172
<u>Nonrecurring Items</u>						
Sale of Equipment	0	0	0	0	0	54,079
Sale of Property	0	0	0	0	0	1,660
Damages Recovered from Individuals	0	0	0	0	0	2,822
Contributions and Gifts	0	0	0	0	0	11,158
Total Other Local Revenues	\$ 0	\$ 16,674	\$ 0	\$ 0	\$ 0	353,300
<u>Fees Received from County Officials</u>						
<u>Fees in-Lieu-of Salary</u>						
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	154,260
Circuit Court Clerk	0	0	0	0	0	29,878
General Sessions Court Clerk	0	0	0	0	0	115,605
Clerk and Master	0	0	0	0	0	91,234
Register	0	0	0	0	0	64,526
Sheriff	0	0	0	0	0	10,341
Trustee	0	0	0	0	0	269,452
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	735,296

(Continued)

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

	Capital Projects Funds					Total
	General Capital Projects	Community Development/ Industrial Park	Other Capital Projects			
State of Tennessee						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	112,179
Airport Maintenance Program	0	0	0	109,874	0	112,464
Aging Programs	0	0	0	0	0	36,746
Solid Waste Grants	0	0	0	0	0	8,051
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	0	0	0	0	0	10,800
<u>Health and Welfare Grants</u>						
Health Department Programs	0	0	0	0	0	14,743
<u>Public Works Grants</u>						
Litter Program	0	0	0	0	0	25,823
<u>Other State Revenues</u>						
Income Tax	0	0	0	0	0	28,550
Resort District Sales Tax	0	0	0	0	0	323,800
Beer Tax	0	0	0	0	0	9,456
Alcoholic Beverage Tax	0	0	0	0	0	39,550
State Revenue Sharing - T.V.A.	0	0	0	0	0	1,562,030
Contracted Prisoner Boarding	0	0	0	0	0	418,211
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,542,296
Petroleum Special Tax	0	0	0	0	0	11,898
Registrar's Salary Supplement	0	0	0	0	0	15,164
Other State Grants	293,158	0	0	0	0	336,322
Other State Revenues	0	0	0	0	0	20,899
Total State of Tennessee	\$ 293,158	\$ 0	\$ 0	\$ 109,874	\$ 0	4,628,982

(Continued)

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

	Capital Projects Funds				Total
	General Capital Projects	Community Development/ Industrial Park	Other Capital Projects		
<u>Federal Government</u>					
<u>Federal Through State</u>					
Disaster Relief	\$ 0 \$	0 \$	0 \$	0 \$	3,126
Homeland Security Grants	0	0	0	0	23,093
<u>Direct Federal Revenue</u>					
Other Direct Federal Revenue	0	0	0	0	16,620
Total Federal Government	\$ 0 \$	0 \$	0 \$	0 \$	42,839
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0 \$	0 \$	0 \$	0 \$	653,582
<u>Citizens Groups</u>					
Donations	0	0	0	0	5,291
Total Other Governments and Citizens Groups	\$ 0 \$	0 \$	0 \$	0 \$	658,873
Total	\$ 425,331 \$	16,674 \$	109,874 \$		11,261,863

Exhibit J-6

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

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 3,745,867	\$ 0	\$ 0	\$ 3,745,867
Trustee's Collections - Prior Year	136,037	0	0	136,037
Circuit/Clerk and Master Collections - Prior Years	105,756	0	0	105,756
Interest and Penalty	26,646	0	0	26,646
Payments in-Lieu-of Taxes - Local Utilities	213,000	0	0	213,000
Payments in-Lieu-of Taxes - Other	236	0	0	236
<u>County Local Option Taxes</u>				
Local Option Sales Tax	1,941,653	0	0	1,941,653
Mixed Drink Tax	2,123	0	0	2,123
<u>Statutory Local Taxes</u>				
Interstate Telecommunications Tax	1,680	0	0	1,680
Total Local Taxes	\$ 6,172,998	\$ 0	\$ 0	\$ 6,172,998
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 1,316	\$ 0	\$ 0	\$ 1,316
<u>Permits</u>				
Other Permits	253	0	0	253
Total Licenses and Permits	\$ 1,569	\$ 0	\$ 0	\$ 1,569
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Lunch Payments - Children	\$ 0	\$ 0	\$ 148,154	\$ 148,154
Lunch Payments - Adults	0	0	35,429	35,429
Income from Breakfast	0	0	24	24
A la carte Sales	0	0	68,851	68,851
Receipts from Individual Schools	54,263	0	0	54,263
<u>Other Charges for Services</u>				
Other Charges for Services	0	0	4,292	4,292
Total Charges for Current Services	\$ 54,263	\$ 0	\$ 256,750	\$ 311,013
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 1,807	\$ 1,807
Sale of Materials and Supplies	109	0	0	109
E-Rate Funding	25,355	0	0	25,355
Miscellaneous Refunds	26,805	0	51	26,856
<u>Nonrecurring Items</u>				
Damages Recovered from Individuals	180	0	0	180
Total Other Local Revenues	\$ 52,449	\$ 0	\$ 1,858	\$ 54,307

(Continued)

Exhibit J-6

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

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-behalf Contributions for OPEB	\$ 75,327	\$ 0	\$ 0	\$ 75,327
<u>State Education Funds</u>				
Basic Education Program	11,479,000	0	0	11,479,000
Early Childhood Education	197,106	0	0	197,106
School Food Service	0	0	13,504	13,504
Other State Education Funds	185,621	0	0	185,621
Career Ladder Program	83,913	0	0	83,913
Career Ladder - Extended Contract	17,695	0	0	17,695
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	100,000	0	0	100,000
Other State Grants	128,462	0	0	128,462
Total State of Tennessee	\$ 12,267,124	\$ 0	\$ 13,504	\$ 12,280,628
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 618,048	\$ 618,048
USDA - Commodities	0	0	94,295	94,295
Breakfast	0	0	343,079	343,079
Adult Education State Grant Program	5,217	0	0	5,217
Vocational Education - Basic Grants to States	0	38,079	0	38,079
Title I Grants to Local Education Agencies	0	727,398	0	727,398
Special Education - Grants to States	0	566,871	0	566,871
Special Education Preschool Grants	0	18,398	0	18,398
Rural Education	0	42,728	0	42,728
Eisenhower Professional Development State Grants	0	101,159	0	101,159
Race-to-the-Top - ARRA	0	188,706	0	188,706
Other Federal through State	0	1,413	0	1,413
Total Federal Government	\$ 5,217	\$ 1,684,752	\$ 1,055,422	\$ 2,745,391
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 12,960	\$ 0	\$ 0	\$ 12,960
Total Other Governments and Citizens Groups	\$ 12,960	\$ 0	\$ 0	\$ 12,960
Total	\$ 18,566,580	\$ 1,684,752	\$ 1,327,534	\$ 21,578,866

Exhibit J-7

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

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	9,850	
Social Security		611	
Employer Medicare		143	
Audit Services		4,947	
Fiscal Agent Charges		15,000	
Total County Commission	\$		30,551

Board of Equalization

Board and Committee Members Fees	\$	2,100	
Social Security		105	
Employer Medicare		25	
Total Board of Equalization			2,230

Beer Board

Board and Committee Members Fees	\$	300	
Social Security		19	
Employer Medicare		4	
Total Beer Board			323

Other Boards and Committees

Advertising	\$	30	
Total Other Boards and Committees			30

County Mayor/Executive

County Official/Administrative Officer	\$	71,184	
Accountants/Bookkeepers		27,377	
Salary Supplements		1,929	
Secretary(ies)		45,197	
Part-time Personnel		10,475	
In-service Training		585	
Social Security		9,519	
State Retirement		8,045	
Employee and Dependent Insurance		12,189	
Unemployment Compensation		697	
Employer Medicare		2,226	
Advertising		3,711	
Communication		11,188	
Data Processing Services		8,770	
Operating Lease Payments		2,236	
Maintenance Agreements		1,269	
Postal Charges		20,110	
Printing, Stationery, and Forms		2,019	
Travel		3,015	
Data Processing Supplies		1,471	
Duplicating Supplies		679	
Office Supplies		1,541	
Other Charges		131,950	
Total County Mayor/Executive			377,382

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

County Attorney

Legal Services	\$ 48,654	
Total County Attorney		\$ 48,654

Election Commission

County Official/Administrative Officer	\$ 55,468	
Deputy(ies)	20,192	
Election Commission	1,400	
Election Workers	5,332	
In-service Training	1,325	
Social Security	4,775	
State Retirement	5,145	
Employee and Dependent Insurance	7,913	
Unemployment Compensation	305	
Employer Medicare	1,117	
Advertising	2,032	
Communication	2,760	
Data Processing Services	11,810	
Dues and Memberships	25	
Postal Charges	2,481	
Printing, Stationery, and Forms	4,274	
Rentals	16,875	
Travel	1,279	
Data Processing Supplies	438	
Duplicating Supplies	217	
Office Supplies	409	
Other Supplies and Materials	88	
Other Charges	1,685	
Data Processing Equipment	1,540	
Furniture and Fixtures	2,089	
Office Equipment	10,500	
Total Election Commission		161,474

Register of Deeds

County Official/Administrative Officer	\$ 61,632
Deputy(ies)	50,800
Social Security	6,609
State Retirement	7,645
Employee and Dependent Insurance	11,099
Unemployment Compensation	280
Employer Medicare	1,546
Communication	3,578
Data Processing Services	5,795
Operating Lease Payments	1,861
Maintenance Agreements	912
Other Contracted Services	1,284
Data Processing Supplies	108
Duplicating Supplies	370

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds (Cont.)

Office Supplies	\$	110	
Other Supplies and Materials		2,432	
Total Register of Deeds			\$ 156,061

County Buildings

Custodial Personnel	\$	26,645	
Part-time Personnel		15,399	
Social Security		2,578	
State Retirement		1,812	
Employee and Dependent Insurance		2,283	
Unemployment Compensation		403	
Employer Medicare		603	
Maintenance and Repair Services - Buildings		35,310	
Pest Control		1,607	
Custodial Supplies		3,964	
Electricity		66,454	
Natural Gas		12,866	
Water and Sewer		6,611	
Other Charges		5,426	
Total County Buildings			181,961

Other General Administration

Dues and Memberships	\$	1,196	
Maintenance Agreements		2,503	
Liability Insurance		160,000	
Workers' Compensation Insurance		66,900	
Other Equipment		1,900	
Total Other General Administration			232,499

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	61,632	
Deputy(ies)		21,961	
Clerical Personnel		46,500	
Social Security		7,698	
State Retirement		8,846	
Employee and Dependent Insurance		15,906	
Unemployment Compensation		420	
Employer Medicare		1,800	
Audit Services		4,525	
Communication		771	
Data Processing Services		9,527	
Legal Notices, Recording, and Court Costs		120	
Travel		606	
Data Processing Supplies		368	
Office Supplies		264	
Total Property Assessor's Office			180,944

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

Reappraisal Program

Data Processing Services	\$	3,096	
Maintenance Agreements		3,000	
Travel		1,481	
Total Reappraisal Program			\$ 7,577

County Trustee's Office

County Official/Administrative Officer	\$	61,632	
Deputy(ies)		65,288	
Social Security		7,835	
State Retirement		7,618	
Employee and Dependent Insurance		4,016	
Unemployment Compensation		420	
Employer Medicare		1,832	
Advertising		847	
Communication		1,374	
Data Processing Services		7,217	
Dues and Memberships		100	
Travel		614	
Data Processing Supplies		322	
Office Supplies		99	
Other Charges		35	
Data Processing Equipment		1,902	
Total County Trustee's Office			161,151

County Clerk's Office

County Official/Administrative Officer	\$	61,632	
Deputy(ies)		93,700	
Part-time Personnel		11,896	
Social Security		9,694	
State Retirement		10,562	
Employee and Dependent Insurance		17,959	
Unemployment Compensation		798	
Employer Medicare		2,267	
Communication		2,065	
Data Processing Services		14,313	
Operating Lease Payments		2,236	
Printing, Stationery, and Forms		434	
Travel		130	
Data Processing Supplies		420	
Duplicating Supplies		270	
Office Supplies		849	
Other Charges		1,385	
Total County Clerk's Office			230,610

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	61,632	
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(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Deputy(ies)	\$	128,295	
Jury and Witness Expense		6,085	
Social Security		11,511	
State Retirement		12,886	
Employee and Dependent Insurance		22,902	
Unemployment Compensation		808	
Employer Medicare		2,692	
Communication		2,651	
Data Processing Services		8,282	
Dues and Memberships		65	
Operating Lease Payments		3,034	
Legal Notices, Recording, and Court Costs		118	
Maintenance Agreements		1,673	
Printing, Stationery, and Forms		799	
Office Supplies		2,182	
Other Charges		896	
Data Processing Equipment		98	
Total Circuit Court			\$ 266,609

General Sessions Judge

Judge(s)	\$	88,133	
Assistant(s)		20,000	
In-service Training		410	
Social Security		6,652	
State Retirement		7,353	
Employee and Dependent Insurance		8,013	
Unemployment Compensation		265	
Employer Medicare		1,556	
Communication		959	
Dues and Memberships		315	
Operating Lease Payments		780	
Maintenance Agreements		617	
Printing, Stationery, and Forms		788	
Travel		1,462	
Office Supplies		174	
Office Equipment		89	
Total General Sessions Judge			137,566

Chancery Court

County Official/Administrative Officer	\$	61,632	
Deputy(ies)		53,013	
Social Security		6,862	
State Retirement		7,796	
Employee and Dependent Insurance		7,500	
Unemployment Compensation		280	
Employer Medicare		1,605	
Communication		1,267	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Data Processing Services	\$	7,317	
Maintenance Agreements		357	
Maintenance and Repair Services - Office Equipment		64	
Printing, Stationery, and Forms		246	
Travel		347	
Duplicating Supplies		200	
Office Supplies		976	
Other Charges		11	
Data Processing Equipment		2,645	
Furniture and Fixtures		130	
Total Chancery Court			\$ 152,248

Juvenile Court

Guidance Personnel	\$	27,555	
Social Security		1,719	
State Retirement		1,886	
Employee and Dependent Insurance		3,916	
Unemployment Compensation		100	
Employer Medicare		402	
Communication		1,517	
Data Processing Services		3,750	
Travel		1,412	
Other Charges		6,844	
Total Juvenile Court			49,101

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	67,795	
Supervisor/Director		47,653	
Deputy(ies)		295,132	
Investigator(s)		80,510	
Lieutenant(s)		42,247	
Sergeant(s)		137,100	
Accountants/Bookkeepers		24,755	
Paraprofessionals		24,551	
Salary Supplements		121,930	
Dispatchers/Radio Operators		217,420	
Part-time Personnel		15,097	
School Resource Officer		34,994	
Other Salaries and Wages		71,548	
In-service Training		1,590	
Social Security		72,482	
State Retirement		77,215	
Employee and Dependent Insurance		101,968	
Unemployment Compensation		5,045	
Employer Medicare		16,952	
Communication		18,084	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Data Processing Services	\$	21,952	
Dues and Memberships		1,500	
Operating Lease Payments		4,756	
Maintenance and Repair Services - Equipment		2,421	
Maintenance and Repair Services - Vehicles		30,799	
Postal Charges		1,463	
Printing, Stationery, and Forms		922	
Towing Services		1,655	
Travel		1,413	
Tuition		5,000	
Data Processing Supplies		2,375	
Duplicating Supplies		1,160	
Gasoline		85,064	
Law Enforcement Supplies		5,414	
Office Supplies		609	
Tires and Tubes		4,948	
Uniforms		3,611	
Other Supplies and Materials		1,087	
Premiums on Corporate Surety Bonds		1,950	
Other Charges		3,420	
Data Processing Equipment		8,589	
Furniture and Fixtures		651	
Law Enforcement Equipment		1,948	
Motor Vehicles		95,280	
Other Equipment		10,460	
Total Sheriff's Department			\$ 1,772,515

Administration of the Sexual Offender Registry

Other Charges	\$	3,910	
Total Administration of the Sexual Offender Registry			3,910

Jail

Supervisor/Director	\$	46,975	
Lieutenant(s)		32,300	
Sergeant(s)		109,953	
Salary Supplements		64,922	
Guards		446,418	
Cafeteria Personnel		57,269	
Maintenance Personnel		23,556	
Social Security		47,640	
State Retirement		49,556	
Employee and Dependent Insurance		75,824	
Unemployment Compensation		4,558	
Employer Medicare		11,142	
Maintenance and Repair Services - Equipment		2,006	
Pest Control		1,735	
Printing, Stationery, and Forms		569	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Travel	\$	647	
Custodial Supplies		10,613	
Drugs and Medical Supplies		34,055	
Duplicating Supplies		499	
Electricity		61,666	
Food Preparation Supplies		3,336	
Food Supplies		87,690	
Natural Gas		8,361	
Office Supplies		184	
Prisoners Clothing		473	
Uniforms		1,270	
Water and Sewer		11,928	
Other Supplies and Materials		2,384	
Medical Claims		170,123	
Other Charges		1,870	
Law Enforcement Equipment		1,435	
Total Jail			\$ 1,370,957

Juvenile Services

Supervisor/Director	\$	10,998	
Youth Service Officer(s)		35,868	
Salary Supplements		3,200	
Clerical Personnel		27,268	
In-service Training		385	
Social Security		4,758	
State Retirement		5,247	
Employee and Dependent Insurance		8,113	
Unemployment Compensation		314	
Employer Medicare		1,113	
Communication		851	
Dues and Memberships		50	
Postal Charges		500	
Travel		4,500	
Instructional Supplies and Materials		108	
Other Supplies and Materials		175	
Other Charges		60	
Data Processing Equipment		929	
Other Equipment		330	
Total Juvenile Services			104,767

Fire Prevention and Control

Contributions	\$	2,000	
Total Fire Prevention and Control			2,000

Rural Fire Protection

Contributions	\$	108,499	
Total Rural Fire Protection			108,499

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Rescue Squad

Contributions	\$ 10,000	
Total Rescue Squad		\$ 10,000

Other Emergency Management

Supervisor/Director	\$ 22,000	
Social Security	1,364	
Unemployment Compensation	140	
Employer Medicare	319	
Communication	2,333	
Dues and Memberships	105	
Maintenance and Repair Services - Equipment	98	
Maintenance and Repair Services - Vehicles	761	
Printing, Stationery, and Forms	18	
Travel	474	
Data Processing Supplies	416	
Gasoline	3,280	
Office Supplies	477	
Tires and Tubes	1,156	
Other Supplies and Materials	611	
Other Charges	354	
Other Equipment	11,699	
Total Other Emergency Management		45,605

County Coroner/Medical Examiner

Other Per Diem and Fees	\$ 19,575	
Social Security	1,214	
Employer Medicare	284	
Contracts with Government Agencies	17,520	
Total County Coroner/Medical Examiner		38,593

Public Health and Welfare

Local Health Center

Custodial Personnel	\$ 10,799	
Social Security	670	
Unemployment Compensation	140	
Employer Medicare	157	
Communication	1,509	
Dues and Memberships	200	
Maintenance and Repair Services - Buildings	752	
Maintenance and Repair Services - Equipment	108	
Pest Control	319	
Custodial Supplies	1,829	
Drugs and Medical Supplies	676	
Office Supplies	792	
Utilities	7,349	
Other Supplies and Materials	1,209	
Other Charges	30	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Heating and Air Conditioning Equipment	\$	6,175	
Other Equipment		<u>2,000</u>	
Total Local Health Center			\$ 34,714

Rabies and Animal Control

Part-time Personnel	\$	20,548	
Other Salaries and Wages		18,288	
In-service Training		400	
Social Security		2,404	
State Retirement		1,151	
Employee and Dependent Insurance		2,480	
Unemployment Compensation		563	
Employer Medicare		562	
Communication		1,787	
Maintenance and Repair Services - Vehicles		268	
Travel		325	
Veterinary Services		12,816	
Animal Food and Supplies		5,238	
Custodial Supplies		780	
Data Processing Supplies		34	
Gasoline		3,547	
Office Supplies		135	
Utilities		9,009	
Other Charges		1,089	
Data Processing Equipment		59	
Other Equipment		<u>917</u>	
Total Rabies and Animal Control			82,400

Ambulance/Emergency Medical Services

Contributions	\$	<u>667,200</u>	
Total Ambulance/Emergency Medical Services			667,200

Alcohol and Drug Programs

Contributions	\$	<u>2,250</u>	
Total Alcohol and Drug Programs			2,250

Crippled Children Services

Contributions	\$	<u>900</u>	
Total Crippled Children Services			900

Other Local Health Services

Other Supplies and Materials	\$	<u>1,980</u>	
Total Other Local Health Services			1,980

Appropriation to State

Salary Supplements	\$	<u>13,506</u>	
Total Appropriation to State			13,506

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Sanitation Management

Laborers	\$	10,443	
Social Security		647	
Unemployment Compensation		139	
Employer Medicare		151	
Communication		496	
Other Contracted Services		15,416	
Gasoline		102	
Utilities		1,001	
Other Supplies and Materials		25	
Total Sanitation Management			\$ 28,420

Sanitation Education/Information

Laborers	\$	25,005	
Social Security		1,550	
State Retirement		1,700	
Employee and Dependent Insurance		1,517	
Unemployment Compensation		140	
Employer Medicare		363	
Maintenance and Repair Services - Vehicles		1,152	
Gasoline		3,600	
Instructional Supplies and Materials		3,701	
Other Supplies and Materials		1,385	
Other Charges		2,793	
Total Sanitation Education/Information			42,906

Other Public Health and Welfare

Other Salaries and Wages	\$	13,198	
Social Security		818	
Unemployment Compensation		170	
Employer Medicare		191	
Travel		273	
Total Other Public Health and Welfare			14,650

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Supervisor/Director	\$	23,000	
Deputy(ies)		22,000	
Social Workers		22,000	
Other Salaries and Wages		10,880	
Social Security		4,729	
State Retirement		4,556	
Employee and Dependent Insurance		11,989	
Unemployment Compensation		638	
Employer Medicare		1,106	
Communication		3,110	
Contracts with Other Public Agencies		4,605	
Operating Lease Payments		804	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Senior Citizens Assistance (Cont.)

Licenses	\$	810	
Postal Charges		171	
Travel		8,738	
Custodial Supplies		604	
Food Supplies		1,888	
Office Supplies		1,102	
Other Charges		7,881	
Total Senior Citizens Assistance			\$ 130,611

Libraries

Librarians	\$	73,460	
Part-time Personnel		60,500	
Social Security		8,183	
State Retirement		4,995	
Employee and Dependent Insurance		6,360	
Unemployment Compensation		1,293	
Employer Medicare		1,914	
Communication		13,123	
Operating Lease Payments		4,038	
Maintenance Agreements		15,361	
Travel		1,943	
Custodial Supplies		1,243	
Library Books/Media		8,176	
Office Supplies		2,315	
Utilities		23,543	
Other Supplies and Materials		5,249	
Other Charges		9,146	
Data Processing Equipment		4,656	
Furniture and Fixtures		323	
Other Equipment		379	
Total Libraries			246,200

Parks and Fair Boards

Social Security	\$	113	
Unemployment Compensation		37	
Employer Medicare		27	
Maintenance and Repair Services - Equipment		303	
Electricity		4,986	
Other Supplies and Materials		351	
Other Charges		3,417	
Total Parks and Fair Boards			9,234

Agriculture and Natural Resources

Agricultural Extension Service

Salary Supplements	\$	18,184	
Clerical Personnel		7,738	
Part-time Personnel		4,971	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Agricultural Extension Service (Cont.)

Social Security	\$	308	
Unemployment Compensation		99	
Employer Medicare		72	
Communication		1,776	
Maintenance and Repair Services - Office Equipment		160	
Travel		276	
Custodial Supplies		179	
Office Supplies		225	
Office Equipment		850	
Total Agricultural Extension Service	\$		34,838

Other Operations

Industrial Development

Data Processing Supplies	\$	153	
Total Industrial Development			153

Airport

Supervisor/Director	\$	29,110	
Salary Supplements		794	
Social Security		1,762	
State Retirement		2,033	
Employee and Dependent Insurance		4,016	
Unemployment Compensation		140	
Employer Medicare		412	
Bank Charges		360	
Communication		1,471	
Maintenance Agreements		1,150	
Maintenance and Repair Services - Buildings		245	
Maintenance and Repair Services - Equipment		2,924	
Maintenance and Repair Services - Vehicles		75	
Other Contracted Services		335	
Custodial Supplies		172	
Equipment and Machinery Parts		297	
Gasoline		76,060	
Lubricants		340	
Office Supplies		18	
Tires and Tubes		359	
Utilities		13,896	
Other Supplies and Materials		74	
Other Charges		4,762	
Maintenance Equipment		37	
Site Development		546	
Total Airport			141,388

Veterans' Services

Supervisor/Director	\$	9,083	
Social Security		563	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services (Cont.)

Employer Medicare	\$	132	
Communication		850	
Dues and Memberships		25	
Total Veterans' Services			\$ 10,653

Other Charges

Data Processing Supplies	\$	9,100	
Electricity		3,334	
Refunds		7,500	
Trustee's Commission		88,084	
Health Equipment		5,900	
Total Other Charges			113,918

Contributions to Other Agencies

Contributions	\$	97,798	
Total Contributions to Other Agencies			97,798

Employee Benefits

Other Fringe Benefits	\$	56,304	
Total Employee Benefits			56,304

Principal on Debt

General Government

Principal on Capital Leases	\$	8,158	
Total General Government			8,158

Interest on Debt

General Government

Interest on Notes	\$	96	
Interest on Capital Leases		1,681	
Total General Government			1,777

Total General Fund \$ 7,573,775

Drug Control Fund

Public Safety

Drug Enforcement

Confidential Drug Enforcement Payments	\$	1,000	
Dues and Memberships		300	
Maintenance and Repair Services - Vehicles		2,598	
Gasoline		2,200	
Instructional Supplies and Materials		155	
Law Enforcement Supplies		145	
Uniforms		422	
Trustee's Commission		89	
Other Charges		79	
Motor Vehicles		53,040	
Total Drug Enforcement			\$ 60,028

(Continued)

Exhibit J-7

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

Drug Control Fund (Cont.)

Other Operations

Other Charges

Trustee's Commission	\$ 414	
Total Other Charges		\$ 414

Total Drug Control Fund		\$ 60,442
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Other Special Revenue Fund

Other Operations

Tourism

Contributions	\$ 161,009	
Total Tourism		\$ 161,009

Other Charges

Trustee's Commission	\$ 1,595	
Total Other Charges		1,595

Total Other Special Revenue Fund		162,604
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Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Constitutional Officers' Operating Expenses	\$ 6,695	
Total Chancery Court		\$ 6,695

Total Constitutional Officers - Fees Fund		6,695
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Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 67,795
Accountants/Bookkeepers	31,179
Secretary(ies)	31,179
Other Salaries and Wages	1,852
Advertising	69
Communication	3,935
Data Processing Services	4,301
Dues and Memberships	2,423
Maintenance and Repair Services - Office Equipment	860
Pest Control	168
Printing, Stationery, and Forms	40
Travel	1,064
Data Processing Supplies	673
Drugs and Medical Supplies	46
Electricity	4,006
Natural Gas	1,689
Office Supplies	466
Water and Sewer	659
Other Supplies and Materials	408

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Data Processing Equipment	\$ 1,202	
Office Equipment	90	
Total Administration		\$ 154,104

Highway and Bridge Maintenance

Equipment Operators	\$ 219,788	
Truck Drivers	274,087	
Laborers	3,900	
Other Salaries and Wages	9,689	
Medical and Dental Services	938	
Permits	1,165	
Other Contracted Services	10,834	
Asphalt	327,413	
Concrete	3,170	
Crushed Stone	179,552	
Pipe - Metal	22,068	
Road Signs	6,892	
Salt	1,139	
Wood Products	1,726	
Other Supplies and Materials	1,978	
Other Charges	242	
Other Equipment	12,186	
Total Highway and Bridge Maintenance		1,076,767

Operation and Maintenance of Equipment

Mechanic(s)	\$ 67,267	
Other Salaries and Wages	2,869	
Diesel Fuel	78,928	
Equipment and Machinery Parts	27,369	
Gasoline	38,692	
Lubricants	4,823	
Small Tools	43	
Tires and Tubes	8,218	
Other Supplies and Materials	455	
Other Charges	1,503	
Total Operation and Maintenance of Equipment		230,167

Other Charges

Trustee's Commission	\$ 21,799	
Workers' Compensation Insurance	51,545	
Total Other Charges		73,344

Employee Benefits

Social Security	\$ 53,864	
State Retirement	42,504	
Employee and Dependent Insurance	150,244	
Unemployment Compensation	5,373	
Total Employee Benefits		251,985

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Capital Outlay

Highway Equipment	\$ 69,110	
Total Capital Outlay		\$ 69,110

Total Highway/Public Works Fund \$ 1,855,477

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 140,000	
Total General Government		\$ 140,000

Education

Principal on Bonds	\$ 680,000	
Principal on Other Loans	13,600	
Total Education		693,600

Interest on Debt

General Government

Interest on Bonds	\$ 172,200	
Total General Government		172,200

Education

Interest on Bonds	\$ 73,644	
Total Education		73,644

Other Debt Service

General Government

Bank Charges	\$ 250	
Trustee's Commission	6,218	
Total General Government		6,468

Education

Bank Charges	\$ 565	
Total Education		565

Total General Debt Service Fund 1,086,477

General Capital Projects Fund

Other Operations

Other Charges

Trustee's Commission	\$ 2,636	
Total Other Charges		\$ 2,636

(Continued)

Exhibit J-7

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

<u>General Capital Projects Fund (Cont.)</u>			
<u>Capital Projects</u>			
<u>General Administration Projects</u>			
Consultants	\$	38,000	
Other Equipment		350,139	
Total General Administration Projects			\$ 388,139
Total General Capital Projects Fund			\$ 390,775
<u>Community Development/Industrial Park Fund</u>			
<u>Other Operations</u>			
<u>Other Charges</u>			
Trustee's Commission	\$	167	
Total Other Charges			\$ 167
<u>Capital Projects</u>			
<u>General Administration Projects</u>			
Maintenance Agreements	\$	20,169	
Other Equipment		42,640	
Total General Administration Projects			62,809
Total Community Development/Industrial Park Fund			62,976
<u>Other Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>General Administration Projects</u>			
Architects	\$	51,250	
Engineering Services		14,584	
Other Charges		1,551	
Site Development		368	
Other Construction		69,614	
Total General Administration Projects			\$ 137,367
Total Other Capital Projects Fund			137,367
Total Governmental Funds - Primary Government			\$ 11,336,588

Exhibit J-8

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

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	5,796,545	
Career Ladder Program		47,605	
Career Ladder Extended Contracts		14,057	
Homebound Teachers		8,757	
Clerical Personnel		23,086	
Educational Assistants		195,344	
Other Salaries and Wages		37,144	
Non-certified Substitute Teachers		69,405	
Social Security		356,799	
State Retirement		523,405	
Medical Insurance		1,102,537	
Unemployment Compensation		9,507	
Employer Medicare		85,866	
Other Fringe Benefits		154	
Communication		34,819	
Evaluation and Testing		230	
Travel		205	
Tuition		400	
Other Contracted Services		136,283	
Instructional Supplies and Materials		93,478	
Textbooks		181,376	
Fee Waivers		11,726	
Other Charges		689	
Regular Instruction Equipment		259,770	
Other Equipment		25,000	
Total Regular Instruction Program			\$ 9,014,187

Special Education Program

Teachers	\$	647,627	
Career Ladder Program		4,000	
Homebound Teachers		6,394	
Educational Assistants		42,646	
Speech Pathologist		93,765	
Non-certified Substitute Teachers		10,388	
Social Security		50,717	
State Retirement		71,161	
Medical Insurance		162,452	
Unemployment Compensation		2,170	
Employer Medicare		11,523	
Other Fringe Benefits		53	
Postal Charges		2,000	
Other Contracted Services		13,950	
Total Special Education Program			1,118,846

Vocational Education Program

Teachers	\$	403,640	
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(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Vocational Education Program (Cont.)

Career Ladder Program	\$	462	
Guidance Personnel		47,861	
Non-certified Substitute Teachers		5,724	
Social Security		25,836	
State Retirement		38,017	
Medical Insurance		74,597	
Unemployment Compensation		1,054	
Employer Medicare		5,878	
Other Fringe Benefits		71	
Maintenance and Repair Services - Equipment		2,712	
Instructional Supplies and Materials		9,316	
Vocational Instruction Equipment		10,147	
Total Vocational Education Program	\$		625,315

Support Services

Attendance

Supervisor/Director	\$	56,811	
Social Security		3,494	
State Retirement		5,045	
Medical Insurance		6,613	
Unemployment Compensation		62	
Employer Medicare		783	
Travel		1,482	
Total Attendance			74,290

Health Services

Medical Personnel	\$	116,946	
Paraprofessionals		11,809	
Other Salaries and Wages		37,277	
Non-certified Substitute Teachers		159	
Social Security		10,123	
State Retirement		10,825	
Medical Insurance		31,869	
Unemployment Compensation		372	
Employer Medicare		2,367	
Postal Charges		500	
Travel		3,694	
Other Contracted Services		5,736	
Drugs and Medical Supplies		2,136	
Instructional Supplies and Materials		25,563	
Other Supplies and Materials		78	
In Service/Staff Development		773	
Other Charges		1,864	
Health Equipment		6,655	
Total Health Services			268,746

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support

Career Ladder Program	\$	1,000	
Guidance Personnel		218,400	
Social Security		13,411	
State Retirement		18,678	
Medical Insurance		32,349	
Unemployment Compensation		310	
Employer Medicare		3,137	
Evaluation and Testing		13,114	
Travel		412	
Total Other Student Support	\$		300,811

Regular Instruction Program

Supervisor/Director	\$	159,075	
Career Ladder Program		8,550	
Librarians		237,315	
Instructional Computer Personnel		54,150	
Social Security		24,331	
State Retirement		37,680	
Medical Insurance		71,123	
Unemployment Compensation		558	
Employer Medicare		6,219	
Legal Notices, Recording, and Court Costs		388	
Postal Charges		883	
Travel		9,905	
Library Books/Media		29,974	
In Service/Staff Development		3,915	
Total Regular Instruction Program			644,066

Special Education Program

Supervisor/Director	\$	30,390	
Career Ladder Program		1,000	
Psychological Personnel		42,891	
Social Security		4,487	
State Retirement		5,695	
Medical Insurance		9,681	
Unemployment Compensation		124	
Employer Medicare		1,019	
Travel		1,793	
Total Special Education Program			97,080

Vocational Education Program

Supervisor/Director	\$	70,335	
Career Ladder Program		1,000	
Secretary(ies)		22,486	
Social Security		5,774	
State Retirement		7,864	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Vocational Education Program (Cont.)

Medical Insurance	\$	12,748	
Unemployment Compensation		124	
Employer Medicare		1,350	
Travel		12,960	
Custodial Supplies		1,940	
Total Vocational Education Program			\$ 136,581

Other Programs

On-behalf Payments to OPEB	\$	75,327	
Total Other Programs			75,327

Board of Education

Secretary to Board	\$	300	
Board and Committee Members Fees		6,200	
Social Security		403	
State Retirement		20	
Employer Medicare		94	
Audit Services		17,800	
Dues and Memberships		8,001	
Legal Services		1,014	
Legal Notices, Recording, and Court Costs		802	
Travel		1,445	
Building and Contents Insurance		137,294	
Trustee's Commission		132,545	
Workers' Compensation Insurance		97,484	
In Service/Staff Development		2,405	
Criminal Investigation of Applicants - TBI		872	
Refund to Applicant for Criminal Investigation		1,008	
Other Charges		1,960	
Total Board of Education			409,647

Director of Schools

County Official/Administrative Officer	\$	75,946	
Other Salaries and Wages		47,280	
Social Security		4,463	
State Retirement		6,744	
Medical Insurance		10,438	
Unemployment Compensation		124	
Employer Medicare		1,715	
Communication		5,000	
Dues and Memberships		1,616	
Postal Charges		513	
Travel		3,520	
Total Director of Schools			157,359

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal

Principals	\$	371,088	
Career Ladder Program		11,000	
Assistant Principals		225,556	
Secretary(ies)		106,745	
Social Security		42,764	
State Retirement		61,435	
Medical Insurance		119,675	
Unemployment Compensation		992	
Employer Medicare		10,001	
Communication		17,639	
Postal Charges		2,400	
Total Office of the Principal			\$ 969,295

Fiscal Services

Accountants/Bookkeepers	\$	31,526	
Clerical Personnel		81,638	
Social Security		6,872	
State Retirement		7,695	
Medical Insurance		26,455	
Unemployment Compensation		248	
Employer Medicare		1,607	
Data Processing Services		9,553	
Travel		122	
Office Supplies		2,592	
Administration Equipment		768	
Total Fiscal Services			169,076

Operation of Plant

Custodial Personnel	\$	306,007	
Social Security		18,580	
State Retirement		17,802	
Medical Insurance		142,144	
Unemployment Compensation		1,798	
Employer Medicare		4,100	
Janitorial Services		11,728	
Pest Control		1,053	
Rentals		686	
Disposal Fees		18,640	
Permits		2,150	
Custodial Supplies		73,080	
Electricity		514,418	
Natural Gas		107,763	
Water and Sewer		49,726	
Other Supplies and Materials		8,579	
Other Charges		350	
Plant Operation Equipment		3,750	
Total Operation of Plant			1,282,354

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant

Supervisor/Director	\$	39,580	
Maintenance Personnel		242,209	
Social Security		17,317	
State Retirement		18,617	
Medical Insurance		77,088	
Unemployment Compensation		744	
Employer Medicare		4,295	
Communication		893	
Maintenance and Repair Services - Equipment		29,616	
Maintenance and Repair Services - Vehicles		392	
Other Contracted Services		2,790	
Diesel Fuel		2,077	
Equipment and Machinery Parts		21,185	
Gasoline		11,197	
Other Supplies and Materials		41,639	
Other Charges		150	
Maintenance Equipment		28,840	
Total Maintenance of Plant			\$ 538,629

Transportation

Other Fringe Benefits	\$	1,503	
Communication		1,022	
Contracts with Vehicle Owners		810,317	
Maintenance and Repair Services - Vehicles		27,414	
Travel		401	
Other Contracted Services		22,240	
Diesel Fuel		24,770	
Other Charges		32,980	
Transportation Equipment		4,440	
Total Transportation			925,087

Central and Other

Computer Programmer(s)	\$	67,487	
Social Security		4,169	
State Retirement		4,589	
Medical Insurance		13,228	
Unemployment Compensation		124	
Employer Medicare		975	
Travel		2,614	
Total Central and Other			93,186

Operation of Non-instructional Services

Food Service

Medical Insurance	\$	59,414	
Total Food Service			59,414

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Operation of Non-instructional Services (Cont.)

Community Services

Contributions	\$ 2,000	
Total Community Services		\$ 2,000

Early Childhood Education

Teachers	\$ 89,613	
Educational Assistants	45,103	
Non-certified Substitute Teachers	1,065	
Social Security	8,152	
State Retirement	10,953	
Medical Insurance	39,589	
Unemployment Compensation	496	
Employer Medicare	1,907	
Postal Charges	750	
Travel	180	
Instructional Supplies and Materials	16,336	
Other Charges	3,494	
Regular Instruction Equipment	9,030	
Total Early Childhood Education		226,668

Capital Outlay

Regular Capital Outlay

Other Contracted Services	\$ 2,990	
Building Improvements	380,968	
Heating and Air Conditioning Equipment	280,491	
Land	28,722	
Site Development	75,281	
Total Regular Capital Outlay		768,452

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$ 349,497	
Total Education		349,497

Total General Purpose School Fund \$ 18,305,913

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 415,127
Educational Assistants	73,986
Non-certified Substitute Teachers	6,148
Social Security	29,326
State Retirement	41,632
Medical Insurance	127,983
Unemployment Compensation	1,054
Employer Medicare	6,862

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

Instructional Supplies and Materials	\$	1,481	
Other Supplies and Materials		270	
Regular Instruction Equipment		1,867	
Total Regular Instruction Program			\$ 705,736

Special Education Program

Teachers	\$	19,377	
Educational Assistants		204,933	
Other Salaries and Wages		24,789	
Non-certified Substitute Teachers		1,325	
Social Security		14,816	
State Retirement		16,757	
Medical Insurance		126,157	
Unemployment Compensation		1,209	
Employer Medicare		3,465	
Other Fringe Benefits		123	
Contracts with Other School Systems		5,000	
Maintenance and Repair Services - Equipment		667	
Instructional Supplies and Materials		8,370	
Other Supplies and Materials		1,290	
Special Education Equipment		16,628	
Total Special Education Program			444,906

Vocational Education Program

Other Contracted Services	\$	3,200	
Vocational Instruction Equipment		21,257	
Total Vocational Education Program			24,457

Support Services

Other Student Support

Secretary(ies)	\$	18,240	
Other Salaries and Wages		52,300	
Social Security		3,943	
State Retirement		5,885	
Medical Insurance		18,057	
Unemployment Compensation		124	
Employer Medicare		922	
Operating Lease Payments		1,638	
Travel		10,716	
Other Contracted Services		266	
Other Supplies and Materials		3,109	
In Service/Staff Development		2,100	
Other Charges		1,756	
Total Other Student Support			119,056

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program

Supervisor/Director	\$	38,197	
Other Salaries and Wages		121,426	
In-service Training		900	
Non-certified Substitute Teachers		2,358	
Social Security		6,784	
State Retirement		9,860	
Medical Insurance		14,709	
Unemployment Compensation		186	
Employer Medicare		2,308	
Postal Charges		100	
Travel		8,910	
Other Supplies and Materials		16,044	
In Service/Staff Development		8,427	
Other Equipment		1,996	
Total Regular Instruction Program			\$ 232,205

Special Education Program

Supervisor/Director	\$	30,390	
Secretary(ies)		16,325	
Social Security		2,896	
State Retirement		3,809	
Medical Insurance		9,681	
Unemployment Compensation		96	
Employer Medicare		677	
Operating Lease Payments		953	
Travel		5,918	
Other Charges		714	
Total Special Education Program			71,459

Vocational Education Program

Travel	\$	1,406	
Total Vocational Education Program			1,406

Transportation

Bus Drivers	\$	29,312	
Other Salaries and Wages		5,928	
Social Security		2,151	
State Retirement		1,886	
Medical Insurance		16,415	
Unemployment Compensation		224	
Employer Medicare		507	
Total Transportation			56,423

Total School Federal Projects Fund \$ 1,655,648

(Continued)

Exhibit J-8

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

Central Cafeteria Fund

Operation of Non-instructional Services

Food Service

Cafeteria Personnel	\$	443,777	
Social Security		26,640	
State Retirement		25,501	
Medical Insurance		166,548	
Unemployment Compensation		2,411	
Employer Medicare		6,239	
Communication		3,702	
Maintenance and Repair Services - Equipment		11,376	
Travel		1,236	
Other Contracted Services		3,250	
Food Preparation Supplies		30,474	
Food Supplies		546,161	
Office Supplies		1,922	
USDA - Commodities		94,295	
In Service/Staff Development		430	
Other Charges		2,568	
Food Service Equipment		1,392	
Total Food Service			\$ 1,367,922

Total Central Cafeteria Fund \$ 1,367,922

Total Governmental Funds - Benton County School Department \$ 21,329,483

Exhibit J-9

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

	<u>Cities - Sales Tax Fund</u>
<u>Cash Receipts</u>	
Local Option Sales Tax	<u>\$ 1,590,410</u>
Total Cash Receipts	<u>\$ 1,590,410</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,288,232
Trustee's Commission	15,904
Contributions	<u>286,274</u>
Total Cash Disbursements	<u>\$ 1,590,410</u>
Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2013	<u>0</u>
Cash Balance, June 30, 2014	<u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



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

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

Independent Auditor's Report

Benton County Mayor and
Board of County Commissioners
Benton County, Tennessee

To the County Mayor 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 business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Benton County, Tennessee, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Benton County's basic financial statements, and have issued our report thereon dated December 22, 2014. Our report includes a reference to other auditors who audited the financial statements of the Benton County Electric System, as described in our report on Benton County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Benton 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 Benton County's internal control. Accordingly, we do not express an opinion on the effectiveness of Benton County's internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses: 2014-001 and 2014-006.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 2014-003, 2014-004, and 2014-005.

Compliance and Other Matters

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

Benton County's Responses to Findings

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

Purpose of this Report

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

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

December 22, 2014

JPW/sb



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

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

Independent Auditor's Report

Benton County Mayor and
Board of County Commissioners
Benton County, Tennessee

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Benton County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Benton County's major federal programs for the year ended June 30, 2014. Benton County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Benton County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan

and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Benton 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 Benton County's compliance.

Opinion on Each Major Federal Program

In our opinion, Benton County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of Benton 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 Benton County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Benton County's internal control over compliance.

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

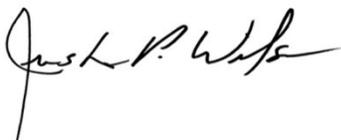
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Benton County, Tennessee, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Benton County's basic financial statements. We issued our report thereon dated December 22, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

December 22, 2014

JPW/sb

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	\$ 343,079
National School Lunch Program	10.555	N/A	618,048 (6)
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	94,295 (6)
Total U.S. Department of Agriculture			<u>\$ 1,055,422</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants - State's Program	14.228	33004-78313	\$ 293,158
Total U.S. Department of Housing and Urban Development			<u>\$ 293,158</u>
U.S. Department of Labor:			
Passed-through Dyersburg State Community College:			
WIA Youth Activities	17.259	12-13-300-070-YTHPT	\$ 16,927
Total U.S. Department of Labor			<u>\$ 16,927</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Airport Improvement Program	20.106	AERO-13-102-00	\$ 71,374
Total U.S. Department of Transportation			<u>\$ 71,374</u>
U.S. Institute of Museum and Library Services:			
Passed-through Tennessee Secretary of State:			
Grants to States	45.310	(2)	\$ 1,795
Total U.S. Institute of Museum and Library Services			<u>\$ 1,795</u>
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - Basic Grants to States	84.002	DG1338264	\$ 5,217
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	728,452
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	566,992
Special Education - Preschool Grants	84.173	N/A	18,398
Career and Technical Education - Basic Grants to States	84.048	N/A	38,079
Rural Education	84.358	N/A	42,732
English Language Acquisition State Grants	84.365	N/A	1,413
Improving Teacher Quality State Grants	84.367	N/A	101,827
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	188,784
Total U.S. Department of Education			<u>\$ 1,691,894</u>
U.S. Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	(3)	\$ 18,414
Total U.S. Election Assistance Commission			<u>\$ 18,414</u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Health and Human Services:			
Passed-through Northwest Tennessee Development District:			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	(2)	\$ 36,746
Total U.S. Department of Health and Human Services			<u>\$ 36,746</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	(2)	\$ 3,126
Emergency Management Performance Grants	97.042	34101-0007614	13,000
Homeland Security Grant Program	97.067	(4)	10,093
Total U.S. Department of Homeland Security			<u>\$ 26,219</u>
Total Federal Awards			<u>\$ 3,211,949</u>

State Grants

		<u>Contract Number</u>	
Juvenile Custody Prevention - State Department of Children's Services	N/A	(2)	\$ 103,179
State Supplement Juvenile Court Improvement - State Commission on Children and Youth	N/A	GG-10-29450-00	9,000
Airport Maintenance Program - State Department of Transportation	N/A	(5)	41,090
Waste Tire Option Grant - State Department of Environment and Conservation	N/A	327101-01654	8,051
Litter Program - State Department of Transportation	N/A	Z-14-LIT-003	25,823
Local Health Services - State Department of Health	N/A	GG-14-37618-00	14,743
Rural Library Computer Grant - Tennessee Secretary of State	N/A	(2)	455
Select Tennessee Certified Sites Grant - State Department of Economic and Community Development	N/A	(2)	7,500
Three Star Program - State Department of Economic and Community Development	N/A	33007-18113	15,000
Early Childhood Education - State Department of Education	N/A	(2)	197,106
Coordinated School Health - State Department of Education	N/A	(2)	95,000
Adult Education - State Department of Labor and Workforce Development	N/A	DG1338264	1,752
Student Ticket Subsidy Grant - Tennessee Arts Commission	N/A	(2)	3,000
Statewide Student Management System - State Department of Education	N/A	(2)	5,910
ACT/EXPLORE/PLAN - State Department of Education	N/A	(2)	<u>5,873</u>
Total State Grants			<u>\$ 533,482</u>

CFDA = Catalog of Federal Domestic Assistance

N/A = Not Applicable

(1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.

(2) Information not available.

(3) 30510-00113-03: \$1,540; 30510-00114-02: \$16,874.

(4) 34101-31211: \$5,594; HSGP-2011-9790: \$4,499.

(5) AERO-M13-270-00: \$2,590; AERO-14-225-00: \$38,500.

(6) Total for CFDA No. 10.555 is \$712,343.

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

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report of Benton County, Tennessee, for the year ended June 30, 2013, which have not been corrected.

OFFICE OF COUNTY MAYOR

Finding Number	Page Number	Subject
2013-001	170	Funds required material audit adjustments for proper financial statement presentation
2013-003	171	Expenditures exceeded appropriations
2013-004	172	General ledger payroll deduction accounts were not reconciled with payroll reports and payments in the General Fund

OFFICES OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, REGISTER OF DEEDS, AND SHERIFF

Finding Number	Page Number	Subject
2013-006	173	Duties were not segregated adequately

OFFICES OF CLERK AND MASTER AND REGISTER OF DEEDS

Finding Number	Page Number	Subject
2013-007	174	Multiple employees operated from the same cash drawer

BENTON COUNTY

Finding Number	Page Number	Subject
2013-008	174	Benton County has a material recurring audit finding

BENTON COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2014

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Benton County is unmodified.
2. The audit of the financial statements of Benton County disclosed significant deficiencies in internal control. Two of these deficiencies were considered to be material weaknesses.
3. The audit disclosed no instances of noncompliance that were material to the financial statements of Benton County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unmodified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555) and the Special Education Cluster: Special Education – Grants to States and Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Benton County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The county mayor and the clerk and master provided written responses on certain findings, which are paraphrased in this report. Other management officials did not provide responses for inclusion in this report.

OFFICE OF COUNTY MAYOR

FINDING 2014-001

THE GENERAL DEBT SERVICE AND GENERAL CAPITAL PROJECTS FUNDS REQUIRED MATERIAL AUDIT ADJUSTMENTS FOR PROPER FINANCIAL STATEMENT PRESENTATION

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

At June 30, 2014, certain general ledger account balances in the General Debt Service and General Capital Projects funds were not materially correct, and audit adjustments totaling \$167,318 and \$266,471, respectively, were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require Benton County to have adequate internal controls over the maintenance of its accounting records. Material audit adjustments were required because the county's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the county has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – COUNTY MAYOR

This was an oversight by the County Mayor's Office pertaining to grant reimbursements that were requested within the fiscal year 2013-14 but were not set up as receivables.

FINDING 2014-002

EXPENDITURES EXCEEDED APPROPRIATIONS
(Noncompliance Under *Government Auditing Standards*)

Expenditures exceeded appropriations approved by the County Commission in two of 52 major appropriation categories (the legal level of control) in the General Fund, one of three major appropriation categories in the Drug Control Fund, and one of two major appropriation categories in the General Capital Projects Fund as reflected in the following table:

<u>Fund/Major Appropriation Category</u>	<u>Amount Overspent</u>
General:	
Other Operations – Other Charges	\$ 1,097
Interest on Debt – General Government	96
Drug Control:	
Other Operations – Other Charges	265
General Capital Projects:	
Other Operations – Other Charges	2,636

Section 5-9-401, *Tennessee Code Annotated*, states that “All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs for the various departments, commissions, institutions, boards, offices, and agencies of county governments shall be appropriated to such use by the county legislative bodies.” These deficiencies exist because management failed to hold spending to the limits authorized by the County Commission, which resulted in unauthorized expenditures, and management failed to correct the finding noted in the prior-year audit report.

RECOMMENDATION

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

MANAGEMENT’S RESPONSE – COUNTY MAYOR

This was an oversight by the County Mayor’s Office. The revenue was received to pay for these expenditures; however, the office failed to budget the funds to the appropriate expenditure accounts.

FINDING 2014-003

**GENERAL LEDGER PAYROLL DEDUCTION ACCOUNTS
WERE NOT RECONCILED WITH PAYROLL REPORTS
AND PAYMENTS IN THE GENERAL FUND**

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

General ledger payroll deduction accounts were not reconciled with payroll reports and payments in the General Fund. Sound business practices dictate that these reconciliations be performed monthly. The failure to regularly reconcile payroll deduction accounts allowed errors to remain undiscovered and uncorrected. This deficiency exists because management failed to correct the finding noted in the prior-year audit report.

RECOMMENDATION

General ledger payroll liability accounts should be reconciled monthly with payroll reports and payments, and errors should be corrected promptly.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

We have an issue with the insurance companies not providing us accurate information on employee's coverage and/or changes to their plans in a timely manner. Since the account is not clearing out, we also believe a balance may have been carried over that might possibly be contributing to this deficiency. If this is the case, we hope to correct the issue by the next year-end.

**OFFICES OF COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS
CLERK, CLERK AND MASTER, REGISTER OF DEEDS, AND SHERIFF**

FINDING 2014-004

DUTIES WERE NOT SEGREGATED ADEQUATELY

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

Duties were not segregated adequately among officials and employees in the Offices of County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, Register of Deeds, and Sheriff. Officials and employees responsible for maintaining accounting records in these offices were also involved in receipting, depositing, and/or disbursing funds. Accounting standards provide that internal controls be designed to provide reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions. Also, this deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

Officials should segregate duties to the extent possible using available resources.

OFFICES OF COUNTY CLERK, CLERK AND MASTER, AND REGISTER OF DEEDS

FINDING 2014-005

MULTIPLE EMPLOYEES OPERATED FROM THE SAME CASH DRAWER

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

Multiple employees operated from the same cash drawer in the Offices of County Clerk, Clerk and Master, and Register of Deeds. Good internal controls dictate that each employee have their own cash drawer, start the day with a standard fixed amount of cash, and remove all but the beginning amount at the end of the day. This amount should be verified to the employee's receipts at the end of each day. Failure to adhere to this control regimen greatly increases the risk that a cash shortage may not be detected in a timely manner. Furthermore, in the event of a cash shortage, the official would not be able to determine who was responsible for the shortage because multiple employees were working from one cash drawer. This deficiency has been a management decision by the officials resulting in a loss of control over assets. Also, this deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

Officials should assign each employee their own cash drawer.

MANAGEMENT'S RESPONSE – CLERK AND MASTER

The audit finding of multiple employees operating from the same cash drawer was corrected in July 2014.

BENTON COUNTY

FINDING 2014-006

BENTON COUNTY HAS A MATERIAL RECURRING AUDIT FINDING

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

Benton County has a material audit finding that has been reported in its Annual Financial Report for three or more consecutive years. This recurring material finding is listed below:

<u>Finding Numbers</u>	<u>Description</u>
2014-001, 2013-001, 12.01	Several funds required material audit adjustments for proper financial statement presentation.

The recurring nature of the above-noted finding indicates that management is either unwilling or unable to address the deficiency. Benton County has established an Audit Committee to address financial and other reporting practices, internal control, compliance with laws and regulations, and ethics.

RECOMMENDATION

Benton County should work with its Audit Committee to correct the above-noted material weakness in internal control.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

This is due to audit adjustments for receivables and payables that were not received until after the fiscal year was closed.

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

There were no findings and questioned costs for federal awards.

BEST PRACTICE

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

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

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

Benton County does not have a central system of accounting, budgeting, and purchasing. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the County Commission resulting in decentralization and some duplication of effort. We recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.

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

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