

ANNUAL FINANCIAL REPORT
BENTON COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2015



DIVISION OF LOCAL GOVERNMENT AUDIT



**ANNUAL FINANCIAL REPORT
BENTON COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2015**

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

***DIVISION OF LOCAL GOVERNMENT AUDIT
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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, 2015

Scope

We have audited the basic financial statements of Benton County as of and for the year ended June 30, 2015.

Results

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

Our audit resulted in eight 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 Fund 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.
- ◆ A cash shortage of at least \$3,600.50 existed at the animal shelter on July 2, 2014.

OFFICE OF COUNTY CLERK

- ◆ Multiple employees operated from the same cash drawer.

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

- ◆ Duties were not segregated adequately.
-

BENTON COUNTY

- ◆ The county violated the conflict of interest statute and made purchases from a business owned by a county commissioner.
- ◆ Benton County has a material recurring audit finding.

INTRODUCTORY SECTION

Benton County Officials

June 30, 2015

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
Sonya Volz, Register of Deeds
Kenny Christopher, Sheriff

Board of County Commissioners

Barry Barnett, County Mayor, Chairman	Bill Kee
Rhonda Arnold	Ward Plant
Jerry Brandon	Rocky Presson
Gary Evans	Brett Rogers
Dayna Ferguson	Morris Rogers
Gary Furr	Trey Smith
Sonny Hall	Lyle VanLew
Emily Hatcher	Rosanne Ward
William Hatler	Jimmy Wiseman
Angela Hern	

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

William Hatler
Gary Furr
Bob Wessels

FINANCIAL SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
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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, 2015, 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, 2015, 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. 68, *Accounting and Financial Reporting for Pensions*; GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*; and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

Emphasis of Matter

We draw attention to Note I.D.9. to the financial statements, which describes a restatement decreasing the beginning Governmental Activities net position by \$176,362 and the discretely presented Benton County School Department net position by \$3,353,529 on the Government-wide Statement of Activities. In addition, we draw attention to Note VI.A.3.i. to the financial statements, which describes a restatement decreasing the beginning Business-type Activities (which consists wholly of the Benton County Electric System Fund) on the Government-wide Statement of Activities by \$1,861,500. These restatements were necessary because of the transitional requirements of GASB Statement No. 68, *Accounting*

and Financial Reporting for Pensions. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the schedule of changes in the county's net pension liability and related ratios, schedules of county and school contributions, schedule of school's proportionate share of the net pension asset, and schedule of funding progress – other postemployment benefits plans on pages 103 - 109 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,

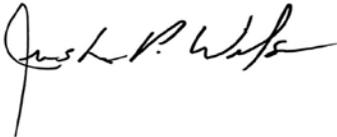
including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the 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 January 11, 2016, 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,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

January 11, 2016

JPW/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

Benton County, Tennessee
Statement of Net Position
June 30, 2015

	Primary Government			Component
	Governmental	Business-	Total	Unit
				Benton
Activities	type		County	
				School
				Department
<u>ASSETS</u>				
Cash	\$ 8,808	\$ 2,032,767	\$ 2,041,575	\$ 300
Equity in Pooled Cash and Investments	8,339,216	0	8,339,216	4,895,151
Inventories	0	360,115	360,115	0
Accounts Receivable	29,223	1,497,876	1,527,099	0
Allowance for Uncollectibles	0	(7,991)	(7,991)	0
Due from Other Governments	622,890	0	622,890	479,077
Due from Component Units	66,272	0	66,272	0
Property Taxes Receivable	3,594,476	0	3,594,476	3,825,542
Allowance for Uncollectible Property Taxes	(126,791)	0	(126,791)	(143,284)
Prepaid Items	49,108	1,395,503	1,444,611	0
Cash Shortage	3,600	0	3,600	0
Other Restricted Assets	0	3,511,466	3,511,466	0
Deferred Charges - Debt Issuance Costs	0	161,508	161,508	0
Notes Receivable	0	629,185	629,185	0
Net Pension Asset - Agent Plan	255,405	60,368	315,773	320,354
Net Pension Asset - Cost-sharing Plan	0	0	0	38,075
Capital Assets Not Depreciated:				
Land	1,231,410	188,840	1,420,250	507,205
Construction in Progress	0	281,247	281,247	0
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	8,850,875	0	8,850,875	10,392,713
Infrastructure	8,428,692	0	8,428,692	0
Other Capital Assets	2,035,667	20,918,368	22,954,035	1,131,323
Total Assets	\$ 33,388,851	\$ 31,029,252	\$ 64,418,103	\$ 21,446,456

DEFERRED OUTFLOWS OF RESOURCES

Deferred Charge on Refunding	\$ 68,386	\$ 0	\$ 68,386	\$ 0
Pension Changes in Experience	0	172,940	172,940	92,438
Pension Contributions After Measurement Date	273,222	354,957	628,179	949,502
Total Deferred Outflows of Resources	\$ 341,608	\$ 527,897	\$ 869,505	\$ 1,041,940

LIABILITIES

Accounts Payable	\$ 60,665	\$ 2,876,948	\$ 2,937,613	\$ 165,501
Accrued Payroll	0	21,327	21,327	0
Payroll Deductions Payable	121,701	0	121,701	0
Accrued Leave	0	357,606	357,606	0
Contracts Payable	12,747	0	12,747	0
Due to Primary Government	0	0	0	65,319
Accrued Interest Payable	74,133	15,062	89,195	0
Other Current Liabilities	10,888	169,853	180,741	0
Customer Deposits Payable	0	871,407	871,407	0
Noncurrent Liabilities:				
Due Within One Year	872,441	330,000	1,202,441	0
Due in More Than One Year (net of unamortized premium on debt)	8,600,861	10,380,372	18,981,233	319,338
Total Liabilities	\$ 9,753,436	\$ 15,022,575	\$ 24,776,011	\$ 550,158

(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	\$ 3,384,168	\$ 0	\$ 3,384,168	\$ 3,582,161
Pension Changes in Experience	7,272	1,718	8,990	9,120
Pension Changes in Investment Earnings	454,002	115,524	569,526	3,706,620
Pension Other Deferrals	0	0	0	79,726
Total Deferred Inflows of Resources	<u>\$ 3,845,442</u>	<u>\$ 117,242</u>	<u>\$ 3,962,684</u>	<u>\$ 7,377,627</u>
<u>NET POSITION</u>				
Net Investment in Capital Assets	\$ 16,456,644	\$ 14,486,731	\$ 30,943,375	\$ 12,031,241
Restricted for:				
General Government	244,710	0	244,710	0
Administration of Justice	86,632	0	86,632	0
Public Safety	510,205	0	510,205	0
Public Health and Welfare	125,962	0	125,962	0
Social, Cultural, and Recreational Services	252,158	0	252,158	0
Highway/Public Works	1,466,579	0	1,466,579	0
Debt Service	102,215	3,496,404	3,598,619	0
Capital Projects	246,621	0	246,621	0
Other Purposes	255,405	0	255,405	0
Education	0	0	0	362,180
Operation of Non-instructional Services	0	0	0	322,121
Unrestricted	<u>384,450</u>	<u>(1,565,803)</u>	<u>(1,181,353)</u>	<u>1,845,069</u>
Total Net Position	<u>\$ 20,131,581</u>	<u>\$ 16,417,332</u>	<u>\$ 36,548,913</u>	<u>\$ 14,560,611</u>

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, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Benton County School Department
					Governmental Activities	Business- type Activities	Total	
Primary Government:								
Governmental Activities:								
General Government	\$ 1,741,150	\$ 183,317	\$ 230,183	\$ 39,568	\$ (1,288,082)	\$ 0	\$ (1,288,082)	\$ 0
Finance	638,883	452,027	0	0	(186,856)	0	(186,856)	0
Administration of Justice	629,944	415,548	90,924	0	(123,472)	0	(123,472)	0
Public Safety	4,344,595	537,523	35,317	1,457,502	(2,314,253)	0	(2,314,253)	0
Public Health and Welfare	1,021,554	367,911	182,041	0	(471,602)	0	(471,602)	0
Social, Cultural, and Recreational Services	469,045	14,475	80,672	0	(373,898)	0	(373,898)	0
Agriculture and Natural Resources	46,292	0	0	0	(46,292)	0	(46,292)	0
Highways/Public Works	2,598,562	11,186	1,844,895	0	(742,481)	0	(742,481)	0
Interest on Long-term Debt	246,446	703,834	0	0	457,388	0	457,388	0
Total Governmental Activities	\$ 11,736,471	\$ 2,685,821	\$ 2,464,032	\$ 1,497,070	\$ (5,089,548)	\$ 0	\$ (5,089,548)	\$ 0
Business-type Activities:								
Benton County Electric System	\$ 22,085,534	\$ 23,507,222	\$ 0	\$ 0	\$ 0	\$ 1,421,688	\$ 1,421,688	\$ 0
Total Primary Government	\$ 33,822,005	\$ 26,193,043	\$ 2,464,032	\$ 1,497,070	\$ (5,089,548)	\$ 1,421,688	\$ (3,667,860)	\$ 0
Component Unit:								
Benton County School Department	\$ 20,233,196	\$ 283,591	\$ 3,174,247	\$ 0	\$ 0	\$ 0	\$ 0	\$ (16,775,358)
Total Component Unit	\$ 20,233,196	\$ 283,591	\$ 3,174,247	\$ 0	\$ 0	\$ 0	\$ 0	\$ (16,775,358)

(Continued)

Exhibit B

Benton County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Benton County School Department
					Governmental Activities	Business- type Activities	Total	
General Revenues:								
Taxes:								
Property Taxes Levied for General Purposes					\$ 3,188,537	\$ 0	\$ 3,188,537	\$ 4,006,972
Property Taxes Levied for Debt Service					147,474	0	147,474	0
Local Option Sales Taxes					447,402	0	447,402	2,065,243
Litigation Tax					153,650	0	153,650	0
Business Tax					120,378	0	120,378	0
Mineral Severance Tax					127,573	0	127,573	0
Wholesale Beer Tax					89,568	0	89,568	0
Other Local Taxes					38,947	0	38,947	1,614
Grants and Contributions Not Restricted to Specific Programs					2,041,053	0	2,041,053	11,858,731
Unrestricted Investment Income					57,744	16,193	73,937	0
Miscellaneous					105,696	0	105,696	50,201
Pension Income					0	0	0	45,942
Total General Revenues					\$ 6,518,022	\$ 16,193	\$ 6,534,215	\$ 18,028,703
Transfers					\$ 402,397	\$ (402,397)	\$ 0	\$ 0
Change in Net Position					\$ 1,830,871	\$ 1,035,484	\$ 2,866,355	\$ 1,253,345
Net Position, July 1, 2014					18,477,072	17,243,348	35,720,420	16,660,795
Restatement- Pension Liability (see Note I.D.9)					(176,362)	0	(176,362)	(3,353,529)
Restatement- Pension Liability (see Note VI.A.3.i)					0	(1,861,500)	(1,861,500)	0
Net Position, June 30, 2015					\$ 20,131,581	\$ 16,417,332	\$ 36,548,913	\$ 14,560,611

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

Exhibit C-1

Benton County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2015

	Major Funds		Nonmajor Funds	Total
	General	Highway / Public Works	Other Govern- mental Funds	Governmental Funds
<u>ASSETS</u>				
Cash	\$ 100	\$ 0	\$ 8,708	\$ 8,808
Equity in Pooled Cash and Investments	4,943,669	1,536,490	1,859,057	8,339,216
Accounts Receivable	15,284	446	13,493	29,223
Due from Other Governments	136,367	319,079	167,444	622,890
Due from Other Funds	22,201	0	51,425	73,626
Due from Component Units	0	953	65,319	66,272
Property Taxes Receivable	3,011,219	226,778	356,479	3,594,476
Allowance for Uncollectible Property Taxes	(106,985)	(8,423)	(11,383)	(126,791)
Prepaid Items	0	49,108	0	49,108
Cash Shortage	3,600	0	0	3,600
Total Assets	<u>\$ 8,025,455</u>	<u>\$ 2,124,431</u>	<u>\$ 2,510,542</u>	<u>\$ 12,660,428</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 53,118	\$ 0	\$ 7,547	\$ 60,665
Payroll Deductions Payable	114,091	7,610	0	121,701
Contracts Payable	0	0	12,747	12,747
Due to Other Funds	51,425	0	22,201	73,626
Other Current Liabilities	10,888	0	0	10,888
Total Liabilities	<u>\$ 229,522</u>	<u>\$ 7,610</u>	<u>\$ 42,495</u>	<u>\$ 279,627</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 2,833,614	\$ 212,521	\$ 338,033	\$ 3,384,168
Deferred Delinquent Property Taxes	64,338	5,315	6,434	76,087

(Continued)

Exhibit C-1

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

	Major Funds		Nonmajor Funds	Total
	General	Highway / Public Works	Other Govern- mental Funds	Governmental Funds
<u>DEFERRED INFLOWS OF RESOURCES (Cont.)</u>				
Other Deferred/Unavailable Revenue	\$ 52,281	\$ 149,955	\$ 119,798	\$ 322,034
Total Deferred Inflows of Resources	\$ 2,950,233	\$ 367,791	\$ 464,265	\$ 3,782,289
<u>FUND BALANCES</u>				
Nonspendable:				
Prepaid Items	\$ 0	\$ 49,108	\$ 0	\$ 49,108
Restricted:				
Restricted for General Government	46,740	0	0	46,740
Restricted for Administration of Justice	86,632	0	0	86,632
Restricted for Public Safety	495,391	0	14,814	510,205
Restricted for Public Health and Welfare	125,962	0	0	125,962
Restricted for Social, Cultural, and Recreational Services	252,158	0	0	252,158
Restricted for Other Operations	0	0	182,776	182,776
Restricted for Highways/Public Works	0	1,262,202	0	1,262,202
Restricted for Capital Outlay	0	0	213,157	213,157
Restricted for Capital Projects	0	0	30,387	30,387
Committed:				
Committed for Highways/Public Works	0	437,720	0	437,720
Committed for Capital Outlay	0	0	210,524	210,524
Committed for Debt Service	0	0	1,352,124	1,352,124
Unassigned	3,838,817	0	0	3,838,817
Total Fund Balances	\$ 4,845,700	\$ 1,749,030	\$ 2,003,782	\$ 8,598,512
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 8,025,455	\$ 2,124,431	\$ 2,510,542	\$ 12,660,428

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, 2015

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)		\$	8,598,512
(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		8,850,875	
Add: infrastructure net of accumulated depreciation		8,428,692	
Add: other capital assets net of accumulated depreciation		<u>2,035,667</u>	20,546,644
(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	\$	(81,600)	
Less: bonds payable		(9,075,000)	
Add: deferred amount on refunding		68,386	
Less: compensated absences payable		(176,829)	
Less: other postemployment benefits liability		(93,133)	
Less: accrued interest on bonds		(74,133)	
Less: other deferred revenue - premium on debt		<u>(46,740)</u>	(9,479,049)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years.			
Add: deferred outflows of resources related to pensions	\$	273,222	
Less: deferred inflows of resources related to pensions		<u>(461,274)</u>	(188,052)
(4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.			255,405
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>398,121</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>20,131,581</u></u>

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

Exhibit C-3

Benton County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2015

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	Other Govern- mental Funds	
<u>Revenues</u>				
Local Taxes	\$ 3,467,524	\$ 346,518	\$ 733,328	\$ 4,547,370
Licenses and Permits	29,159	0	0	29,159
Fines, Forfeitures, and Penalties	158,901	0	8,050	166,951
Charges for Current Services	377,546	0	7,066	384,612
Other Local Revenues	284,825	52,051	18,926	355,802
Fees Received from County Officials	761,570	0	0	761,570
State of Tennessee	2,526,039	1,624,218	212,119	4,362,376
Federal Government	52,477	259,582	1,457,502	1,769,561
Other Governments and Citizens Groups	121,035	0	665,676	786,711
Total Revenues	\$ 7,779,076	\$ 2,282,369	\$ 3,102,667	\$ 13,164,112
<u>Expenditures</u>				
Current:				
General Government	\$ 1,101,168	\$ 0	\$ 0	\$ 1,101,168
Finance	588,938	0	0	588,938
Administration of Justice	566,047	0	7,066	573,113
Public Safety	3,329,482	0	10,497	3,339,979
Public Health and Welfare	955,904	0	0	955,904
Social, Cultural, and Recreational Services	378,665	0	0	378,665
Agriculture and Natural Resources	39,812	0	0	39,812
Other Operations	679,812	0	127,273	807,085
Highways	0	2,015,696	0	2,015,696
Debt Service:				
Principal on Debt	0	17,925	843,600	861,525
Interest on Debt	0	1,051	233,319	234,370
Other Debt Service	0	0	8,310	8,310

(Continued)

Exhibit C-3

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

	Major Funds		Nonmajor Funds	Total
	General	Highway / Public Works	Other Govern- mental Funds	Governmental Funds
<u>Expenditures (Cont.)</u>				
Capital Projects	\$ 0	\$ 0	\$ 1,546,785	\$ 1,546,785
Total Expenditures	\$ 7,639,828	\$ 2,034,672	\$ 2,776,850	\$ 12,451,350
Excess (Deficiency) of Revenues Over Expenditures	\$ 139,248	\$ 247,697	\$ 325,817	\$ 712,762
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 11,450	\$ 3,388	\$ 0	\$ 14,838
Transfers In	381,897	20,500	0	402,397
Total Other Financing Sources (Uses)	\$ 393,347	\$ 23,888	\$ 0	\$ 417,235
Net Change in Fund Balances	\$ 532,595	\$ 271,585	\$ 325,817	\$ 1,129,997
Fund Balance, July 1, 2014	4,313,105	1,477,445	1,677,965	7,468,515
Fund Balance, June 30, 2015	\$ 4,845,700	\$ 1,749,030	\$ 2,003,782	\$ 8,598,512

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, 2015

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ 1,129,997
<p>(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:</p>		
Add: capital assets purchased in the current period	\$ 1,374,394	
Less: current-year depreciation expense	<u>(1,762,772)</u>	(388,378)
<p>(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2015	\$ 398,121	
Less: deferred delinquent property taxes and other deferred June 30, 2014	<u>(404,591)</u>	(6,470)
<p>(3) 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.</p>		
Add: change in premium on debt issuances	\$ 7,303	
Add: principal payments on other loans	13,600	
Add: principal payments on capital leases	17,925	
Add: principal payments on bonds	830,000	
Less: change in deferred amount on refunding debt	<u>(18,478)</u>	850,350
<p>(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
Change in accrued interest payable	\$ 6,402	
Change in compensated absences payable	(2,160)	
Change in other postemployment benefits liability	(2,585)	
Change in net pension asset	431,767	
Change in deferred outflows related to pensions	273,222	
Change in deferred inflows related to pensions	<u>(461,274)</u>	<u>245,372</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 1,830,871</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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 3,467,524	\$ 3,381,274	\$ 3,381,274	\$ 86,250
Licenses and Permits	29,159	19,770	40,214	(11,055)
Fines, Forfeitures, and Penalties	158,901	164,645	182,267	(23,366)
Charges for Current Services	377,546	71,485	100,798	276,748
Other Local Revenues	284,825	274,100	457,421	(172,596)
Fees Received from County Officials	761,570	760,700	761,752	(182)
State of Tennessee	2,526,039	2,509,280	2,553,255	(27,216)
Federal Government	52,477	20,000	20,000	32,477
Other Governments and Citizens Groups	121,035	30,000	55,489	65,546
Total Revenues	\$ 7,779,076	\$ 7,231,254	\$ 7,552,470	\$ 226,606
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 37,858	\$ 36,888	\$ 42,928	\$ 5,070
Board of Equalization	1,400	2,440	2,440	1,040
Beer Board	296	316	567	271
Other Boards and Committees	29	3,000	2,800	2,771
County Mayor/Executive	320,616	257,751	330,795	10,179
County Attorney	16,281	30,000	30,000	13,719
Election Commission	145,744	186,671	164,063	18,319
Register of Deeds	150,810	167,973	160,173	9,363
County Buildings	173,613	175,000	195,500	21,887
Other General Administration	254,521	234,131	268,865	14,344
<u>Finance</u>				
Property Assessor's Office	172,773	187,741	176,274	3,501
Reappraisal Program	11,169	16,697	16,697	5,528
County Trustee's Office	176,795	182,965	180,628	3,833
County Clerk's Office	228,201	248,348	237,641	9,440
<u>Administration of Justice</u>				
Circuit Court	243,892	267,934	249,267	5,375
General Sessions Judge	133,816	146,481	140,748	6,932
Chancery Court	146,592	157,185	148,734	2,142
Juvenile Court	41,747	52,294	45,827	4,080
<u>Public Safety</u>				
Sheriff's Department	1,613,322	1,864,281	1,818,489	205,167
Drug Enforcement	1,665	0	0	(1,665)
Administration of the Sexual Offender Registry	2,174	2,200	6,550	4,376
Jail	1,375,914	1,597,297	1,518,883	142,969
Juvenile Services	97,850	105,641	99,908	2,058
Fire Prevention and Control	2,000	2,000	2,000	0
Rural Fire Protection	143,000	143,000	143,000	0
Rescue Squad	10,000	10,000	10,000	0
Other Emergency Management	44,916	77,152	73,626	28,710
Inspection and Regulation	500	500	500	0
County Coroner/Medical Examiner	38,141	26,148	40,588	2,447
<u>Public Health and Welfare</u>				
Local Health Center	26,799	46,693	46,954	20,155
Rabies and Animal Control	110,137	72,141	207,417	97,280
Ambulance/Emergency Medical Services	667,200	667,200	667,200	0

(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 (Cont.)</u>				
Alcohol and Drug Programs	\$ 2,250	\$ 2,250	\$ 2,250	\$ 0
Crippled Children Services	900	900	900	0
Other Local Health Services	10,710	0	26,748	16,038
Appropriation to State	15,506	15,506	15,506	0
Sanitation Management	30,013	29,788	33,636	3,623
Sanitation Education/Information	44,246	49,549	46,752	2,506
Other Public Health and Welfare	48,143	69,800	69,800	21,657
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	118,290	152,624	151,300	33,010
Libraries	248,549	223,125	258,978	10,429
Parks and Fair Boards	11,826	9,300	17,203	5,377
<u>Agriculture and Natural Resources</u>				
Agricultural Extension Service	39,812	46,685	46,685	6,873
<u>Other Operations</u>				
Tourism	12,000	12,000	12,000	0
Industrial Development	9,979	0	12,347	2,368
Airport	101,179	95,000	121,301	20,122
Veterans' Services	12,590	12,853	12,853	263
Other Charges	96,554	92,695	92,695	(3,859)
Contributions to Other Agencies	97,798	97,798	97,798	0
Employee Benefits	349,712	3,000	400,169	50,457
Total Expenditures	\$ 7,639,828	\$ 7,880,941	\$ 8,447,983	\$ 808,155
Excess (Deficiency) of Revenues				
Over Expenditures	\$ 139,248	\$ (649,687)	\$ (895,513)	\$ 1,034,761
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 11,450	\$ 0	\$ 11,450	\$ 0
Transfers In	381,897	350,000	350,000	31,897
Total Other Financing Sources	\$ 393,347	\$ 350,000	\$ 361,450	\$ 31,897
Net Change in Fund Balance				
Fund Balance, July 1, 2014	\$ 4,313,105	\$ (299,687)	\$ (534,063)	\$ 1,066,658
Fund Balance, June 30, 2015	\$ 4,845,700	\$ 3,858,462	\$ 3,624,086	\$ 1,221,614

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 346,518	\$ 357,798	\$ 357,798	\$ (11,280)
Other Local Revenues	52,051	20,000	53,643	(1,592)
State of Tennessee	1,624,218	2,243,026	2,243,026	(618,808)
Federal Government	259,582	0	0	259,582
Total Revenues	\$ 2,282,369	\$ 2,620,824	\$ 2,654,467	\$ (372,098)
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 160,407	\$ 173,885	\$ 173,885	\$ 13,478
Highway and Bridge Maintenance	1,147,682	1,655,951	1,671,809	524,127
Operation and Maintenance of Equipment	228,992	387,882	393,485	164,493
Other Charges	74,419	85,800	85,800	11,381
Employee Benefits	273,731	351,515	351,515	77,784
Capital Outlay	130,465	891,128	887,722	757,257
<u>Principal on Debt</u>				
Highways and Streets	17,925	0	17,295	0
<u>Interest on Debt</u>				
Highways and Streets	1,051	0	1,051	0
Total Expenditures	\$ 2,034,672	\$ 3,546,161	\$ 3,583,192	\$ 1,548,520
Excess (Deficiency) of Revenues Over Expenditures	\$ 247,697	\$ (925,337)	\$ (928,725)	\$ 1,176,422
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 3,388	\$ 0	\$ 3,388	\$ 0
Transfers In	20,500	20,500	20,500	0
Total Other Financing Sources	\$ 23,888	\$ 20,500	\$ 23,888	\$ 0
Net Change in Fund Balance	\$ 271,585	\$ (904,837)	\$ (904,837)	\$ 1,176,422
Fund Balance, July 1, 2014	1,477,445	1,395,108	1,395,108	82,337
Fund Balance, June 30, 2015	\$ 1,749,030	\$ 490,271	\$ 490,271	\$ 1,258,759

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, 2015

Business-type
 Activities -
 Major Fund
Benton County
Electric System

ASSETS

Current Assets:	
Cash	\$ 2,032,767
Inventories	360,115
Accounts Receivable	1,497,876
Allowance for Uncollectibles	(7,991)
Prepaid Items	1,395,503
Total Current Assets	<u>\$ 5,278,270</u>
Noncurrent Assets:	
Restricted Cash, Cash Equivalents, and Investments on Deposit	\$ 3,511,466
Deferred Charges - Debt Issuance Costs	161,508
Notes Receivable	629,185
Net Pension Asset	60,368
Capital Assets:	
Assets Not Depreciated:	
Land	188,840
Construction in Progress	281,247
Assets Net of Accumulated Depreciation:	
Other Capital Assets	20,918,368
Total Noncurrent Assets	<u>\$ 25,750,982</u>
Total Assets	<u>\$ 31,029,252</u>

DEFERRED OUTFLOWS

Pension Changes in Experience	\$ 172,940
Pension Contributions After Measurement Date - Central Service Association Plan	250,704
Pension Contributions After Measurement Date - Tennessee Consolidated Retirement System Plan	104,253
Total Deferred Outflows	<u>\$ 527,897</u>

LIABILITIES

Current Liabilities:	
Accounts Payable	\$ 2,876,948
Accrued Payroll	21,327
Accrued Leave - Current	357,606
Other Current Liabilities	169,853
Customer Deposits Payable	871,407
Current Liabilities Payable from Restricted Assets:	
Accrued Interest Payable	15,062
Revenue Bonds Payable - Current	330,000
Total Current Liabilities	<u>\$ 4,642,203</u>

(Continued)

Exhibit D-1

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

	<u>Business-type Activities - Major Fund Benton County Electric System</u>
<u>LIABILITIES (CONT.)</u>	
Noncurrent Liabilities:	
Advances from Home Insulation Program	\$ 650,833
Accrued Leave - Long-term	1,072,816
Debt Premium	21,724
Revenue Bonds Payable - Long-term	6,550,000
Net Pension Liability	2,084,999
Total Noncurrent Liabilities	<u>\$ 10,380,372</u>
Total Liabilities	<u>\$ 15,022,575</u>
<u>DEFERRED INFLOWS</u>	
Pension Changes in Experience	\$ 1,718
Pension Changes in Investment Earnings	115,524
Total Deferred Inflows	<u>\$ 117,242</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	\$ 14,486,731
Restricted for Debt Service	3,496,404
Unrestricted	<u>(1,565,803)</u>
Total Net Position	<u>\$ 16,417,332</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, 2015

	Business-type Activities - Major Fund
	<u>Benton County Electric System</u>
<u>Operating Revenues</u>	
Sale of Electric Energy	\$ 22,921,282
Forfeited Discounts	150,872
Rent from Electric Property	252,228
Other Electric Revenue	65,791
Miscellaneous Service Revenue	117,049
Total Operating Revenues	<u>\$ 23,507,222</u>
<u>Operating Expenses</u>	
Purchased Power	\$ 16,421,891
Distribution Expense:	
Station Expense	18,262
Overhead Line Expense	209,355
Street Lighting and Signal System	1,920
Meter Expense	60,108
Security Lighting	14,774
Miscellaneous	208,784
Customer Accounts Expense:	
Meter Reading Expense	5,123
Customer Records and Collection	481,905
Sales Expenses:	
Demonstration and Selling Expense	7,249
Administrative Expenses:	
Salaries	410,535
Office Supplies and Expense	102,929
Outside Services Employed	85,935
Insurance	48,489
Injuries and Damages	216,701
Employee Pension and Benefits	662,699
General Advertising	5,891
Miscellaneous	38,123

(Continued)

Exhibit D-2

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

	<u>Business-type Activities - Major Fund Benton County Electric System</u>
<u>Operating Expenses (Cont.)</u>	
Maintenance Expenses:	
Station Equipment	\$ 24,243
Overhead Lines	1,113,637
Kendal Cutter	138
Underground Lines	4,923
Line Transformers	7,286
Street Lights and Signal System	21,412
Meters	56,257
Security Lighting	40,439
General Plant and Equipment	48,132
Depreciation and Amortization	1,239,967
Taxes and Tax Equivalents	369,876
Total Operating Expenses	<u>\$ 21,926,983</u>
Operating Income	<u>\$ 1,580,239</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 16,193
Interest Expense	(150,164)
Amortization of Debt Expense	(8,387)
Total Nonoperating Revenues (Expenses)	<u>\$ (142,358)</u>
Income (Loss) Before Transfers	\$ 1,437,881
Transfers Out	<u>(402,397)</u>
Change in Net Position	\$ 1,035,484
Net Position, July 1, 2014	17,243,348
Restatement- Pension Liability (see Note VI.A.3.i)	<u>(1,861,500)</u>
Net Position, June 30, 2015	<u><u>\$ 16,417,332</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, 2015

	<u>Business-type Activities - Major Fund</u>
	<u>Benton County Electric System</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 23,721,403
Payments to Suppliers	(19,601,054)
Payments to Employees and for Employee Benefits	(1,073,234)
Payments for in-Lieu-of Tax Payments	(369,876)
Customer Deposits Received	193,877
Customer Deposits Refunded	(134,180)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 2,736,936</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Construction and Acquisition of Plant	\$ (1,487,906)
Plant Removal Cost	(155,368)
Materials Salvaged from Retirements	37,558
Issuance of Bonds	2,919,694
Principal Paid on Bonds	(325,000)
Issuance Costs	55,306
Interest Paid on Bonds	(142,974)
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ 901,310</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Repayment of TVA Advances	\$ (41,623)
Transfers to Other Funds	(402,397)
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ (444,020)</u>
<u>Cash Flows from Investing Activities</u>	
Collection of Notes Receivable	\$ (33,070)
Interest Earned	16,193
Net Cash Provided By (Used In) Investing Activities	<u>\$ (16,877)</u>
Net Increase (Decrease) in Cash	\$ 3,177,349
Cash, July 1, 2014	<u>2,366,884</u>
Cash, June 30, 2015	<u>\$ 5,544,233</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	\$ 1,580,239
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Change in Pension Related Deferred Inflows and Outflows	(410,655)
Depreciation Expense	1,239,967
Net Pension Liability	191,071
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	214,181
(Increase) Decrease in Inventories	(92,483)
(Increase) Decrease in Prepaid Items	86,551
Increase (Decrease) in Accounts Payable and Other Current Liabilities	(131,632)
Increase (Decrease) in Customer Deposits	<u>59,697</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 2,736,936</u>
<u>Reconciliation of Cash With the Statement of Net Position</u>	
Cash Per Net Position	\$ 2,032,767
Other Restricted Assets Per Net Position	<u>3,511,466</u>
Cash, June 30, 2015	<u>\$ 5,544,233</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, 2015

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 869,507
Equity in Pooled Cash and Investments	2,434
Accounts Receivable	655
Due from Other Governments	<u>275,568</u>
Total Assets	<u>\$ 1,148,164</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 275,568
Due to Litigants, Heirs, and Others	<u>872,596</u>
Total Liabilities	<u>\$ 1,148,164</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, 2015

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
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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, 2015.

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 1.89 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. Prepaid Items

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

4. Capital Assets

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

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

5. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position. These items are for the deferred charge on refunding, pension changes in experience, and employer contributions made to the pension plan after the measurement date.

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

6. 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.

7. Long-term Obligations

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

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

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

8. Net Position and Fund Balance

In the government-wide financial statements 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 \$3,290,487 of restricted net position, in governmental activities for the primary government, of which \$182,776 is restricted by enabling legislation.

As of June 30, 2015, Benton County had \$5,066,600 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.

9. Restatement

In prior years, the government was not required to recognize a liability for its defined benefit pension plans. However, with the implementation of GASB Statement No. 68, government employers are required to recognize a net pension liability in their Statement of Net Position. Therefore, a restatement decreasing Benton County’s beginning net position by \$176,362 has been recognized on the Statement of Activities. In addition, a restatement decreasing the Benton County School Department’s beginning net position by \$3,353,529 has been recognized on the Statement of Activities for liabilities of the pension agent plan (\$221,208) and the pension cost-sharing plan (\$3,132,321).

E. Pension Plans

Primary Government

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Benton County’s participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from

Benton County's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

Discretely Presented Benton County School Department

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

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, 2015, the Benton County School Department reported significant encumbrances of \$72,835 in the General Purpose School Fund for school improvements.

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:

<u>Fund/Major Appropriation Category</u>	<u>Amount Overspent</u>
General:	
Public Safety - Drug Enforcement	\$ 1,665
Other Operations - Other Charges	3,859
Other Special Revenue:	
Other Operations - Other Charges	57
General Capital Projects:	
Other Operations - Other Charges	2,727

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

C. Cash Shortage-Current Year

The Benton County Animal Shelter had a cash shortage of 3,600.50 at June 30, 2015. Details of this cash shortage are discussed in the Schedule of Findings and Questions Costs section of this report.

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, 2015, 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	3 to 139	\$ 390,681

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, 2015, 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, 2015, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-14	Increases	Decreases	Balance 6-30-15
Capital Assets Not Depreciated:				
Land	\$ 1,231,410	\$ 0	\$ 0	\$ 1,231,410
Total Capital Assets Not Depreciated	\$ 1,231,410	\$ 0	\$ 0	\$ 1,231,410
Capital Assets Depreciated:				
Buildings and Improvements	\$ 13,058,993	\$ 0	\$ 0	\$ 13,058,993
Roads and Bridges	18,881,531	0	0	18,881,531
Other Capital Assets	5,534,077	1,374,394	0	6,908,471
Total Capital Assets Depreciated	\$ 37,474,601	\$ 1,374,394	\$ 0	\$ 38,848,995

Governmental Activities (Cont.):

	Balance 7-1-14	Increases	Decreases	Balance 6-30-15
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 3,711,630	\$ 496,488	\$ 0	\$ 4,208,118
Roads and Bridges	9,622,338	830,501	0	10,452,839
Other Capital Assets	4,437,021	435,783	0	4,872,804
Total Accumulated Depreciation	<u>\$ 17,770,989</u>	<u>\$ 1,762,772</u>	<u>\$ 0</u>	<u>\$ 19,533,761</u>
Total Capital Assets Depreciated, Net	<u>\$ 19,703,612</u>	<u>\$ (388,378)</u>	<u>\$ 0</u>	<u>\$ 19,315,234</u>
Governmental Activities Capital Assets, Net	<u>\$ 20,935,022</u>	<u>\$ (388,378)</u>	<u>\$ 0</u>	<u>\$ 20,546,644</u>

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

Governmental Activities:

General Administration	\$ 314,296
Finance	2,240
Administration of Justice	5,060
Public Safety	689,687
Public Health and Welfare	40,578
Social, Cultural, and Recreational Services	47,728
Agriculture and Natural Resources	1,853
Highways/Public Works	<u>661,330</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,762,772</u>

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

	Balance 7-1-14	Increases	Decreases	Balance 6-30-15
Capital Assets Not Depreciated:				
Land	\$ 507,205	\$ 0	0	\$ 507,205
Construction in Progress	278,450	0	(278,450)	0
Total Capital Assets Not Depreciated	<u>\$ 785,655</u>	<u>\$ 0</u>	<u>(278,450)</u>	<u>\$ 507,205</u>

Governmental Activities (Cont.):

	Balance 7-1-14	Increases	Decreases	Balance 6-30-15
Capital Assets Depreciated:				
Buildings and Improvements	\$ 20,917,806	\$ 178,000	0	\$ 21,095,806
Other Capital Assets	2,449,937	414,936	(58,586)	2,806,287
Total Capital Assets Depreciated	<u>\$ 23,367,743</u>	<u>\$ 592,936</u>	<u>(58,586)</u>	<u>\$ 23,902,093</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 10,196,654	\$ 506,439	0	\$ 10,703,093
Other Capital Assets	1,601,223	128,643	(54,902)	1,674,964
Total Accumulated Depreciation	<u>\$ 11,797,877</u>	<u>\$ 635,082</u>	<u>(54,902)</u>	<u>\$ 12,378,057</u>
Total Capital Assets Depreciated, Net	<u>\$ 11,569,866</u>	<u>\$ (42,146)</u>	<u>(3,684)</u>	<u>\$ 11,524,036</u>
Governmental Activities Capital Assets, Net	<u>\$ 12,355,521</u>	<u>\$ (42,146)</u>	<u>(282,134)</u>	<u>\$ 12,031,241</u>

Depreciation expense was charged to functions of the discretely presented Benton County School Department as follows:

Governmental Activities:

Instruction	\$ 372,742
Support Services	205,939
Operation of Non-instructional Services	23,573
Capital Outlay	<u>32,828</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 635,082</u>

C. Construction Commitments

At June 30, 2015, the School Department had uncompleted construction contracts of \$72,835 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, 2015, was as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 22,201
Nonmajor governmental	General	51,425
Discretely Presented School Department:		
Nonmajor governmental	General Purpose School	6,923

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

Due to/from Primary Government and Component Unit:

Receivable Fund	Payable Fund	Amount
Primary Government:		
Highway/Public Works	Component Unit: School Department: General Purpose School	\$ 953
Nonmajor governmental	"	65,319

The receivable in the Highway/Public Works Fund totaling \$953 was in transit from the General Purpose School Fund at June 30, 2015.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2015, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In	
	General Fund	Highway/ Public Works Fund
Benton County Electric System Fund	\$ 381,897	\$ 20,500
Total	<u>\$ 381,897</u>	<u>\$ 20,500</u>

Discretely Presented Benton County School Department

Transfer Out	Transfer In General Purpose School Fund
Nonmajor governmental fund	\$ 30,500

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

E. Long-term Obligations

Primary Government (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, 2015, will be retired from the General Debt Service Fund.

General obligation bonds and the other loan outstanding as of June 30, 2015, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-15
General Obligation Bonds	4 %	10-1-32	\$ 5,000,000	\$ 4,090,000
General Obligation Bonds - Refunding	1 to 2	12-1-21	6,350,000	4,985,000
Other Loan	0	12-28-20	204,000	81,600

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, 2015, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2021-2025	2,490,000	573,121	3,063,121
2026-2030	1,295,000	320,500	1,615,500
2031-2033	930,000	57,000	987,000
Total	\$ 9,075,000	\$ 1,913,491	\$ 10,988,491

Year Ending June 30	Other Loan		
	Principal	Other Fees	Total
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	\$ 81,600	\$ 390	\$ 81,990

There is \$1,352,124 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds and the other loan totaled \$555, 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, 2015, was as follows:

	Bonds	Other Loan	Capital Lease
Balance, July 1, 2014	\$ 9,905,000	\$ 95,200	\$ 17,925
Reductions	(830,000)	(13,600)	(17,925)
Balance, June 30, 2015	\$ 9,075,000	\$ 81,600	\$ 0
Balance Due Within One Year	\$ 850,000	\$ 13,600	\$ 0

	Other	
	Compensated Absences	Postemployment Benefits
Balance, July 1, 2014	\$ 174,669	\$ 90,548
Additions	161,056	5,093
Reductions	(158,896)	(2,508)
Balance, June 30, 2015	\$ 176,829	\$ 93,133
Balance Due Within One Year	\$ 8,841	\$ 0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2015	\$ 9,426,562
Add: Unamortized Premium on Debt	46,740
Less: Balance Due Within One Year	<u>(872,441)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 8,600,861</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, 2015, was as follows:

Governmental Activities:

	<u>Other Postemployment Benefits</u>
Balance, July 1, 2014	\$ 367,671
Additions	146,379
Reductions	<u>(194,712)</u>
Balance, June 30, 2015	<u>\$ 319,338</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.

F. 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, \$81,385), and contributed (General Purpose School Fund, \$374,343, City of Camden, \$273,901, and City of Big

Sandy, \$19,058) to the General Debt Service Fund, as a result of this sales tax increase, totaled \$748,687 during the year.

G. 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, 2015, were \$52,617 and \$25,125 respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. OTHER INFORMATION

A. Risk Management

Employee Health Insurance

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

Benton County (except for the Highway and School Department) carries commercial insurance for active employee's health insurance. Pre-65 age retirees are not allowed to remain in the program. Settled claims have not exceeded this commercial insurance coverage in any of the past three fiscal years. 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. Pre-65 age retirees are not allowed to remain in the program. The county contributes \$133 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 two fiscal years 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
2014-15	0	61,914	61,914	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. 68, *Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement No. 27*; Statement No. 69, *Government Combinations and Disposals of Government Operations*; and Statement No. 71, *Pension*

Transition for Contributions Made Subsequent to the Measurement Date-an Amendment of GASB Statement No. 68 became effective for the year ended June 30, 2015.

GASB Statement No. 68, replaces the requirements of Statements No. 27 and No. 50 as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not covered by the scope of this statement. This statement establishes standards for measuring and recognizing liabilities, deferred outflows/inflows, and expenses/expenditures.

GASB Statement No. 69, establishes accounting and financial reporting standards related to government combinations and disposals of government operations such as mergers, acquisitions, and transfer of operations.

GASB Statement No. 71, addresses issues related to amounts of contributions made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

C. Subsequent Event

On August 20, 2015, Benton County issued capital outlay notes totaling \$1,200,000 for various county improvement projects.

D. Contingent Liabilities

The county and School Department are involved in several pending lawsuits. Any potential claims against the county not covered by insurance resulting from such litigation should 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, 2015, future principal and interest requirements were \$789,437 and \$85,528, respectively.

E. Changes in Administration

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.

F. 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, 2015.

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

G. Retirement Commitments

Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Employees of Benton County and non-certified employees of the discretely presented Benton County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The

primary government (excluding proprietary fund) employees comprise 40.15 percent, the Benton County Electric Department (proprietary fund) comprise 9.49 percent, and the non-certified employees of the discretely presented School Department comprise 50.36 percent of the plan based on census data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

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

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

Employees Covered by Benefit Terms. At the measurement date of June 30, 2014, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently	
Receiving Benefits	111
Inactive Employees Entitled to But Not Yet Receiving	
Benefits	218
Active Employees	<u>274</u>
 Total	 <u><u>603</u></u>

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. Benton County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, employer contributions for Benton County were \$460,694 based on a rate of 6.59 percent of pensionable payroll. By law, employer contributions are required to be paid. The TCRS may intercept Benton County's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Benton County's net pension liability (asset) was measured as of June 30, 2014, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability as of the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates were based on actual experience from the June 30, 2012, actuarial experience study, adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges

of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return		Percentage Target Allocations	
U.S. Equity	6.46	%	33	%
Developed Market				
International Equity	6.26		17	
Emerging Market				
International Equity	6.40		5	
Private Equity and				
Strategic Lending	4.61		8	
U.S. Fixed Income	0.98		29	
Real Estate	4.73		7	
Short-term Securities	0.00		1	
Total			100	%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from Benton County will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance, July 1, 2013	\$ 16,389,984	\$ 15,446,088	\$ 943,896
Changes for the year:			
Service Cost	\$ 634,856	\$ 0	\$ 634,856
Interest	1,253,029	0	1,253,029
Differences Between Expected and Actual Experience	(21,732)	0	(21,732)
Contributions-Employer	0	504,641	(504,641)
Contributions-Employees	0	371,591	(371,591)
Net Investment Income	0	2,580,542	(2,580,542)
Benefit Payments, Including Refunds of Employee Contributions	(635,575)	(635,575)	0
Administrative Expense	0	(10,598)	10,598
Other Changes	0	0	0
Net Changes	<u>\$ 1,230,578</u>	<u>\$ 2,810,601</u>	<u>\$ (1,580,023)</u>
Balance, June 30, 2014	<u>\$ 17,620,562</u>	<u>\$ 18,256,689</u>	<u>\$ (636,127)</u>

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	40.15%	\$ 7,074,656	\$ 7,330,061	\$ (255,405)
Electric System	9.49%	1,672,191	1,732,559	(60,368)
School Department	50.36%	<u>8,873,715</u>	<u>9,194,069</u>	<u>(320,354)</u>
Total		<u>\$ 17,620,562</u>	<u>\$ 18,256,689</u>	<u>\$ (636,127)</u>

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of Benton County calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it was calculated using a discount rate

that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
<u>Benton County</u>	6.5%	7.5%	8.5%

Net Pension Liability \$ 1,919,233 \$ (636,127) \$ (2,729,976)

Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions

Pension Expense. For the year ended June 30, 2015, Benton County recognized pension expense of \$73,494.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, Benton County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 0	\$ 18,110
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	1,130,766
Contributions Subsequent to the Measurement Date of June 30, 2014 (1)	<u>460,694</u>	<u>N/A</u>
Total	<u>\$ 460,694</u>	<u>\$ 1,148,876</u>

(1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2014,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 273,222	\$ 461,274
Electric System	104,253	109,028
School Department	83,219	578,574
Total	\$ 460,694	\$ 1,148,876

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

Year Ending June 30	Amount
2016	\$ (286,314)
2017	(286,314)
2018	(286,314)
2019	(286,314)
2020	(3,620)

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

Discretely Presented Benton County School Department

Non-certified Employees

General Information About the Pension Plan

Plan Description. As noted above under the primary government, employees of Benton County and non-certified employees of the discretely presented Benton County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government (excluding proprietary fund) employees comprise 40.15 percent, the Benton County Electric Department (proprietary fund) comprise 9.49 percent, and the non-certified employees of the discretely present School Department comprise 50.36 percent of the plan based on census data.

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

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

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

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute five percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except for in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2015, to the Teacher Retirement Plan were \$21,026, which is four percent of pensionable payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liabilities. Since the measurement date is June 30, 2014, which is prior to the July 1, 2014, inception of the Teacher Retirement Plan, there is no net pension liability to report at June 30, 2015.

Pension Expense. Since the measurement date is June 30, 2014, the Benton County School Department did not recognize any pension expense at June 30, 2015.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, the Benton County School Department reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
LEAs Contributions Subsequent to the Measurement Date of June 30, 2014	\$ 21,026	N/A

The Benton County School Department’s employer contributions of \$21,026 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a reduction of net pension liability in the year ended June 30, 2016.

Teacher Legacy Pension Plan

General Information About the Pension Plan

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

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 55. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute five percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer

contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Benton County School Department for the year ended June 30, 2015, to the Teacher Legacy Pension Plan were \$845,257, which is 9.04 percent of pensionable payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Assets. At June 30, 2015, the Benton County School Department reported an asset of \$38,075 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Benton County School Department's proportion of the net pension asset was based on the Benton County School Department's employer contributions to the pension plan during the year ended June 30, 2014, relative to the contributions of all LEAs for the year ended June 30, 2014. At the June 30, 2014, measurement date, the Benton County School Department's proportion was .234316 percent. The proportion measured as of June 30, 2013, was .239969 percent.

Pension Income. For the year ended June 30, 2015, the Benton County School Department recognized a pension income of \$45,942.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, the Benton County School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 92,438	\$ 0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	3,137,166
Changes in Proportion and Differences Between LEAs Contributions and Proportionate Share of Contributions LEAs Contributions Subsequent to the Measurement Date of June 30, 2014	0	79,726
	<u>845,257</u>	<u>N/A</u>
Total	<u>\$ 937,695</u>	<u>\$ 3,216,892</u>

The Benton County School Department's employer contributions of \$845,257 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2016	\$ (782,173)
2017	(782,173)
2018	(782,173)
2019	(782,173)
2020	2,119
Thereafter	2,119

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

Actuarial Assumptions. The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates are customized based on the June 30, 2012, actuarial experience study and some included adjustment for expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	6.46 %	33 %
International Equity Emerging Market	6.26	17
International Equity Private Equity and Strategic Lending	6.40	5
U.S. Fixed Income Real Estate	4.61	8
Short-term Securities	0.98	29
	4.73	7
	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the four factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents Benton County School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what Benton County School Department's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
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Net Pension Liability \$ 6,421,836 \$ (38,075) \$ (5,386,181)

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

H. Other Postemployment Benefits (OPEB)

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, 2015, the Benton County Highway Department and the Benton County School Department contributed \$2,508 and \$194,712, respectively, for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Local Government Group Plan
ARC	\$ 146,000	\$ 5,000
Interest on the NOPEBO	14,707	3,622
Adjustment to the ARC	(14,328)	(3,529)
Annual OPEB cost	\$ 146,379	\$ 5,093
Less: Amount of contribution	(194,712)	(2,508)
Increase/decrease in NOPEBO	\$ (48,333)	\$ 2,585
Net OPEB obligation, 7-1-14	367,671	90,548
Net OPEB obligation, 6-30-15	<u>\$ 319,338</u>	<u>\$ 93,133</u>

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-13	Local Education Group	\$ 247,055	77%	\$ 442,230
6-30-14	"	141,455	153	367,671
6-30-15	"	146,379	133	319,338
6-30-13	Local Government Group	27,834	30	87,062
6-30-14	"	4,089	15	90,548
6-30-15	"	5,093	49	93,133

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 2015. The trend will decrease to 6.5 percent in fiscal year 2016 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.

I. 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, 2015.

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. Bond issuance costs are reported as deferred charges or amortized over the term of the related debt in accordance with GASB Statement No. 62 *Codification of Accounting and Financial Reporting*.

h. 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 and so will not be recognized as an outflow of resources (expense) until then. The electric system has two items that qualify for this form of reporting – deferred outflows caused by pension contributions subsequent to the measurement date and differences between expected and actual experience related to pensions.

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. The electric system has one item that qualifies for this form of reporting – deferred inflows resulting from the pension net difference

between projected and actual earnings in pension plan investments as of June 30, 2015.

i. Impact of Recently Issued Accounting Pronouncements

In March 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement No. 27*, and in November 2013 issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Statement No. 68 improves accounting and financial reporting by state and local governments for pensions and is effective for fiscal years beginning after June 15, 2014. 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. These pension standards include significant changes to how governmental employers will report liabilities related to pension obligation. The electric system has implemented GASB Statements No. 68 and No. 71 for the year ended June 30, 2015. This implementation resulted in the reporting of deferred outflows and inflows of resources and pension liability and asset on the Statement of Net Position. It also resulted in a restatement decreasing the beginning net position related to the net pension liability (asset) and deferred outflows related to contributions by \$1,861,500.

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.

l. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Benton County Electric System's participation in the governmental pension plans for the Central Service Association and the State of Tennessee Consolidated Retirement System, additions to/deductions from the electric system's fiduciary net position have been determined on the same basis as they are reported by the governmental pension plans for the Central Service Association and the State of Tennessee Consolidated Retirement System. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the governmental pension plans for the Central Service Association and the State of Tennessee Consolidated Retirement System. Investments are reported at fair value.

m. 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, 2015, 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, 2015, consisted of the following:

	<u>Receivables</u>
Billed Services for Utility Customers	\$ 1,497,876
Allowance for Doubtful Accounts	<u>(7,991)</u>
Total Accounts Receivable	<u>\$ 1,489,885</u>

Restricted Assets

All deposits required by the 2005, 2012, and 2015 Electric Plant Revenue Bonds have been made. Transactions in funds other than the 2005, 2015, and 2015 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	\$ 2,975,301
Reserve Fund	<u>536,165</u>
Total Restricted Assets	<u>\$ 3,511,466</u>

The total of these funds is represented by:

Certificates of Deposit and Bank Accounts	<u>\$ 3,511,466</u>
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3. Capital Assets

Capital assets activity during the year was as follows:

	<u>Balance</u>		<u>Balance</u>	
	7-1-14	Additions	Disposals	6-30-15
Capital Assets Not Depreciated:				
Land	\$ 188,840	\$ 0	\$ 0	\$ 188,840
Construction in Progress	177,231	104,016	0	<u>281,247</u>
Total Capital Assets Not Depreciated	<u>\$ 366,071</u>	<u>\$ 104,016</u>	<u>\$ 0</u>	<u>\$ 470,087</u>
Capital Assets Depreciated:				
Other Capital Assets	\$ 35,088,881	\$ 1,383,890	\$ 604,160	\$ 35,868,611
Total Capital Assets Depreciated	<u>\$ 35,088,881</u>	<u>\$ 1,383,890</u>	<u>\$ 604,160</u>	<u>\$ 35,868,611</u>

	Balance			Balance
	7-1-14	Additions	Disposals	6-30-15
Less Accumulated Depreciation For:				
Other Capital Assets	\$ 14,432,245	\$ 1,271,169	\$ 753,171	\$ 14,950,243
Total Accumulated Depreciation	\$ 14,432,245	\$ 1,271,169	\$ 753,171	\$ 14,950,243
Total Capital Assets Depreciated, Net	\$ 20,656,636	\$ 112,721	\$ (149,011)	\$ 20,918,368
Total Capital Assets, Net	\$ 21,022,707	\$ 216,737	\$ (149,011)	\$ 21,388,455

Depreciation expense of \$1,271,169 (including \$31,202 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 6-30-15
Electric System Revenue Refunding Bonds, Series 2005	3.9%	\$ 730,000
Electric System Revenue Refunding and Improvement Bonds, Series 2012	2 to 2.5	3,175,000
Electric System Revenue Refunding and Improvement Bonds, Series 2014	2.83	<u>2,975,000</u>
Total		<u>\$ 6,880,000</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.

On December 2, 2014, Benton County Electric System issued at par \$2,975,000 of Electric System Revenue Bonds, Series 2014, for the purpose of building a new administrative office in Camden, Tennessee. The bonds bear interest at 2.83 percent and will be repaid in variable amounts, with the final payment due December 2035.

The following is a summary of long-term debt transactions for the year ended June 30, 2015.

	Balance 7-1-14	Additions	Retirements	Balance 6-30-15
Revenue bonds payable	\$ 4,230,000	\$ 2,975,000	\$ 325,000	\$ 6,880,000

The scheduled annual requirements for long-term debt at June 30, 2015, including interest of \$1,608,500, are as follows:

Year Ending June 30	Revenue Bonds		
	Principal	Interest	Total
2016	\$ 330,000	\$ 176,867	\$ 506,867
2017	345,000	168,929	513,929
2018	405,000	159,655	564,655
2019	420,000	149,024	569,024
2020	425,000	138,123	563,123
2021-2025	2,330,000	514,652	2,844,652
2026-2030	1,645,000	230,217	1,875,217
2031-2035	980,000	71,033	1,051,033
Total	<u>\$ 6,880,000</u>	<u>\$ 1,608,500</u>	<u>\$ 8,488,500</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	\$ 21,388,455
Unamortized Bond Premium	(21,724)
Less: Revenue Bonds Payable	<u>(6,880,000)</u>
Total Net Investment in Capital Assets	<u>\$ 14,486,731</u>

Restricted for Debt Service:	
Restricted Cash and Investments	\$ 3,511,466
Less: Current Liabilities Payable from Restricted	
Assets - Accrued Interest Payable	<u>(15,062)</u>
Total Restricted for Debt Service	<u>\$ 3,496,404</u>
Unrestricted	<u>\$ (1,565,803)</u>
Total Net Position	<u>\$ 16,417,332</u>

6. Transfer

During the year ended June 30, 2015, a transfer of \$402,397 was made from the Benton County Electric System to the county for in-lieu-of tax payments.

D. Other Information

1. Pension Plan - Central Service Association Mass Mutual Defined Benefit Retirement Plan

Plan Description. All full time employees of the electric system participate in a defined benefit pension plan through the governmental plan of Central Service Association (CSA). The plan is administered by an insurance and retirement committee that is appointed by CSA. The committee makes recommendations for approval by the board for changes to the plan. The electric system makes monthly contributions to the agent multiple-employer pension plan. Individual employers can make amendments to their plans.

CSA issues a publicly available report that includes financial statements and required supplementary information for the pension plan. That report can be obtained by contacting CSA at P.O. Box 3480, Tupelo, MS 38803-3480.

Benefits Provided. Benefits provided by the plan include retirement, disability and death benefits provided to members and beneficiaries. Members of the plan are eligible to participate in the plan after completing six months of service. The retirement benefit is 57 percent of average monthly earnings, based on the highest of three consecutive years earnings, at age 62 after ten years participation. Employees are fully vested in the plan after seven years of service.

Employees Covered by Benefit Terms. At the measurement date of June 30, 2014, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	15
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	1
Active Plan Members	<u>13</u>
 Total	 <u><u>29</u></u>

Contributions. At June 30, 2015, active plan members were not required to contribute a percentage of their annual compensation. The plan provisions and required contributions can be amended by the board of directors as the need arises. The employer’s actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of an unfunded liability.

Schedule of Employer Contributions

Year	Minimum Contributions	Actual Contributions
2013	\$ 303,879	\$ 331,952

Net Pension Liability (Asset)

Benton County Electric System’s net pension liability (asset) was measured as of June 30, 2014, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total pension liability as of the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Measurement Date	October 1, 2014
Discount Rate	7.00%
Mortality	RP-2000 Fully Generational with Scale AA
Salary Scale	3.00%
Assumed Retirement Age	Age 64
Cost of Living Increase	N/A
Date of Participation Freeze	11/22/1988

The actuarial assumptions used in the June 30, 2014, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2014, through June 30, 2015. The

demographic assumptions were adjusted to more closely reflect actual and expected future experience.

Discount Rate. The discount rate used to measure the total pension liability was seven percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current contribution rate and the employer will continue to contribute the actuarially determined contribution in accordance with the plan's current funding policy on an annual basis. Based on that assumption, the pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

	Increase/Decrease		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at October 1, 2013	\$ 6,200,582	\$ 4,131,804	\$ 2,068,778
Changes for the year:			
Service Cost	25,458	0	25,458
Interest Cost	421,909	0	421,909
Difference Between Expected and Actual Experience	197,645	0	197,645
Employer Contributions	0	331,952	(331,952)
Employee Contributions	0	0	0
Net Investment Income	0	297,186	(297,186)
Benefit Payments	(397,532)	(397,532)	0
Administrative Expense	0	(347)	347
Other Changes	0	0	0
Net Changes:	<u>\$ 247,480</u>	<u>\$ 231,259</u>	<u>\$ 16,221</u>
Balance, October 1, 2014	<u>\$ 6,448,062</u>	<u>\$ 4,363,063</u>	<u>\$ 2,084,999</u>

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of Benton County Electric System calculated using the discount rate of seven percent, as well as what the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6%) or one percentage point higher (8%) than the current rate:

	1%	Current Discount Rate	1%
	Decrease		Increase
Benton County Electric System	6.0%	7.0%	8.0%

Net Pension Liability \$ 2,774,943 \$ (2,084,999) \$ 1,461,599

Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Expense. Under GASB Statement No. 68 the annual pension expense is intended to recognize certain changes in the net pension liability compared to the previous measurement date. Changes not recorded as a pension expense will be recorded and tracked separately as deferred inflows and outflows to be recognized in a future period's pension expense. Changes in the total pension liability due to differences between actual experience and assumptions are recognized over a closed period equal to the future remaining service of plan participants. Differences between actual and expected investment performance are recognized over a five-year period. Any changes due to plan amendment or other benefit changes will be recognized in the year of adoption.

Service Cost	\$ 25,458
Interest on the Total Pension Liability	421,909
Differences Between Expected and Actual Experience	24,706
Change of Assumptions	0
Employee Contributions	0
Projected Earnings on Pension Plan Investments	(286,919)
Differences Between Projected and Actual Earnings on Plan Investments	(2,053)
Pension Plan Administrative Expense	347
Other Changes in Fiduciary Net Position	<u>0</u>
Total Pension Expense	<u>\$ 183,448</u>

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, Benton County Electric System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 172,940	\$ 0
Change of Assumptions	0	0
Net Difference Between Projected and Actual Earnings in Pension Investments	0	8,214
Contributions Subsequent to the Measurement Date of October 1, 2014	<u>250,704</u>	<u>0</u>
Total	<u>\$ 423,644</u>	<u>\$ 8,214</u>

The amounts shown above for “Contributions Subsequent to the Measurement Date of October 1, 2014,” will be recognized as a reduction to net pension liability in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2016	\$ 22,652
2017	22,652
2018	22,652
2019	22,652
2020	24,706
Thereafter	49,412

2. Pension Plan – Tennessee Consolidated Retirement System

Plan Description. Employees of Benton County Electric contribute to an agent multi-employer defined benefit pension plan administered by the TCRS. The plan consists of the following entities, the primary government (excluding proprietary fund) employees who comprise 40.15 percent, the Benton County Electric System (proprietary fund) employees who comprise 9.49 percent, and the non-certified employees of the discretely presented School Department who comprise 50.36 percent based on census data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the

plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs. Employee Membership data related to the plan, as of June 30, 2014 was as follows:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	111
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	218
Active Plan Members	<u>274</u>
 Total	 <u><u>603</u></u>

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

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

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. Benton County Electric System makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, Benton County Electric System made employer contributions based on a rate of 6.59 percent of

pensionable payroll. By law, employer contributions are required to be paid. The employer’s actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

At June 30, 2015, Benton County Electric System reported an asset of \$60,368 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Benton County Electric System’s proportion of the net pension liability was based on a projection of the Benton County Electric Systems long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2014, the Benton County Electric System’s proportion was 9.49 percent.

For the year ended June 30, 2015, the Benton County Electric System recognized pension expense of \$6,975. At June 30, 2015, the Benton County Electric System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>Resources</u>	<u>Resources</u>
Difference Between Expected and Actual Experience	\$ 0	\$ 1,718
Net Difference Between Projected and Actual Earnings in Pension Investments	0	107,310
Contributions Subsequent to the Measurement Date of June 30, 2014	<u>104,253</u>	<u>0</u>
Total	<u>\$ 104,253</u>	<u>\$ 109,028</u>

The amounts shown above for “Contributions subsequent to the measurement date of June 30, 2014” will be recognized as a reduction to net pension liability in the following measurement period.

Amounts reported as deferred outflows of resources, with the exception of contributions after the measurement date, and deferred

inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2016	\$ (27,171)
2017	(27,171)
2018	(27,171)
2019	(27,171)
2020	(344)
Thereafter	0

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

Actuarial Assumptions. The total pension liability as of the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates were based on actual experience from the June 30, 2012, actuarial experience study, adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014, actuarial valuation were based on the result of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected

future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	6.46 %	33 %
International Equity Emerging Market	6.26	17
International Equity Private Equity and Strategic Lending	6.40	5
U.S. Fixed Income Real Estate	4.61	8
Short-term Securities	0.98	29
	4.73	7
	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from Benton County Electric System will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of Benton County Electric System calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

	1%	Current	1%
Benton County	Decrease	Discount	Increase
Electric System	6.5%	7.5%	8.5%
Net Pension Liability	\$ 182,133	\$ (60,368)	\$ (1,259,073)

Plan Fiduciary Net Position. Detailed information about the plan’s fiduciary net position is available in the separately issued municipal employee’s retirement plan financial report.

3. 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.

4. 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, 2015, 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.

5. 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	\$ 61,290
Interest on Net OPEB Obligation	5,866
Adjustment to Annual Required Contribution	<u>(7,831)</u>
Annual OPEB Cost (Expense)	\$ 59,325
Contributions Made	<u>(31,005)</u>
Increase in Net Obligation	\$ 28,320
Net OPEB obligation, 7-1-14	<u>130,356</u>
 Net OPEB obligation, 6-30-15	 <u><u>\$ 158,676</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
6-30-15	\$ 59,325	52.3 %	\$ 158,676
6-30-14	46,326	68.1	130,356
6-30-13	45,836	39.5	115,564

Funded Status and Funding Progress

As of July 1, 2014, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$639,697, and the actuarial value of assets was zero resulting in an unfunded actuarial accrued liability (UAAL) of \$639,697. The covered payroll (annual payroll of active employees covered by the plan) was \$2,341,670 and the ratio of the UAAL to the covered payroll was 27.32 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 Changes in Net Pension Liability (Asset) and Related Ratios Based on
Participation in the Public Employee Pension Plan of TCRS
Primary Government
For the Fiscal Year Ended June 30

	<u>2014</u>
Total Pension Liability (Asset)	
Service Cost	\$ 634,856
Interest	1,253,029
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	(21,732)
Changes in Assumptions	0
Benefit Payments, Including Refunds of Employee Contributions	<u>(635,575)</u>
Net Change in Total Pension Liability (Asset)	\$ 1,230,578
Total Pension Liability (Asset), Beginning	<u>16,389,984</u>
 Total Pension Liability (Asset), Ending (a)	 <u>\$ 17,620,562</u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 504,641
Contributions - Employee	371,591
Net Investment Income	2,580,542
Benefit Payments, Including Refunds of Employee Contributions	(635,575)
Administrative Expense	<u>(10,598)</u>
Net Change in Plan Fiduciary Net Position	\$ 2,810,601
Plan Fiduciary Net Position, Beginning	<u>15,446,088</u>
 Plan Fiduciary Net Position, Ending (b)	 <u>\$ 18,256,689</u>
 Net Pension Liability (Asset), Ending (a - b)	 <u>\$ (636,127)</u>
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	 103.61%
Covered Employee Payroll	\$ 7,421,185
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	8.57%

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

Note: data presented includes primary government and discretely presented non-certified employees of the School Department.

Exhibit F-2

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

	<u>2014</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 504,641	\$ 460,694
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(504,641)</u>	<u>(460,694)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered Employee Payroll	\$ 7,421,185	\$ 7,646,721
Contributions as a Percentage of Covered Employee Payroll	6.80%	6.02%

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

Note: data presented includes primary government and discretely presented non-certified employees of the School Department.

Exhibit F-3

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

	<u>2015</u>
Actuarially Determined Contribution	\$ 13,141
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(21,026)</u>
Contribution Deficiency (Excess)	<u>\$ (7,885)</u>
Covered Employee Payroll	\$ 525,650
Contributions as a Percentage of Covered Employee Payroll	4.00%

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

Exhibit F-4

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

	<u>2014</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 816,685	\$ 845,257
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(816,685)</u>	<u>(845,257)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered Employee Payroll	\$ 9,196,899	\$ 9,752,855
Contributions as a Percentage of Covered Employee Payroll	8.88%	8.67%

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

Exhibit F-5

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

	<u>2014</u>
School Department's Proportion of the Net Pension Asset	0.234316%
School Department's Proportionate Share of the Net Pension Asset	\$ 38,075
Covered Employee Payroll	\$ 9,196,899
School Department's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Employee Payroll	0.41%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%

* The amounts presented were determined as of June 30 of the prior fiscal year.

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

Exhibit F-6

Benton County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Benton County School Department
June 30, 2015

(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	478	478	0	2,183	22
"	7-1-13	0	478	478	0	2,293	21
"	7-1-14	0	640	640	0	2,342	27
<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, 2015

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for 2015 were calculated based on the July 1, 2013, actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Frozen Initial Liability
Amortization Method	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization Period	Five Years
Asset Valuation	10-Year Smoothed Within a 20% Corridor to Market Value
Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Investment Expense, Including Inflation
Retirement Age	Pattern of Retirement Determined by Experience Study
Mortality	Customized Table Based on Actual Experience Including an Adjustment for Some Anticipated Improvement
Cost of Living Adjustment	2.5%

**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, 2015

	Special Revenue Funds				Debt Service Fund	Capital Projects Funds
	Drug Control	Other Special Revenue	Constitutional Officers - Fees	Total	General Debt Service	General Capital Projects
ASSETS						
Cash	\$ 0	\$ 0	\$ 8,708	\$ 8,708	\$ 0	\$ 0
Equity in Pooled Cash and Investments	18,048	171,757	0	189,805	1,254,163	161,492
Accounts Receivable	0	0	13,493	13,493	0	0
Due from Other Governments	0	30,525	0	30,525	136,919	0
Due from Other Funds	0	0	0	0	0	51,425
Due from Component Units	0	0	0	0	65,319	0
Property Taxes Receivable	0	0	0	0	194,151	162,328
Allowance for Uncollectible Property Taxes	0	0	0	0	(6,281)	(5,102)
Total Assets	\$ 18,048	\$ 202,282	\$ 22,201	\$ 242,531	\$ 1,644,271	\$ 370,143
LIABILITIES						
Accounts Payable	\$ 3,234	\$ 4,313	\$ 0	\$ 7,547	\$ 0	\$ 0
Contracts Payable	0	0	0	0	0	0
Due to Other Funds	0	0	22,201	22,201	0	0
Total Liabilities	\$ 3,234	\$ 4,313	\$ 22,201	\$ 29,748	\$ 0	\$ 0
DEFERRED INFLOWS OF RESOURCES						
Deferred Current Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 184,185	\$ 153,848
Deferred Delinquent Property Taxes	0	0	0	0	3,357	3,077
Other Deferred/Unavailable Revenue	0	15,193	0	15,193	104,605	0
Total Deferred Inflows of Resources	\$ 0	\$ 15,193	\$ 0	\$ 15,193	\$ 292,147	\$ 156,925

(Continued)

Exhibit G-1

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

	Special Revenue Funds				Debt Service Fund	Capital Projects Funds
	Drug Control	Other Special Revenue	Constitutional Officers - Fees	Total	General Debt Service	General Capital Projects
<u>FUND BALANCES</u>						
Restricted:						
Restricted for Public Safety	\$ 14,814	\$ 0	\$ 0	\$ 14,814	\$ 0	\$ 0
Restricted for Other Operations	0	182,776	0	182,776	0	0
Restricted for Capital Outlay	0	0	0	0	0	213,157
Restricted for Capital Projects	0	0	0	0	0	0
Committed:						
Committed for Capital Outlay	0	0	0	0	0	61
Committed for Debt Service	0	0	0	0	1,352,124	0
Total Fund Balances	<u>\$ 14,814</u>	<u>\$ 182,776</u>	<u>\$ 0</u>	<u>\$ 197,590</u>	<u>\$ 1,352,124</u>	<u>\$ 213,218</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 18,048</u>	<u>\$ 202,282</u>	<u>\$ 22,201</u>	<u>\$ 242,531</u>	<u>\$ 1,644,271</u>	<u>\$ 370,143</u>

(Continued)

Exhibit G-1

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	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 0	\$ 8,708
Equity in Pooled Cash and Investments	210,463	43,134	415,089	1,859,057
Accounts Receivable	0	0	0	13,493
Due from Other Governments	0	0	0	167,444
Due from Other Funds	0	0	51,425	51,425
Due from Component Units	0	0	0	65,319
Property Taxes Receivable	0	0	162,328	356,479
Allowance for Uncollectible Property Taxes	0	0	(5,102)	(11,383)
Total Assets	<u>\$ 210,463</u>	<u>\$ 43,134</u>	<u>\$ 623,740</u>	<u>\$ 2,510,542</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 7,547
Contracts Payable	0	12,747	12,747	12,747
Due to Other Funds	0	0	0	22,201
Total Liabilities	<u>\$ 0</u>	<u>\$ 12,747</u>	<u>\$ 12,747</u>	<u>\$ 42,495</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 0	\$ 0	\$ 153,848	\$ 338,033
Deferred Delinquent Property Taxes	0	0	3,077	6,434
Other Deferred/Unavailable Revenue	0	0	0	119,798
Total Deferred Inflows of Resources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 156,925</u>	<u>\$ 464,265</u>

(Continued)

Exhibit G-1

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

FUND BALANCES

Restricted:

Restricted for Public Safety
 Restricted for Other Operations
 Restricted for Capital Outlay
 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

<u>Capital Projects Funds (Cont.)</u>				Total Nonmajor Governmental Funds
Community Development/ Industrial Park	Other Capital Projects	Total		
\$ 0	\$ 0	\$ 0	\$ 14,814	
0	0	0	182,776	
0	0	213,157	213,157	
0	30,387	30,387	30,387	
210,463	0	210,524	210,524	
0	0	0	1,352,124	
<u>\$ 210,463</u>	<u>\$ 30,387</u>	<u>\$ 454,068</u>	<u>\$ 2,003,782</u>	
<u>\$ 210,463</u>	<u>\$ 43,134</u>	<u>\$ 623,740</u>	<u>\$ 2,510,542</u>	

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, 2015

	Special Revenue Funds				Debt Service Fund	Capital Projects Funds
	Drug Control	Other Special Revenue	Constitutional Officers - Fees	Total	General Debt Service	General Capital Projects
<u>Revenues</u>						
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 596,512	\$ 136,816
Fines, Forfeitures, and Penalties	8,050	0	0	8,050	0	0
Charges for Current Services	0	0	7,066	7,066	0	0
Other Local Revenues	0	0	0	0	3,215	0
State of Tennessee	0	173,565	0	173,565	0	0
Federal Government	0	0	0	0	0	1,457,502
Other Governments and Citizens Groups	0	0	0	0	665,676	0
Total Revenues	\$ 8,050	\$ 173,565	\$ 7,066	\$ 188,681	\$ 1,265,403	\$ 1,594,318
<u>Expenditures</u>						
Current:						
Administration of Justice	\$ 0	\$ 0	\$ 7,066	\$ 7,066	\$ 0	\$ 0
Public Safety	10,497	0	0	10,497	0	0
Other Operations	73	124,316	0	124,389	0	2,727
Debt Service:						
Principal on Debt	0	0	0	0	843,600	0
Interest on Debt	0	0	0	0	233,319	0
Other Debt Service	0	0	0	0	8,310	0
Capital Projects	0	0	0	0	0	1,490,671
Total Expenditures	\$ 10,570	\$ 124,316	\$ 7,066	\$ 141,952	\$ 1,085,229	\$ 1,493,398
Excess (Deficiency) of Revenues Over Expenditures	\$ (2,520)	\$ 49,249	\$ 0	\$ 46,729	\$ 180,174	\$ 100,920
Net Change in Fund Balances	\$ (2,520)	\$ 49,249	\$ 0	\$ 46,729	\$ 180,174	\$ 100,920
Fund Balance, July 1, 2014	17,334	133,527	0	150,861	1,171,950	112,298
Fund Balance, June 30, 2015	\$ 14,814	\$ 182,776	\$ 0	\$ 197,590	\$ 1,352,124	\$ 213,218

(Continued)

Exhibit G-2

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	\$ 136,816	\$ 733,328
Fines, Forfeitures, and Penalties	0	0	0	8,050
Charges for Current Services	0	0	0	7,066
Other Local Revenues	15,711	0	15,711	18,926
State of Tennessee	0	38,554	38,554	212,119
Federal Government	0	0	1,457,502	1,457,502
Other Governments and Citizens Groups	0	0	0	665,676
Total Revenues	\$ 15,711	\$ 38,554	\$ 1,648,583	\$ 3,102,667
<u>Expenditures</u>				
Current:				
Administration of Justice	\$ 0	\$ 0	\$ 0	\$ 7,066
Public Safety	0	0	0	10,497
Other Operations	157	0	2,884	127,273
Debt Service:				
Principal on Debt	0	0	0	843,600
Interest on Debt	0	0	0	233,319
Other Debt Service	0	0	0	8,310
Capital Projects	24,279	31,835	1,546,785	1,546,785
Total Expenditures	\$ 24,436	\$ 31,835	\$ 1,549,669	\$ 2,776,850
Excess (Deficiency) of Revenues Over Expenditures	\$ (8,725)	\$ 6,719	\$ 98,914	\$ 325,817
Net Change in Fund Balances	\$ (8,725)	\$ 6,719	\$ 98,914	\$ 325,817
Fund Balance, July 1, 2014	219,188	23,668	355,154	1,677,965
Fund Balance, June 30, 2015	\$ 210,463	\$ 30,387	\$ 454,068	\$ 2,003,782

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 8,050	\$ 7,750	\$ 11,300	\$ (3,250)
Other Local Revenues	0	55	55	(55)
Other Governments and Citizens Groups	0	500	500	(500)
Total Revenues	<u>\$ 8,050</u>	<u>\$ 8,305</u>	<u>\$ 11,855</u>	<u>\$ (3,805)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 10,497	\$ 9,400	\$ 12,950	\$ 2,453
<u>Other Operations</u>				
Other Charges	73	96	96	23
<u>Support Services</u>				
Other Student Support	0	5,000	5,000	5,000
Total Expenditures	<u>\$ 10,570</u>	<u>\$ 14,496</u>	<u>\$ 18,046</u>	<u>\$ 7,476</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (2,520)</u>	<u>\$ (6,191)</u>	<u>\$ (6,191)</u>	<u>\$ 3,671</u>
Net Change in Fund Balance	\$ (2,520)	\$ (6,191)	\$ (6,191)	\$ 3,671
Fund Balance, July 1, 2014	<u>17,334</u>	<u>25,156</u>	<u>25,156</u>	<u>(7,822)</u>
Fund Balance, June 30, 2015	<u>\$ 14,814</u>	<u>\$ 18,965</u>	<u>\$ 18,965</u>	<u>\$ (4,151)</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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
State of Tennessee	\$ 173,565	\$ 153,000	\$ 153,000	\$ 20,565
Total Revenues	\$ 173,565	\$ 153,000	\$ 153,000	\$ 20,565
<u>Expenditures</u>				
<u>Other Operations</u>				
Tourism	\$ 122,576	\$ 143,308	\$ 143,308	\$ 20,732
Other Charges	1,740	1,683	1,683	(57)
Total Expenditures	\$ 124,316	\$ 144,991	\$ 144,991	\$ 20,675
Excess (Deficiency) of Revenues Over Expenditures	\$ 49,249	\$ 8,009	\$ 8,009	\$ 41,240
Net Change in Fund Balance	\$ 49,249	\$ 8,009	\$ 8,009	\$ 41,240
Fund Balance, July 1, 2014	133,527	96,065	96,065	37,462
Fund Balance, June 30, 2015	\$ 182,776	\$ 104,074	\$ 104,074	\$ 78,702

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 596,512	\$ 394,792	\$ 394,792	\$ 201,720
Other Local Revenues	3,215	0	0	3,215
Other Governments and Citizens Groups	665,676	678,960	678,960	(13,284)
Total Revenues	<u>\$ 1,265,403</u>	<u>\$ 1,073,752</u>	<u>\$ 1,073,752</u>	<u>\$ 191,651</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 145,000	\$ 145,000	\$ 145,000	\$ 0
Education	698,600	698,600	698,600	0
<u>Interest on Debt</u>				
General Government	166,500	166,500	166,500	0
Education	66,819	66,819	66,819	0
<u>Other Debt Service</u>				
General Government	7,745	13,037	13,037	5,292
Education	565	1,750	1,750	1,185
Total Expenditures	<u>\$ 1,085,229</u>	<u>\$ 1,091,706</u>	<u>\$ 1,091,706</u>	<u>\$ 6,477</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 180,174</u>	<u>\$ (17,954)</u>	<u>\$ (17,954)</u>	<u>\$ 198,128</u>
Net Change in Fund Balance	\$ 180,174	\$ (17,954)	\$ (17,954)	\$ 198,128
Fund Balance, July 1, 2014	<u>1,171,950</u>	<u>1,129,888</u>	<u>1,129,888</u>	<u>42,062</u>
Fund Balance, June 30, 2015	<u>\$ 1,352,124</u>	<u>\$ 1,111,934</u>	<u>\$ 1,111,934</u>	<u>\$ 240,190</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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 136,816	\$ 131,883	\$ 131,883	\$ 4,933
State of Tennessee	0	82,091	115,056	(115,056)
Federal Government	1,457,502	0	1,457,502	0
Total Revenues	<u>\$ 1,594,318</u>	<u>\$ 213,974</u>	<u>\$ 1,704,441</u>	<u>\$ (110,123)</u>
<u>Expenditures</u>				
<u>Other Operations</u>				
Other Charges	\$ 2,727	\$ 0	\$ 0	\$ (2,727)
<u>Capital Projects</u>				
General Administration Projects	1,460,671	228,542	1,698,866	238,195
Public Safety Projects	30,000	30,000	30,000	0
Total Expenditures	<u>\$ 1,493,398</u>	<u>\$ 258,542</u>	<u>\$ 1,728,866</u>	<u>\$ 235,468</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 100,920</u>	<u>\$ (44,568)</u>	<u>\$ (24,425)</u>	<u>\$ 125,345</u>
Net Change in Fund Balance	\$ 100,920	\$ (44,568)	\$ (24,425)	\$ 125,345
Fund Balance, July 1, 2014	<u>112,298</u>	<u>172,231</u>	<u>172,231</u>	<u>(59,933)</u>
Fund Balance, June 30, 2015	<u>\$ 213,218</u>	<u>\$ 127,663</u>	<u>\$ 147,806</u>	<u>\$ 65,412</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, 2015

	<u>Agency Funds</u>			
	Cities - Sales Tax	Community Development - Agency	Constitutional Officers - Agency	Total
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 869,507	\$ 869,507
Equity in Pooled Cash and Investments	0	2,434	0	2,434
Accounts Receivable	0	0	655	655
Due from Other Governments	275,568	0	0	275,568
Total Assets	<u>\$ 275,568</u>	<u>\$ 2,434</u>	<u>\$ 870,162</u>	<u>\$ 1,148,164</u>
<u>LIABILITIES</u>				
Due to Other Taxing Units	\$ 275,568	\$ 0	\$ 0	\$ 275,568
Due to Litigants, Heirs, and Others	0	2,434	870,162	872,596
Total Liabilities	<u>\$ 275,568</u>	<u>\$ 2,434</u>	<u>\$ 870,162</u>	<u>\$ 1,148,164</u>

Exhibit H-2

Benton County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2015

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,627,549	\$ 1,627,549	\$ 0
Due from Other Governments	287,496	275,568	287,496	275,568
Total Assets	\$ 287,496	\$ 1,903,117	\$ 1,915,045	\$ 275,568
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 287,496	\$ 1,903,117	\$ 1,915,045	\$ 275,568
Total Liabilities	\$ 287,496	\$ 1,903,117	\$ 1,915,045	\$ 275,568
<u>Community Development - Agency Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 37,598	\$ 0	\$ 35,164	\$ 2,434
Total Assets	\$ 37,598	\$ 0	\$ 35,164	\$ 2,434
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 37,598	\$ 0	\$ 35,164	\$ 2,434
Total Liabilities	\$ 37,598	\$ 0	\$ 35,164	\$ 2,434
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 482,382	\$ 3,596,297	\$ 3,209,172	\$ 869,507
Accounts Receivable	400	655	400	655
Total Assets	\$ 482,782	\$ 3,596,952	\$ 3,209,572	\$ 870,162
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 482,782	\$ 3,596,952	\$ 3,209,572	\$ 870,162
Total Liabilities	\$ 482,782	\$ 3,596,952	\$ 3,209,572	\$ 870,162

(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	\$ 482,382	\$ 3,596,297	\$ 3,209,172	\$ 869,507
Equity in Pooled Cash and Investments	37,598	1,627,549	1,662,713	2,434
Accounts Receivable	400	655	400	655
Due from Other Governments	287,496	275,568	287,496	275,568
Total Assets	\$ 807,876	\$ 5,500,069	\$ 5,159,781	\$ 1,148,164
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 287,496	\$ 1,903,117	\$ 1,915,045	\$ 275,568
Due to Litigants, Heirs, and Others	520,380	3,596,952	3,244,736	872,596
Total Liabilities	\$ 807,876	\$ 5,500,069	\$ 5,159,781	\$ 1,148,164

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, 2015

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position Total Governmental Activities
Governmental Activities:				
Instruction	\$ 11,726,640	\$ 0	\$ 1,265,639	\$ (10,461,001)
Support Services	6,852,599	53,129	706,865	(6,092,605)
Operation of Non-instructional Services	1,653,957	230,462	1,201,743	(221,752)
Total Governmental Activities	\$ 20,233,196	\$ 283,591	\$ 3,174,247	\$ (16,775,358)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 4,006,972
Local Option Sales Taxes				2,065,243
Other Local Taxes				1,614
Grants and Contributions Not Restricted to Specific Programs				11,858,731
Miscellaneous				50,201
Pension Income				45,942
Total General Revenues				\$ 18,028,703
Change in Net Position				\$ 1,253,345
Net Position, July 1, 2014				16,660,795
Restatement- Pension Liability (see Note I.D.9)				(3,353,529)
Net Position, June 30, 2015				\$ 14,560,611

Exhibit I-2

Benton County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Benton County School Department
June 30, 2015

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 300	\$ 300
Equity in Pooled Cash and Investments	4,520,253	374,898	4,895,151
Due from Other Governments	479,077	0	479,077
Due from Other Funds	0	6,923	6,923
Property Taxes Receivable	3,825,542	0	3,825,542
Allowance for Uncollectible Property Taxes	(143,284)	0	(143,284)
Total Assets	\$ 8,681,588	\$ 382,121	\$ 9,063,709
<u>LIABILITIES</u>			
Accounts Payable	\$ 165,501	\$ 0	\$ 165,501
Due to Other Funds	6,923	0	6,923
Due to Primary Government	65,319	0	65,319
Total Liabilities	\$ 237,743	\$ 0	\$ 237,743
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 3,582,161	\$ 0	\$ 3,582,161
Deferred Delinquent Property Taxes	91,193	0	91,193
Other Deferred/Unavailable Revenue	149,212	0	149,212
Total Deferred Inflows of Resources	\$ 3,822,566	\$ 0	\$ 3,822,566
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 3,751	\$ 0	\$ 3,751
Restricted for Operation of Non-instructional Services	0	322,121	322,121
Assigned:			
Assigned for Education	182,236	60,000	242,236
Unassigned	4,435,292	0	4,435,292
Total Fund Balances	\$ 4,621,279	\$ 382,121	\$ 5,003,400
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 8,681,588	\$ 382,121	\$ 9,063,709

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, 2015

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)		\$	5,003,400
(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: buildings and improvements net of accumulated depreciation		10,392,713	
Add: other capital assets net of accumulated depreciation		<u>1,131,323</u>	12,031,241
(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			(319,338)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years.			
Add: deferred outflows of resources related to pensions	\$	1,041,940	
Less: deferred inflows of resources related to pensions		<u>(3,795,466)</u>	(2,753,526)
(4) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.			
Add: net pension asset - agent plan	\$	320,354	
Add: net pension asset - cost-sharing plan		<u>38,075</u>	358,429
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>240,405</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>14,560,611</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, 2015

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 6,341,017	\$ 0	\$ 6,341,017
Licenses and Permits	1,892	0	1,892
Charges for Current Services	53,129	230,462	283,591
Other Local Revenues	52,692	1,438	54,130
State of Tennessee	12,154,085	13,215	12,167,300
Federal Government	0	2,649,056	2,649,056
Other Governments and Citizens Groups	1,392	0	1,392
Total Revenues	<u>\$ 18,604,207</u>	<u>\$ 2,894,171</u>	<u>\$ 21,498,378</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 10,726,158	\$ 1,118,898	\$ 11,845,056
Support Services	6,248,200	510,666	6,758,866
Operation of Non-instructional Services	287,656	1,342,327	1,629,983
Capital Outlay	273,152	0	273,152
Debt Service:			
Other Debt Service	373,091	0	373,091
Total Expenditures	<u>\$ 17,908,257</u>	<u>\$ 2,971,891</u>	<u>\$ 20,880,148</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 695,950</u>	<u>\$ (77,720)</u>	<u>\$ 618,230</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 7,909	\$ 0	\$ 7,909
Transfers In	30,500	0	30,500
Transfers Out	0	(30,500)	(30,500)
Total Other Financing Sources (Uses)	<u>\$ 38,409</u>	<u>\$ (30,500)</u>	<u>\$ 7,909</u>
Net Change in Fund Balances	\$ 734,359	\$ (108,220)	\$ 626,139
Fund Balance, July 1, 2014	3,886,920	490,341	4,377,261
Fund Balance, June 30, 2015	<u>\$ 4,621,279</u>	<u>\$ 382,121</u>	<u>\$ 5,003,400</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, 2015

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)		\$ 626,139
(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	\$ 314,486	
Less: current-year depreciation expense	<u>(635,082)</u>	(320,596)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		
Less: book value of capital assets disposed		(3,684)
(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, 2015	\$ 240,405	
Less: deferred delinquent property taxes and other deferred June 30, 2014	<u>(295,684)</u>	(55,279)
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in other postemployment benefits liability	\$ 48,333	
Change in net pension asset - agent plan	541,562	
Change in net pension asset - cost-sharing plan	3,170,396	
Change in deferred outflows related to pensions	1,041,940	
Change in deferred inflows related to pensions	<u>#####</u>	<u>1,006,765</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 1,253,345</u>

Exhibit I-6

Benton County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Benton County School Department
June 30, 2015

	<u>Special Revenue Funds</u>		Total
	<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	\$ 300	\$ 300
Equity in Pooled Cash and Investments	53,077	321,821	374,898
Due from Other Funds	6,923	0	6,923
Total Assets	<u>\$ 60,000</u>	<u>\$ 322,121</u>	<u>\$ 382,121</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Operation of Non-instructional Services	\$ 0	\$ 322,121	\$ 322,121
Assigned:			
Assigned for Education	60,000	0	60,000
Total Fund Balances	<u>\$ 60,000</u>	<u>\$ 322,121</u>	<u>\$ 382,121</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, 2015

	<u>Special Revenue Funds</u>		Total
	School	Central	Nonmajor
	Federal	Cafeteria	Governmental
	Projects		Funds
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 230,462	\$ 230,462
Other Local Revenues	0	1,438	1,438
State of Tennessee	0	13,215	13,215
Federal Government	1,660,063	988,993	2,649,056
Total Revenues	<u>\$ 1,660,063</u>	<u>\$ 1,234,108</u>	<u>\$ 2,894,171</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 1,118,898	\$ 0	\$ 1,118,898
Support Services	510,666	0	510,666
Operation of Non-instructional Services	0	1,342,327	1,342,327
Total Expenditures	<u>\$ 1,629,564</u>	<u>\$ 1,342,327</u>	<u>\$ 2,971,891</u>
Excess (Deficiency) of Revenues			
Over Expenditures	<u>\$ 30,499</u>	<u>\$ (108,219)</u>	<u>\$ (77,720)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (30,500)	\$ 0	\$ (30,500)
Total Other Financing Sources (Uses)	<u>\$ (30,500)</u>	<u>\$ 0</u>	<u>\$ (30,500)</u>
Net Change in Fund Balances	\$ (1)	\$ (108,219)	\$ (108,220)
Fund Balance, July 1, 2014	<u>60,001</u>	<u>430,340</u>	<u>490,341</u>
Fund Balance, June 30, 2015	<u><u>\$ 60,000</u></u>	<u><u>\$ 322,121</u></u>	<u><u>\$ 382,121</u></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, 2015

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 6,341,017	\$ 0	\$ 0	\$ 6,341,017	\$ 6,007,254	\$ 6,007,254	\$ 333,763
Licenses and Permits	1,892	0	0	1,892	1,135	1,135	757
Charges for Current Services	53,129	0	0	53,129	46,100	46,100	7,029
Other Local Revenues	52,692	0	0	52,692	28,400	57,320	(4,628)
State of Tennessee	12,154,085	0	0	12,154,085	12,059,239	12,180,465	(26,380)
Other Governments and Citizens Groups	1,392	0	0	1,392	10,000	10,000	(8,608)
Total Revenues	\$ 18,604,207	\$ 0	\$ 0	\$ 18,604,207	\$ 18,152,128	\$ 18,302,274	\$ 301,933
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 9,028,190	\$ (3,492)	\$ 22,369	\$ 9,047,067	\$ 9,259,570	\$ 9,318,189	\$ 271,122
Special Education Program	1,105,025	0	0	1,105,025	1,139,346	1,140,646	35,621
Vocational Education Program	592,943	(444)	0	592,499	662,584	663,028	70,529
<u>Support Services</u>							
Attendance	75,025	0	0	75,025	75,217	75,217	192
Health Services	286,429	0	0	286,429	287,981	303,287	16,858
Other Student Support	306,106	0	0	306,106	307,231	307,231	1,125
Regular Instruction Program	620,641	0	0	620,641	633,365	633,365	12,724
Special Education Program	97,855	0	0	97,855	101,141	101,141	3,286
Vocational Education Program	136,380	0	0	136,380	136,382	136,382	2
Other Programs	77,742	0	0	77,742	0	77,742	0
Board of Education	424,695	0	0	424,695	527,085	527,085	102,390
Director of Schools	157,767	0	0	157,767	160,726	160,726	2,959
Office of the Principal	976,201	0	0	976,201	994,886	994,886	18,685
Fiscal Services	172,274	0	0	172,274	175,321	175,321	3,047
Operation of Plant	1,294,898	(15,077)	44,303	1,324,124	1,508,424	1,523,501	199,377
Maintenance of Plant	540,510	(9,821)	28,440	559,129	575,803	586,368	27,239
Transportation	987,253	(91,449)	3,270	899,074	951,812	1,043,261	144,187
Central and Other	94,424	0	0	94,424	95,240	95,240	816

(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 7/1/2014	Add: Encumbrances 6/30/2015	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	\$ 57,862	\$ 0	\$ 0	\$ 57,862	\$ 59,414	\$ 59,414	\$ 1,552
Community Services	4,500	0	0	4,500	4,500	4,500	0
Early Childhood Education	225,294	0	2,019	227,313	228,086	228,086	773
<u>Capital Outlay</u>							
Regular Capital Outlay	273,152	(174,050)	81,835	180,937	170,000	365,876	184,939
<u>Other Debt Service</u>							
Education	373,091	0	0	373,091	0	375,000	1,909
Total Expenditures	\$ 17,908,257	\$ (294,333)	\$ 182,236	\$ 17,796,160	\$ 18,054,114	\$ 18,895,492	\$ 1,099,332
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 695,950	\$ 294,333	\$ (182,236)	\$ 808,047	\$ 98,014	\$ (593,218)	\$ 1,401,265
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 7,909	\$ 0	\$ 0	\$ 7,909	\$ 100	\$ 6,695	\$ 1,214
Transfers In	30,500	0	0	30,500	23,500	23,500	7,000
Transfers Out	0	0	0	0	(375,000)	0	0
Total Other Financing Sources	\$ 38,409	\$ 0	\$ 0	\$ 38,409	\$ (351,400)	\$ 30,195	\$ 8,214
Net Change in Fund Balance	\$ 734,359	\$ 294,333	\$ (182,236)	\$ 846,456	\$ (253,386)	\$ (563,023)	\$ 1,409,479
Fund Balance, July 1, 2014	3,886,920	(294,333)	0	3,592,587	3,551,087	3,551,087	41,500
Fund Balance, June 30, 2015	\$ 4,621,279	\$ 0	\$ (182,236)	\$ 4,439,043	\$ 3,297,701	\$ 2,988,064	\$ 1,450,979

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 1,660,063	\$ 1,750,944	\$ 1,754,882	\$ (94,819)
Total Revenues	\$ 1,660,063	\$ 1,750,944	\$ 1,754,882	\$ (94,819)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 629,412	\$ 644,005	\$ 645,623	\$ 16,211
Special Education Program	457,002	502,316	504,930	47,928
Vocational Education Program	32,484	31,537	32,537	53
<u>Support Services</u>				
Other Student Support	121,018	123,470	123,571	2,553
Regular Instruction Program	261,241	283,285	283,792	22,551
Special Education Program	70,625	74,721	74,571	3,946
Vocational Education Program	0	1,000	0	0
Transportation	57,782	60,111	59,361	1,579
Total Expenditures	\$ 1,629,564	\$ 1,720,445	\$ 1,724,385	\$ 94,821
Excess (Deficiency) of Revenues Over Expenditures	\$ 30,499	\$ 30,499	\$ 30,497	\$ 2
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (30,500)	\$ (30,500)	\$ (30,500)	\$ 0
Total Other Financing Sources	\$ (30,500)	\$ (30,500)	\$ (30,500)	\$ 0
Net Change in Fund Balance	\$ (1)	\$ (1)	\$ (3)	\$ 2
Fund Balance, July 1, 2014	60,001	60,000	60,000	1
Fund Balance, June 30, 2015	\$ 60,000	\$ 59,999	\$ 59,997	\$ 3

Exhibit I-10

Benton County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Benton County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 230,462	\$ 395,000	\$ 395,000	\$ (164,538)
Other Local Revenues	1,438	9,000	9,000	(7,562)
State of Tennessee	13,215	15,000	15,000	(1,785)
Federal Government	988,993	1,138,000	1,141,137	(152,144)
Total Revenues	<u>\$ 1,234,108</u>	<u>\$ 1,557,000</u>	<u>\$ 1,560,137</u>	<u>\$ (326,029)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,342,327	\$ 1,557,000	\$ 1,560,138	\$ 217,811
Total Expenditures	<u>\$ 1,342,327</u>	<u>\$ 1,557,000</u>	<u>\$ 1,560,138</u>	<u>\$ 217,811</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (108,219)</u>	<u>\$ 0</u>	<u>\$ (1)</u>	<u>\$ (108,218)</u>
Net Change in Fund Balance	\$ (108,219)	\$ 0	\$ (1)	\$ (108,218)
Fund Balance, July 1, 2014	<u>430,340</u>	<u>470,728</u>	<u>470,728</u>	<u>(40,388)</u>
Fund Balance, June 30, 2015	<u>\$ 322,121</u>	<u>\$ 470,728</u>	<u>\$ 470,727</u>	<u>\$ (148,606)</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, 2015

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-14	Paid and/or Matured During Period	Outstanding 6-30-15
<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	\$ 95,200	\$ 13,600	\$ 81,600
Total Other Loan Payable					\$ 95,200	\$ 13,600	\$ 81,600
<u>CAPITAL LEASE PAYABLE</u>							
<u>Payable through Highway/Public Works Fund</u>							
Highway Department Truck (1)	35,920	6.45	3-13-13	1-14-15	\$ 17,925	\$ 17,925	\$ 0
Total Capital Lease Payable					\$ 17,925	\$ 17,925	\$ 0
<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	\$ 4,235,000	\$ 145,000	\$ 4,090,000
School Bonds, Series 2012 Refunding	6,350,000	1 to 2	10-31-12	12-1-21	5,670,000	685,000	4,985,000
Total Bonds Payable					\$ 9,905,000	\$ 830,000	\$ 9,075,000

(1) This truck was transferred to the Highway/Public Works Fund from the General Fund and the lease was paid off on 1-14-15.

Exhibit J-2

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

Year Ending June 30	Other Loan		Total
	Principal	Other Fees	
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	\$ 81,600	\$ 390	\$ 81,990

Year Ending June 30	Bonds		Total
	Principal	Interest	
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	\$ 9,075,000	\$ 1,913,491	\$ 10,988,491

Exhibit J-3

Benton County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Benton County School Department
For the Year Ended June 30, 2015

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
Benton County Electric System	General	Payment in-lieu-of taxes	\$ 381,897
"	Highway/Public Works	"	<u>20,500</u>
Total Transfers Primary Government			<u>\$ 402,397</u>
<u>DISCRETELY PRESENTED BENTON COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	<u>\$ 30,500</u>
Total Transfers Discretely Presented Benton County School Department			<u>\$ 30,500</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, 2015

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <i>TCA</i>	\$ 73,738	\$ 100,000	RLI Insurance Company
Road Supervisor	Section 8-24-102, <i>TCA</i>	70,228	100,000	"
Director of Schools	State Board of Education and Benton County Board of Education	77,301 (1)	50,000	State Farm Fire and Casualty Company
Trustee	Section 8-24-102, <i>TCA</i>	63,843	752,000	RLI Insurance Company
Assessor of Property	Section 8-24-102, <i>TCA</i>	63,843	50,000	"
County Clerk	Section 8-24-102, <i>TCA</i>	63,843	100,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, <i>TCA</i>	63,843	100,000	"
Clerk and Master	Section 8-24-102, <i>TCA</i> , and Chancery Court Judge	63,843 (2)	100,000	"
Register of Deeds:				
Debra Hargis (7-1-14 through 8-31-14)	Section 8-24-102, <i>TCA</i>	10,641	25,000	"
Sonya Volz (9-1-14 through 6-30-15)	Section 8-24-102, <i>TCA</i>	53,202	100,000	"
Sheriff:				
Tony King (7-1-14 through 8-31-14)	Section 8-24-102, <i>TCA</i>	11,705 (3)	25,000	"
Kenny Christopher (9-1-14 through 6-30-15)	Section 8-24-102, <i>TCA</i>	58,523 (3)	100,000	"
Employee Blanket Bond:				
County Mayor and Road Supervisor:				
All Employees			150,000	Tennessee Risk Management Trust
Schools Employees' Blanket Bond			150,000	"

- (1) Includes a chief executive officer training supplement of \$1,000.
(2) Does not include special commissioner fees of \$7,066.
(3) 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, 2015

	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	\$ 2,661,819	\$ 0	\$ 0	\$ 0	\$ 219,892	\$ 138,874
Trustee's Collections - Prior Year	93,294	0	0	0	8,132	5,139
Circuit/Clerk and Master Collections - Prior Years	76,612	0	0	0	4,735	4,199
Interest and Penalty	18,083	0	0	0	1,555	983
Payments in-Lieu-of Taxes - T.V.A.	7,320	0	0	0	0	0
Payments in-Lieu-of Taxes - Other	1,047	0	0	0	91	58
<u>County Local Option Taxes</u>						
Local Option Sales Tax	2,598	0	0	0	0	447,259
Hotel/Motel Tax	29,610	0	0	0	0	0
Litigation Tax - General	52,698	0	0	0	0	0
Litigation Tax - Special Purpose	15,230	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	85,722	0	0	0	0	0
Business Tax	121,178	0	0	0	0	0
Mixed Drink Tax	334	0	0	0	0	0
Mineral Severance Tax	15,460	0	0	0	112,113	0
Other County Local Option Taxes	6,895	0	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	188,032	0	0	0	0	0
Wholesale Beer Tax	89,568	0	0	0	0	0
Beer Privilege Tax	800	0	0	0	0	0
Interstate Telecommunications Tax	1,224	0	0	0	0	0
Total Local Taxes	\$ 3,467,524	\$ 0	\$ 0	\$ 0	\$ 346,518	\$ 596,512

(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	General Debt Service
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Animal Vaccination	\$ 21,741	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	5,633	0	0	0	0	0
<u>Permits</u>						
Beer Permits	750	0	0	0	0	0
Other Permits	1,035	0	0	0	0	0
Total Licenses and Permits	<u>\$ 29,159</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 8,417	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	1,943	0	0	0	0	0
Drug Control Fines	0	2,294	0	0	0	0
Drug Court Fees	501	0	0	0	0	0
Jail Fees	5,952	0	0	0	0	0
DUI Treatment Fines	665	0	0	0	0	0
Data Entry Fee - Circuit Court	535	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	14,118	0	0	0	0	0
Officers Costs	42,313	0	0	0	0	0
Drug Control Fines	0	5,756	0	0	0	0
Drug Court Fees	3,880	0	0	0	0	0
Jail Fees	35,357	0	0	0	0	0
DUI Treatment Fines	5,156	0	0	0	0	0
Data Entry Fee - General Sessions Court	7,202	0	0	0	0	0
Courtroom Security Fee	674	0	0	0	0	0
Victims Assistance Assessments	17,342	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	General Debt Service
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Juvenile Court</u>						
Fines	\$ 2,403	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Chancery Court</u>						
Officers Costs	612	0	0	0	0	0
Data Entry Fee - Chancery Court	4,318	0	0	0	0	0
Courtroom Security Fee	3,963	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	3,550	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 158,901	\$ 8,050	\$ 0	\$ 0	\$ 0	\$ 0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Surcharge - Host Agency	\$ 325,013	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Surcharge - Waste Tire Disposal	7,590	0	0	0	0	0
<u>Fees</u>						
Copy Fees	4,767	0	0	0	0	0
Library Fees	3,825	0	0	0	0	0
Archives and Records Management Fee - County Clerk	7,253	0	0	0	0	0
Greenbelt Late Application Fee	100	0	0	0	0	0
Telephone Commissions	17,857	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	7,066	0	0
Data Processing Fee - Register	5,680	0	0	0	0	0
Data Processing Fee - Sheriff	880	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	4,350	0	0	0	0	0
Data Processing Fee - County Clerk	231	0	0	0	0	0
Total Charges for Current Services	\$ 377,546	\$ 0	\$ 0	\$ 7,066	\$ 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	General Debt Service
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 54,529	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,215
Lease/Rentals	75,858	0	0	0	0	0
Sale of Materials and Supplies	150	0	0	0	11,186	0
Commissary Sales	11,122	0	0	0	0	0
Sale of Gasoline	53,916	0	0	0	7,222	0
Sale of Recycled Materials	1,239	0	0	0	0	0
Miscellaneous Refunds	41,409	0	0	0	14,323	0
<u>Nonrecurring Items</u>						
Sale of Equipment	0	0	0	0	19,320	0
Sale of Property	22,505	0	0	0	0	0
Damages Recovered from Individuals	540	0	0	0	0	0
Contributions and Gifts	13,567	0	0	0	0	0
<u>Other Local Revenues</u>						
Other Local Revenues	9,990	0	0	0	0	0
Total Other Local Revenues	\$ 284,825	\$ 0	\$ 0	\$ 0	\$ 52,051	\$ 3,215
<u>Fees Received from County Officials</u>						
<u>Fees in-Lieu-of Salary</u>						
County Clerk	\$ 166,878	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	26,349	0	0	0	0	0
General Sessions Court Clerk	124,273	0	0	0	0	0
Clerk and Master	90,909	0	0	0	0	0
Register	62,338	0	0	0	0	0
Sheriff	13,158	0	0	0	0	0
Trustee	277,665	0	0	0	0	0
Total Fees Received from County Officials	\$ 761,570	\$ 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	General Debt Service
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 90,924	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Airport Maintenance Program	1,014	0	0	0	0	0
Aging Programs	48,053	0	0	0	0	0
Solid Waste Grants	1,903	0	0	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	11,400	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Health Department Programs	39,488	0	0	0	0	0
<u>Public Works Grants</u>						
Litter Program	30,287	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	20,193	0	0	0	0	0
Resort District Sales Tax	173,565	0	173,565	0	0	0
Alcoholic Beverage Tax	22,833	0	0	0	0	0
State Revenue Sharing - T.V.A.	1,591,324	0	0	0	50,000	0
Contracted Prisoner Boarding	451,807	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	1,562,320	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	3,930	0	0	0	0	0
Other State Revenues	24,154	0	0	0	0	0
Total State of Tennessee	\$ 2,526,039	\$ 0	\$ 173,565	\$ 0	\$ 1,624,218	\$ 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	General Debt Service
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Disaster Relief	0	0	0	0	259,582	0
Homeland Security Grants	23,917	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Other Direct Federal Revenue	28,560	0	0	0	0	0
Total Federal Government	<u>\$ 52,477</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 259,582</u>	<u>\$ 0</u>
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 25,844	\$ 0	\$ 0	\$ 0	\$ 0	\$ 665,676
<u>Citizens Groups</u>						
Donations	95,191	0	0	0	0	0
Total Other Governments and Citizens Groups	<u>\$ 121,035</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 665,676</u>
Total	<u>\$ 7,779,076</u>	<u>\$ 8,050</u>	<u>\$ 173,565</u>	<u>\$ 7,066</u>	<u>\$ 2,282,369</u>	<u>\$ 1,265,403</u>

(Continued)

Exhibit J-5

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	\$ 127,311	\$ 0	\$ 0	\$ 3,147,896
Trustee's Collections - Prior Year	4,705	0	0	111,270
Circuit/Clerk and Master Collections - Prior Years	3,849	0	0	89,395
Interest and Penalty	898	0	0	21,519
Payments in-Lieu-of Taxes - T.V.A.	0	0	0	7,320
Payments in-Lieu-of Taxes - Other	53	0	0	1,249
<u>County Local Option Taxes</u>				
Local Option Sales Tax	0	0	0	449,857
Hotel/Motel Tax	0	0	0	29,610
Litigation Tax - General	0	0	0	52,698
Litigation Tax - Special Purpose	0	0	0	15,230
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	85,722
Business Tax	0	0	0	121,178
Mixed Drink Tax	0	0	0	334
Mineral Severance Tax	0	0	0	127,573
Other County Local Option Taxes	0	0	0	6,895
<u>Statutory Local Taxes</u>				
Bank Excise Tax	0	0	0	188,032
Wholesale Beer Tax	0	0	0	89,568
Beer Privilege Tax	0	0	0	800
Interstate Telecommunications Tax	0	0	0	1,224
Total Local Taxes	\$ 136,816	\$ 0	\$ 0	\$ 4,547,370

(Continued)

Exhibit J-5

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	\$ 21,741
Cable TV Franchise	0	0	0	5,633
<u>Permits</u>				
Beer Permits	0	0	0	750
Other Permits	0	0	0	1,035
Total Licenses and Permits	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 29,159</u>
<u>Fines, Forfeitures, and Penalties</u>				
<u>Circuit Court</u>				
Fines	\$ 0	\$ 0	\$ 0	\$ 8,417
Officers Costs	0	0	0	1,943
Drug Control Fines	0	0	0	2,294
Drug Court Fees	0	0	0	501
Jail Fees	0	0	0	5,952
DUI Treatment Fines	0	0	0	665
Data Entry Fee - Circuit Court	0	0	0	535
<u>General Sessions Court</u>				
Fines	0	0	0	14,118
Officers Costs	0	0	0	42,313
Drug Control Fines	0	0	0	5,756
Drug Court Fees	0	0	0	3,880
Jail Fees	0	0	0	35,357
DUI Treatment Fines	0	0	0	5,156
Data Entry Fee - General Sessions Court	0	0	0	7,202
Courtroom Security Fee	0	0	0	674
Victims Assistance Assessments	0	0	0	17,342

(Continued)

Exhibit J-5

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>Juvenile Court</u>				
Fines	\$ 0	\$ 0	\$ 0	\$ 2,403
<u>Chancery Court</u>				
Officers Costs	0	0	0	612
Data Entry Fee - Chancery Court	0	0	0	4,318
Courtroom Security Fee	0	0	0	3,963
<u>Other Fines, Forfeitures, and Penalties</u>				
Proceeds from Confiscated Property	0	0	0	3,550
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 166,951
<u>Charges for Current Services</u>				
<u>General Service Charges</u>				
Surcharge - Host Agency	\$ 0	\$ 0	\$ 0	\$ 325,013
Surcharge - Waste Tire Disposal	0	0	0	7,590
<u>Fees</u>				
Copy Fees	0	0	0	4,767
Library Fees	0	0	0	3,825
Archives and Records Management Fee - County Clerk	0	0	0	7,253
Greenbelt Late Application Fee	0	0	0	100
Telephone Commissions	0	0	0	17,857
Constitutional Officers' Fees and Commissions	0	0	0	7,066
Data Processing Fee - Register	0	0	0	5,680
Data Processing Fee - Sheriff	0	0	0	880
Sexual Offender Registration Fee - Sheriff	0	0	0	4,350
Data Processing Fee - County Clerk	0	0	0	231
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	\$ 384,612

(Continued)

Exhibit J-5

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

	<u>Capital Projects Funds</u>			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	\$ 57,744
Lease/Rentals	0	15,711	0	91,569
Sale of Materials and Supplies	0	0	0	11,336
Commissary Sales	0	0	0	11,122
Sale of Gasoline	0	0	0	61,138
Sale of Recycled Materials	0	0	0	1,239
Miscellaneous Refunds	0	0	0	55,732
<u>Nonrecurring Items</u>				
Sale of Equipment	0	0	0	19,320
Sale of Property	0	0	0	22,505
Damages Recovered from Individuals	0	0	0	540
Contributions and Gifts	0	0	0	13,567
<u>Other Local Revenues</u>				
Other Local Revenues	0	0	0	9,990
Total Other Local Revenues	<u>\$ 0</u>	<u>\$ 15,711</u>	<u>\$ 0</u>	<u>\$ 355,802</u>
<u>Fees Received from County Officials</u>				
<u>Fees in-Lieu-of Salary</u>				
County Clerk	\$ 0	\$ 0	\$ 0	\$ 166,878
Circuit Court Clerk	0	0	0	26,349
General Sessions Court Clerk	0	0	0	124,273
Clerk and Master	0	0	0	90,909
Register	0	0	0	62,338
Sheriff	0	0	0	13,158
Trustee	0	0	0	277,665
Total Fees Received from County Officials	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 761,570</u>

(Continued)

Exhibit J-5

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>State of Tennessee</u>				
<u>General Government Grants</u>				
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 90,924
Airport Maintenance Program	0	0	38,554	39,568
Aging Programs	0	0	0	48,053
Solid Waste Grants	0	0	0	1,903
<u>Public Safety Grants</u>				
Law Enforcement Training Programs	0	0	0	11,400
<u>Health and Welfare Grants</u>				
Health Department Programs	0	0	0	39,488
<u>Public Works Grants</u>				
Litter Program	0	0	0	30,287
<u>Other State Revenues</u>				
Income Tax	0	0	0	20,193
Resort District Sales Tax	0	0	0	347,130
Alcoholic Beverage Tax	0	0	0	22,833
State Revenue Sharing - T.V.A.	0	0	0	1,641,324
Contracted Prisoner Boarding	0	0	0	451,807
Gasoline and Motor Fuel Tax	0	0	0	1,562,320
Petroleum Special Tax	0	0	0	11,898
Registrar's Salary Supplement	0	0	0	15,164
Other State Grants	0	0	0	3,930
Other State Revenues	0	0	0	24,154
Total State of Tennessee	\$ 0	\$ 0	\$ 38,554	\$ 4,362,376

(Continued)

Exhibit J-5

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

	<u>Capital Projects Funds</u>			Total
	General Capital Projects	Community Development/ Industrial Park	Other Capital Projects	
<u>Federal Government</u>				
<u>Federal Through State</u>				
Community Development	\$ 1,457,502	\$ 0	\$ 0	\$ 1,457,502
Disaster Relief	0	0	0	259,582
Homeland Security Grants	0	0	0	23,917
<u>Direct Federal Revenue</u>				
Other Direct Federal Revenue	0	0	0	28,560
Total Federal Government	<u>\$ 1,457,502</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,769,561</u>
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 0	\$ 0	\$ 0	\$ 691,520
<u>Citizens Groups</u>				
Donations	0	0	0	95,191
Total Other Governments and Citizens Groups	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 786,711</u>
Total	<u>\$ 1,594,318</u>	<u>\$ 15,711</u>	<u>\$ 38,554</u>	<u>\$ 13,164,112</u>

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, 2015

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 3,772,866	\$ 0	\$ 0	\$ 3,772,866
Trustee's Collections - Prior Year	140,372	0	0	140,372
Circuit/Clerk and Master Collections - Prior Years	114,718	0	0	114,718
Interest and Penalty	26,788	0	0	26,788
Payments in-Lieu-of Taxes - Local Utilities	210,000	0	0	210,000
Payments in-Lieu-of Taxes - Other	1,575	0	0	1,575
<u>County Local Option Taxes</u>				
Local Option Sales Tax	2,072,729	0	0	2,072,729
Mixed Drink Tax	334	0	0	334
<u>Statutory Local Taxes</u>				
Interstate Telecommunications Tax	1,635	0	0	1,635
Total Local Taxes	<u>\$ 6,341,017</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,341,017</u>
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 1,644	\$ 0	\$ 0	\$ 1,644
<u>Permits</u>				
Other Permits	248	0	0	248
Total Licenses and Permits	<u>\$ 1,892</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,892</u>
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Lunch Payments - Children	\$ 0	\$ 0	\$ 133,193	\$ 133,193
Lunch Payments - Adults	0	0	36,715	36,715

(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>Charges for Current Services (Cont.)</u>				
<u>Education Charges (Cont.)</u>				
Income from Breakfast	\$ 0	\$ 0	\$ 34	\$ 34
A la carte Sales	0	0	55,856	55,856
Receipts from Individual Schools	53,129	0	0	53,129
<u>Other Charges for Services</u>				
Other Charges for Services	0	0	4,664	4,664
Total Charges for Current Services	\$ 53,129	\$ 0	\$ 230,462	\$ 283,591
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 1,429	\$ 1,429
Sale of Materials and Supplies	505	0	0	505
E-Rate Funding	20,965	0	0	20,965
Miscellaneous Refunds	29,179	0	9	29,188
<u>Nonrecurring Items</u>				
Damages Recovered from Individuals	543	0	0	543
Contributions and Gifts	1,300	0	0	1,300
<u>Other Local Revenues</u>				
Other Local Revenues	200	0	0	200
Total Other Local Revenues	\$ 52,692	\$ 0	\$ 1,438	\$ 54,130
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-behalf Contributions for OPEB	\$ 77,742	\$ 0	\$ 0	\$ 77,742

(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 (Cont.)</u>				
<u>State Education Funds</u>				
Basic Education Program	\$ 11,487,000	\$ 0	\$ 0	\$ 11,487,000
Early Childhood Education	198,106	0	0	198,106
School Food Service	0	0	13,215	13,215
Other State Education Funds	56,538	0	0	56,538
Coordinated School Health	95,000	0	0	95,000
Career Ladder Program	80,430	0	0	80,430
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	28,084	0	0	28,084
Safe Schools	13,490	0	0	13,490
Total State of Tennessee	\$ 12,154,085	\$ 0	\$ 13,215	\$ 12,167,300
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 597,774	\$ 597,774
USDA - Commodities	0	0	79,946	79,946
Breakfast	0	0	308,323	308,323
USDA - Other	0	0	2,950	2,950
Vocational Education - Basic Grants to States	0	43,330	0	43,330
Title I Grants to Local Education Agencies	0	757,770	0	757,770
Special Education - Grants to States	0	578,096	0	578,096
Special Education Preschool Grants	0	19,211	0	19,211
Rural Education	0	31,279	0	31,279

(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>Federal Government (Cont.)</u>				
<u>Federal Through State (Cont.)</u>				
Eisenhower Professional Development State Grants	\$ 0	\$ 126,679	\$ 0	\$ 126,679
Race to the Top - ARRA	0	102,307	0	102,307
Other Federal through State	0	1,391	0	1,391
Total Federal Government	<u>\$ 0</u>	<u>\$ 1,660,063</u>	<u>\$ 988,993</u>	<u>\$ 2,649,056</u>
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 1,392	\$ 0	\$ 0	\$ 1,392
Total Other Governments and Citizens Groups	<u>\$ 1,392</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,392</u>
Total	<u>\$ 18,604,207</u>	<u>\$ 1,660,063</u>	<u>\$ 1,234,108</u>	<u>\$ 21,498,378</u>

Exhibit J-7

Benton County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2015

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	16,638	
Social Security		1,032	
Employer Medicare		241	
Audit Services		4,947	
Fiscal Agent Charges		15,000	
Total County Commission			\$ 37,858

Board of Equalization

Board and Committee Members Fees	\$	1,300	
Social Security		81	
Employer Medicare		19	
Total Board of Equalization			1,400

Beer Board

Board and Committee Members Fees	\$	275	
Social Security		17	
Employer Medicare		4	
Total Beer Board			296

Other Boards and Committees

Advertising	\$	29	
Total Other Boards and Committees			29

County Mayor/Executive

County Official/Administrative Officer	\$	73,738	
Accountants/Bookkeepers		28,198	
Salary Supplements		1,936	
Secretary(ies)		36,240	
Part-time Personnel		11,328	
In-service Training		775	
Social Security		9,153	
Pensions		7,356	
Employee and Dependent Insurance		2,200	
Unemployment Compensation		420	
Employer Medicare		2,141	
Advertising		3,910	
Communication		10,528	
Data Processing Services		11,356	
Operating Lease Payments		2,590	
Maintenance Agreements		493	
Postal Charges		20,660	
Printing, Stationery, and Forms		2,937	
Travel		3,560	
Duplicating Supplies		185	
Office Supplies		1,151	
Judgments		22,250	
Other Charges		67,131	
Furniture and Fixtures		380	
Total County Mayor/Executive			320,616

(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	\$ 16,281	
Total County Attorney		\$ 16,281

Election Commission

County Official/Administrative Officer	\$ 57,459	
Deputy(ies)	21,231	
Part-time Personnel	1,050	
Election Commission	3,000	
Election Workers	11,482	
In-service Training	2,539	
Social Security	4,994	
Pensions	5,186	
Employee and Dependent Insurance	1,467	
Unemployment Compensation	280	
Employer Medicare	1,168	
Advertising	3,975	
Communication	2,549	
Data Processing Services	12,108	
Dues and Memberships	25	
Postal Charges	2,499	
Printing, Stationery, and Forms	8,621	
Travel	1,182	
Data Processing Supplies	480	
Duplicating Supplies	331	
Office Supplies	606	
Other Supplies and Materials	95	
Other Charges	1,748	
Data Processing Equipment	990	
Furniture and Fixtures	679	
Total Election Commission		145,744

Register of Deeds

County Official/Administrative Officer	\$ 63,843
Deputy(ies)	49,628
In-service Training	175
Social Security	6,845
Pensions	7,473
Employee and Dependent Insurance	2,200
Unemployment Compensation	382
Employer Medicare	1,601
Communication	2,733
Data Processing Services	5,585
Operating Lease Payments	2,674
Maintenance Agreements	304
Printing, Stationery, and Forms	42
Travel	650
Other Contracted Services	2,200

(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.)

Data Processing Supplies	\$	199	
Duplicating Supplies		323	
Office Supplies		330	
Other Supplies and Materials		2,138	
Other Charges		1,485	
Total Register of Deeds			\$ 150,810

County Buildings

Custodial Personnel	\$	24,198	
Part-time Personnel		14,801	
Social Security		2,381	
Pensions		1,591	
Unemployment Compensation		458	
Employer Medicare		557	
Maintenance and Repair Services - Buildings		31,947	
Pest Control		1,823	
Custodial Supplies		4,493	
Electricity		63,165	
Natural Gas		11,861	
Water and Sewer		7,881	
Other Charges		8,457	
Total County Buildings			173,613

Other General Administration

Dues and Memberships	\$	6,331	
Maintenance Agreements		4,403	
Liability Insurance		162,943	
Premiums on Corporate Surety Bonds		13,645	
Workers' Compensation Insurance		67,199	
Total Other General Administration			254,521

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	63,843	
Deputy(ies)		22,000	
Clerical Personnel		46,500	
Social Security		7,898	
Pensions		8,713	
Employee and Dependent Insurance		2,933	
Unemployment Compensation		420	
Employer Medicare		1,847	
Audit Services		7,085	
Communication		780	
Data Processing Services		9,109	
Printing, Stationery, and Forms		168	
Travel		529	
Data Processing Supplies		720	
Office Supplies		228	
Total Property Assessor's Office			172,773

(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	\$	3,118	
Maintenance Agreements		3,000	
Postal Charges		4,607	
Travel		353	
Other Charges		91	
Total Reappraisal Program			\$ 11,169

County Trustee's Office

County Official/Administrative Officer	\$	63,843	
Deputy(ies)		65,585	
In-service Training		200	
Social Security		7,950	
Pensions		7,520	
Employee and Dependent Insurance		733	
Unemployment Compensation		420	
Employer Medicare		1,859	
Advertising		816	
Communication		1,380	
Data Processing Services		7,477	
Dues and Memberships		200	
Printing, Stationery, and Forms		4,485	
Travel		411	
Data Processing Supplies		367	
Office Supplies		489	
Other Charges		35	
Data Processing Equipment		12,880	
Office Equipment		145	
Total County Trustee's Office			176,795

County Clerk's Office

County Official/Administrative Officer	\$	63,843	
Deputy(ies)		110,930	
Social Security		9,959	
Pensions		11,509	
Employee and Dependent Insurance		3,450	
Unemployment Compensation		748	
Employer Medicare		2,329	
Communication		2,045	
Data Processing Services		14,072	
Dues and Memberships		100	
Operating Lease Payments		2,686	
Printing, Stationery, and Forms		432	
Travel		328	
Data Processing Supplies		672	
Duplicating Supplies		532	
Office Supplies		961	
Other Charges		100	
Data Processing Equipment		3,505	
Total County Clerk's Office			228,201

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	63,843	
Deputy(ies)		124,391	
Jury and Witness Expense		4,732	
Social Security		11,431	
Pensions		12,396	
Employee and Dependent Insurance		2,933	
Unemployment Compensation		777	
Employer Medicare		2,673	
Communication		2,664	
Data Processing Services		9,038	
Dues and Memberships		65	
Operating Lease Payments		2,781	
Legal Notices, Recording, and Court Costs		81	
Maintenance Agreements		1,780	
Printing, Stationery, and Forms		1,375	
Data Processing Supplies		204	
Office Supplies		1,886	
Other Charges		842	
Total Circuit Court			\$ 243,892

General Sessions Judge

Judge(s)	\$	89,455	
Assistant(s)		21,038	
In-service Training		235	
Social Security		6,703	
Pensions		7,273	
Employee and Dependent Insurance		1,467	
Unemployment Compensation		140	
Employer Medicare		1,568	
Communication		958	
Dues and Memberships		415	
Operating Lease Payments		834	
Maintenance Agreements		245	
Printing, Stationery, and Forms		743	
Travel		1,997	
Office Supplies		230	
Data Processing Equipment		515	
Total General Sessions Judge			133,816

Chancery Court

County Official/Administrative Officer	\$	63,843
Deputy(ies)		52,945
Social Security		7,000
Pensions		7,696
Employee and Dependent Insurance		1,467
Unemployment Compensation		280
Employer Medicare		1,637

(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.)

Communication	\$	1,274	
Data Processing Services		7,961	
Dues and Memberships		65	
Maintenance Agreements		337	
Printing, Stationery, and Forms		598	
Travel		670	
Data Processing Supplies		549	
Office Supplies		231	
Other Charges		39	
Total Chancery Court			\$ 146,592

Juvenile Court

Guidance Personnel	\$	28,382	
Social Security		1,760	
Pensions		1,867	
Employee and Dependent Insurance		733	
Unemployment Compensation		100	
Employer Medicare		412	
Communication		1,560	
Data Processing Services		3,750	
Travel		1,500	
Other Charges		1,683	
Total Juvenile Court			41,747

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	70,228	
Supervisor/Director		95,115	
Deputy(ies)		289,013	
Investigator(s)		112,945	
Lieutenant(s)		7,933	
Sergeant(s)		117,103	
Accountants/Bookkeepers		25,299	
Paraprofessionals		24,917	
Salary Supplements		139,865	
Dispatchers/Radio Operators		237,020	
Secretary(ies)		19,432	
Part-time Personnel		19,847	
School Resource Officer		14,921	
Other Salaries and Wages		56,482	
In-service Training		1,387	
Social Security		74,231	
Pensions		76,740	
Employee and Dependent Insurance		16,867	
Unemployment Compensation		8,051	
Employer Medicare		17,360	
Communication		19,329	

(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	\$	21,540	
Dues and Memberships		1,500	
Operating Lease Payments		4,246	
Maintenance and Repair Services - Equipment		2,051	
Maintenance and Repair Services - Vehicles		18,641	
Postal Charges		792	
Printing, Stationery, and Forms		1,359	
Towing Services		3,605	
Travel		3,973	
Tuition		250	
Data Processing Supplies		2,499	
Duplicating Supplies		933	
Gasoline		59,522	
Law Enforcement Supplies		2,472	
Office Supplies		702	
Tires and Tubes		6,565	
Uniforms		10,210	
Other Supplies and Materials		1,320	
Premiums on Corporate Surety Bonds		2,400	
Other Charges		3,930	
Communication Equipment		3,759	
Data Processing Equipment		5,367	
Furniture and Fixtures		370	
Law Enforcement Equipment		7,872	
Motor Vehicles		1,143	
Other Equipment		2,216	
Total Sheriff's Department			\$ 1,613,322

Drug Enforcement

Other Charges	\$	1,665	
Total Drug Enforcement			1,665

Administration of the Sexual Offender Registry

Other Charges	\$	2,174	
Total Administration of the Sexual Offender Registry			2,174

Jail

Supervisor/Director	\$	50,941	
Lieutenant(s)		32,694	
Sergeant(s)		108,696	
Salary Supplements		82,205	
Guards		507,346	
Cafeteria Personnel		42,666	
Maintenance Personnel		24,107	
Social Security		51,312	
Pensions		52,451	
Employee and Dependent Insurance		14,667	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Unemployment Compensation	\$	7,785	
Employer Medicare		12,000	
Maintenance Agreements		864	
Maintenance and Repair Services - Equipment		1,844	
Pest Control		2,295	
Printing, Stationery, and Forms		485	
Travel		863	
Custodial Supplies		14,721	
Drugs and Medical Supplies		1,506	
Duplicating Supplies		476	
Electricity		72,893	
Food Preparation Supplies		3,265	
Food Supplies		68,690	
Natural Gas		10,678	
Office Supplies		194	
Prisoners Clothing		478	
Uniforms		2,890	
Water and Sewer		18,484	
Other Supplies and Materials		2,390	
Medical Claims		178,443	
Other Charges		2,735	
Law Enforcement Equipment		4,850	
Total Jail			\$ 1,375,914

Juvenile Services

Supervisor/Director	\$	10,998	
Youth Service Officer(s)		35,868	
Salary Supplements		3,500	
Clerical Personnel		27,268	
In-service Training		280	
Social Security		4,697	
Pensions		5,120	
Employee and Dependent Insurance		1,467	
Unemployment Compensation		320	
Employer Medicare		1,098	
Communication		854	
Dues and Memberships		155	
Travel		4,992	
Data Processing Supplies		147	
Other Supplies and Materials		351	
Other Charges		240	
Other Equipment		495	
Total Juvenile Services			97,850

Fire Prevention and Control

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

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Rural Fire Protection

Contributions	\$ 143,000	
Total Rural Fire Protection		\$ 143,000

Rescue Squad

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

Other Emergency Management

Supervisor/Director	\$ 26,000	
Temporary Personnel	3,194	
In-service Training	50	
Social Security	1,810	
Unemployment Compensation	204	
Employer Medicare	423	
Communication	2,324	
Dues and Memberships	70	
Maintenance and Repair Services - Vehicles	480	
Travel	372	
Data Processing Supplies	460	
Gasoline	2,080	
Office Supplies	40	
Other Supplies and Materials	109	
Other Charges	380	
Other Equipment	6,920	
Total Other Emergency Management		44,916

Inspection and Regulation

Other Per Diem and Fees	\$ 500	
Total Inspection and Regulation		500

County Coroner/Medical Examiner

Other Per Diem and Fees	\$ 25,175	
Social Security	1,561	
Employer Medicare	365	
Contracts with Government Agencies	11,040	
Total County Coroner/Medical Examiner		38,141

Public Health and Welfare

Local Health Center

Custodial Personnel	\$ 10,799	
Social Security	670	
Unemployment Compensation	216	
Employer Medicare	157	
Communication	1,496	
Dues and Memberships	200	
Maintenance and Repair Services - Buildings	601	
Pest Control	319	

(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.)

Custodial Supplies	\$	1,596	
Drugs and Medical Supplies		893	
Office Supplies		732	
Utilities		7,632	
Other Supplies and Materials		1,334	
Other Charges		154	
Total Local Health Center			\$ 26,799

Rabies and Animal Control

Part-time Personnel	\$	33,166	
Other Salaries and Wages		15,141	
Social Security		2,995	
Pensions		933	
Unemployment Compensation		897	
Employer Medicare		700	
Communication		1,760	
Maintenance and Repair Services - Vehicles		654	
Veterinary Services		28,273	
Animal Food and Supplies		9,612	
Custodial Supplies		212	
Gasoline		1,882	
Office Supplies		201	
Utilities		8,570	
Other Supplies and Materials		3,165	
Other Charges		1,976	
Total Rabies and Animal Control			110,137

Ambulance/Emergency Medical Services

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

Alcohol and Drug Programs

Contributions	\$	2,250	
Total Alcohol and Drug Programs			2,250

Crippled Children Services

Contributions	\$	900	
Total Crippled Children Services			900

Other Local Health Services

Other Supplies and Materials	\$	3,510	
Other Charges		7,200	
Total Other Local Health Services			10,710

Appropriation to State

Salary Supplements	\$	15,506	
Total Appropriation to State			15,506

(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	\$	10,494	
Social Security		651	
Unemployment Compensation		164	
Employer Medicare		152	
Communication		491	
Other Contracted Services		17,065	
Gasoline		105	
Utilities		891	
Total Sanitation Management			\$ 30,013

Sanitation Education/Information

Laborers	\$	24,699	
Social Security		1,499	
Pensions		1,628	
Employee and Dependent Insurance		733	
Unemployment Compensation		140	
Employer Medicare		351	
Advertising		345	
Maintenance and Repair Services - Vehicles		480	
Gasoline		2,393	
Instructional Supplies and Materials		6,354	
Other Supplies and Materials		2,659	
Other Charges		2,965	
Total Sanitation Education/Information			44,246

Other Public Health and Welfare

Other Salaries and Wages	\$	38,266	
Other Fringe Benefits		4,910	
Travel		4,967	
Total Other Public Health and Welfare			48,143

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Supervisor/Director	\$	23,000	
Deputy(ies)		22,000	
Social Workers		22,000	
Other Salaries and Wages		10,137	
Social Security		4,575	
Pensions		4,407	
Employee and Dependent Insurance		1,467	
Unemployment Compensation		623	
Employer Medicare		1,070	
Communication		3,096	
Contracts with Other Public Agencies		5,580	
Operating Lease Payments		804	
Licenses		810	
Travel		7,376	

(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.)

Custodial Supplies	\$	500	
Food Supplies		1,667	
Office Supplies		1,092	
Other Charges		5,413	
Data Processing Equipment		498	
Other Equipment		2,175	
Total Senior Citizens Assistance			\$ 118,290

Libraries

Librarians	\$	74,498	
Part-time Personnel		64,228	
Social Security		8,480	
Pensions		4,909	
Employee and Dependent Insurance		733	
Unemployment Compensation		1,141	
Employer Medicare		1,983	
Communication		14,653	
Operating Lease Payments		4,038	
Maintenance Agreements		6,993	
Travel		1,623	
Custodial Supplies		1,190	
Library Books/Media		7,938	
Office Supplies		3,092	
Utilities		21,670	
Other Supplies and Materials		3,082	
Other Charges		9,846	
Data Processing Equipment		18,452	
Total Libraries			248,549

Parks and Fair Boards

Other Salaries and Wages	\$	1,746	
Social Security		108	
Unemployment Compensation		35	
Employer Medicare		25	
Maintenance and Repair Services - Equipment		444	
Electricity		5,769	
Other Supplies and Materials		356	
Other Charges		3,343	
Total Parks and Fair Boards			11,826

Agriculture and Natural Resources

Agricultural Extension Service

Salary Supplements	\$	23,293	
Clerical Personnel		7,771	
Part-time Personnel		4,919	
Social Security		305	
Unemployment Compensation		98	

(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.)

Employer Medicare	\$	71	
Communication		1,771	
Travel		256	
Custodial Supplies		146	
Office Supplies		247	
Office Equipment		935	
Total Agricultural Extension Service			\$ 39,812

Other Operations

Tourism

Contributions	\$	12,000	
Total Tourism			12,000

Industrial Development

Other Supplies and Materials	\$	9,979	
Total Industrial Development			9,979

Airport

Supervisor/Director	\$	29,110	
Salary Supplements		798	
In-service Training		225	
Social Security		1,769	
Pensions		1,971	
Employee and Dependent Insurance		733	
Unemployment Compensation		140	
Employer Medicare		414	
Bank Charges		330	
Communication		1,472	
Maintenance Agreements		1,150	
Maintenance and Repair Services - Buildings		14	
Maintenance and Repair Services - Equipment		1,040	
Maintenance and Repair Services - Vehicles		205	
Travel		645	
Other Contracted Services		1,943	
Custodial Supplies		184	
Equipment and Machinery Parts		200	
Gasoline		37,153	
Lubricants		1,079	
Utilities		14,204	
Other Supplies and Materials		1,222	
Other Charges		3,245	
Maintenance Equipment		338	
Site Development		1,595	
Total Airport			101,179

Veterans' Services

Supervisor/Director	\$	9,083	
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(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.)

Social Security	\$	563	
Employer Medicare		132	
Communication		850	
Travel		1,272	
Data Processing Equipment		690	
Total Veterans' Services			\$ 12,590

Other Charges

Electricity	\$	4,249	
Trustee's Commission		92,305	
Total Other Charges			96,554

Contributions to Other Agencies

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

Employee Benefits

Medical Insurance	\$	336,796	
Other Fringe Benefits		12,916	
Total Employee Benefits			349,712

Total General Fund \$ 7,639,828

Drug Control Fund

Public Safety

Drug Enforcement

Confidential Drug Enforcement Payments	\$	1,500	
Dues and Memberships		300	
Towing Services		575	
Gasoline		4,861	
Office Supplies		200	
Uniforms		994	
Other Charges		357	
Law Enforcement Equipment		1,710	
Total Drug Enforcement			\$ 10,497

Other Operations

Other Charges

Trustee's Commission	\$	73	
Total Other Charges			73

Total Drug Control Fund 10,570

Other Special Revenue Fund

Other Operations

Tourism

Contributions	\$	122,576	
Total Tourism			\$ 122,576

(Continued)

Exhibit J-7

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

Other Special Revenue Fund (Cont.)

Other Operations (Cont.)

Other Charges

Trustee's Commission	\$ 1,740	
Total Other Charges		\$ 1,740

Total Other Special Revenue Fund \$ 124,316

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Constitutional Officers' Operating Expenses	\$ 7,066	
Total Chancery Court		\$ 7,066

Total Constitutional Officers - Fees Fund 7,066

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 70,228	
Accountants/Bookkeepers	32,111	
Secretary(ies)	32,111	
Other Salaries and Wages	2,972	
Advertising	1,119	
Communication	4,952	
Data Processing Services	4,706	
Dues and Memberships	2,573	
Maintenance and Repair Services - Office Equipment	627	
Pest Control	168	
Postal Charges	470	
Printing, Stationery, and Forms	42	
Travel	1,420	
Data Processing Supplies	264	
Drugs and Medical Supplies	3	
Electricity	4,040	
Natural Gas	1,007	
Office Supplies	118	
Water and Sewer	812	
Other Supplies and Materials	435	
Office Equipment	229	
Total Administration		\$ 160,407

Highway and Bridge Maintenance

Equipment Operators	\$ 242,190
Truck Drivers	244,135
Laborers	17,616
Other Salaries and Wages	13,783
Medical and Dental Services	1,240
Permits	1,165
Other Contracted Services	18,963

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)Highways (Cont.)Highway and Bridge Maintenance (Cont.)

Asphalt	\$	398,595	
Concrete		5,246	
Crushed Stone		154,496	
Pipe - Metal		27,482	
Road Signs		13,284	
Salt		1,491	
Other Supplies and Materials		1,491	
Other Charges		454	
Other Equipment		6,051	
Total Highway and Bridge Maintenance			\$ 1,147,682

Operation and Maintenance of Equipment

Mechanic(s)	\$	69,139	
Other Salaries and Wages		4,090	
Diesel Fuel		53,884	
Equipment and Machinery Parts		51,939	
Garage Supplies		123	
Gasoline		32,552	
Lubricants		5,144	
Small Tools		769	
Tires and Tubes		9,180	
Other Supplies and Materials		636	
Other Charges		1,536	
Total Operation and Maintenance of Equipment			228,992

Other Charges

Premiums on Corporate Surety Bonds	\$	699	
Trustee's Commission		22,175	
Workers' Compensation Insurance		51,545	
Total Other Charges			74,419

Employee Benefits

Social Security	\$	55,365	
Pensions		44,980	
Employee and Dependent Insurance		167,486	
Unemployment Compensation		5,900	
Total Employee Benefits			273,731

Capital Outlay

Engineering Services	\$	13,500	
Highway Equipment		116,965	
Total Capital Outlay			130,465

Principal on DebtHighways and Streets

Principal on Capital Leases	\$	17,925	
Total Highways and Streets			17,925

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Interest on Debt

Highways and Streets

Interest on Capital Leases

\$ 1,051

Total Highways and Streets

\$ 1,051

Total Highway/Public Works Fund

\$ 2,034,672

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds

\$ 145,000

Total General Government

\$ 145,000

Education

Principal on Bonds

\$ 685,000

Principal on Other Loans

13,600

Total Education

698,600

Interest on Debt

General Government

Interest on Bonds

\$ 166,500

Total General Government

166,500

Education

Interest on Bonds

\$ 66,819

Total Education

66,819

Other Debt Service

General Government

Bank Charges

\$ 250

Trustee's Commission

7,495

Total General Government

7,745

Education

Bank Charges

\$ 565

Total Education

565

Total General Debt Service Fund

1,085,229

General Capital Projects Fund

Other Operations

Other Charges

Trustee's Commission

\$ 2,727

Total Other Charges

\$ 2,727

Capital Projects

General Administration Projects

Consultants

\$ 13,500

Maintenance and Repair Services - Buildings

9,300

(Continued)

Exhibit J-7

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

General Capital Projects Fund (Cont.)

Capital Projects (Cont.)

General Administration Projects (Cont.)

Matching Share	\$	24,400	
Building Construction		43,623	
Building Improvements		10,000	
Maintenance Equipment		7,999	
Motor Vehicles		1,257,659	
Other Equipment		94,190	
Total General Administration Projects			\$ 1,460,671

Public Safety Projects

Motor Vehicles	\$	30,000	
Total Public Safety Projects			<u>30,000</u>

Total General Capital Projects Fund \$ 1,493,398

Community Development/Industrial Park Fund

Other Operations

Other Charges

Trustee's Commission	\$	157	
Total Other Charges			\$ 157

Capital Projects

General Administration Projects

Consultants	\$	3,000	
Maintenance Agreements		21,279	
Total General Administration Projects			<u>24,279</u>

Total Community Development/Industrial Park Fund 24,436

Other Capital Projects Fund

Capital Projects

General Administration Projects

Architects	\$	25,498	
Other Charges		6,337	
Total General Administration Projects			<u>\$ 31,835</u>

Total Other Capital Projects Fund 31,835

Total Governmental Funds - Primary Government \$ 12,451,350

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, 2015

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 5,912,006	
Career Ladder Program	40,620	
Career Ladder Extended Contracts	14,057	
Homebound Teachers	11,156	
Clerical Personnel	23,486	
Educational Assistants	212,081	
Other Salaries and Wages	31,419	
Non-certified Substitute Teachers	70,929	
Social Security	367,831	
Pensions	546,713	
Medical Insurance	1,137,096	
Unemployment Compensation	10,150	
Employer Medicare	87,620	
Other Fringe Benefits	165	
Communication	11,983	
Evaluation and Testing	302	
Travel	77	
Tuition	4,956	
Other Contracted Services	155,040	
Instructional Supplies and Materials	85,688	
Textbooks	183,354	
Fee Waivers	7,890	
Other Charges	849	
Regular Instruction Equipment	81,928	
Other Equipment	30,794	
Total Regular Instruction Program		\$ 9,028,190

Special Education Program

Teachers	\$ 637,367	
Career Ladder Program	4,000	
Homebound Teachers	5,120	
Educational Assistants	43,323	
Speech Pathologist	95,280	
Non-certified Substitute Teachers	3,966	
Social Security	46,237	
Pensions	68,970	
Medical Insurance	159,741	
Unemployment Compensation	2,170	
Employer Medicare	11,060	
Other Fringe Benefits	42	
Communication	2,000	
Maintenance and Repair Services - Equipment	422	
Postal Charges	1,000	
Other Contracted Services	22,949	
Special Education Equipment	1,378	
Total Special Education Program		1,105,025

(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

Teachers	\$	362,088	
Guidance Personnel		48,492	
Non-certified Substitute Teachers		7,938	
Social Security		25,215	
Pensions		36,937	
Medical Insurance		74,952	
Unemployment Compensation		1,054	
Employer Medicare		5,721	
Maintenance and Repair Services - Equipment		15,250	
Instructional Supplies and Materials		8,763	
Vocational Instruction Equipment		6,533	
Total Vocational Education Program			\$ 592,943

Support Services

Attendance

Supervisor/Director	\$	57,350	
Social Security		3,376	
Pensions		5,184	
Medical Insurance		6,729	
Unemployment Compensation		62	
Employer Medicare		824	
Travel		1,500	
Total Attendance			75,025

Health Services

Medical Personnel	\$	129,695	
Paraprofessionals		12,763	
Other Salaries and Wages		37,402	
Non-certified Substitute Teachers		108	
Social Security		10,949	
Pensions		11,360	
Medical Insurance		39,331	
Unemployment Compensation		372	
Employer Medicare		2,561	
Postal Charges		500	
Travel		4,206	
Other Contracted Services		3,204	
Drugs and Medical Supplies		2,827	
Instructional Supplies and Materials		18,300	
In Service/Staff Development		1,556	
Other Charges		84	
Health Equipment		11,211	
Total Health Services			286,429

Other Student Support

Career Ladder Program	\$	1,000	
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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.)

Support Services (Cont.)

Other Student Support (Cont.)

Guidance Personnel	\$	220,092	
Social Security		13,510	
Pensions		19,187	
Medical Insurance		32,923	
Unemployment Compensation		310	
Employer Medicare		3,160	
Evaluation and Testing		15,000	
Travel		924	
Total Other Student Support			\$ 306,106

Regular Instruction Program

Supervisor/Director	\$	141,245	
Career Ladder Program		8,000	
Librarians		237,095	
Instructional Computer Personnel		54,300	
Social Security		24,412	
Pensions		38,401	
Medical Insurance		71,107	
Unemployment Compensation		558	
Employer Medicare		5,929	
Legal Notices, Recording, and Court Costs		350	
Postal Charges		500	
Travel		8,000	
Library Books/Media		29,622	
In Service/Staff Development		1,122	
Total Regular Instruction Program			620,641

Special Education Program

Supervisor/Director	\$	29,120	
Career Ladder Program		1,000	
Psychological Personnel		43,216	
Social Security		4,352	
Pensions		5,698	
Medical Insurance		12,309	
Unemployment Compensation		124	
Employer Medicare		940	
Travel		1,096	
Total Special Education Program			97,855

Vocational Education Program

Supervisor/Director	\$	70,350	
Career Ladder Program		1,000	
Secretary(ies)		22,811	
Social Security		5,795	
Pensions		7,954	
Medical Insurance		12,963	

(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.)

Unemployment Compensation	\$	124	
Employer Medicare		1,355	
Travel		12,026	
Custodial Supplies		2,002	
Total Vocational Education Program			\$ 136,380

Other Programs

On-behalf Payments to OPEB	\$	77,742	
Total Other Programs			77,742

Board of Education

Secretary to Board	\$	300	
Board and Committee Members Fees		5,400	
Social Security		493	
Pensions		20	
Employer Medicare		83	
Audit Services		18,500	
Dues and Memberships		7,922	
Legal Services		5,467	
Legal Notices, Recording, and Court Costs		1,256	
Travel		1,282	
Building and Contents Insurance		142,268	
Trustee's Commission		134,718	
Workers' Compensation Insurance		100,264	
In Service/Staff Development		1,580	
Criminal Investigation of Applicants - TBI		788	
Refund to Applicant for Criminal Investigation		420	
Other Charges		3,934	
Total Board of Education			424,695

Director of Schools

County Official/Administrative Officer	\$	76,301	
Career Ladder Program		1,000	
Other Salaries and Wages		47,280	
Social Security		4,540	
Pensions		6,697	
Medical Insurance		10,632	
Unemployment Compensation		124	
Employer Medicare		1,722	
Communication		3,657	
Dues and Memberships		1,666	
Postal Charges		1,500	
Travel		2,648	
Total Director of Schools			157,767

(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	\$	371,664	
Career Ladder Program		12,000	
Assistant Principals		228,625	
Secretary(ies)		109,404	
Social Security		43,373	
Pensions		62,561	
Medical Insurance		117,599	
Unemployment Compensation		992	
Employer Medicare		10,144	
Communication		17,439	
Postal Charges		2,400	
Total Office of the Principal			\$ 976,201

Fiscal Services

Accountants/Bookkeepers	\$	32,176	
Clerical Personnel		83,588	
Social Security		7,003	
Pensions		7,629	
Medical Insurance		26,914	
Unemployment Compensation		248	
Employer Medicare		1,638	
Data Processing Services		10,459	
Travel		245	
Office Supplies		2,045	
Administration Equipment		329	
Total Fiscal Services			172,274

Operation of Plant

Custodial Personnel	\$	309,070	
Social Security		18,763	
Pensions		17,005	
Medical Insurance		135,843	
Unemployment Compensation		1,798	
Employer Medicare		4,388	
Janitorial Services		13,392	
Pest Control		1,053	
Disposal Fees		19,987	
Permits		350	
Custodial Supplies		82,578	
Electricity		519,217	
Natural Gas		107,241	
Water and Sewer		53,132	
Other Supplies and Materials		6,009	
Plant Operation Equipment		5,072	
Total Operation of Plant			1,294,898

(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	\$	39,980	
Maintenance Personnel		249,197	
Social Security		17,641	
Pensions		17,956	
Medical Insurance		77,608	
Unemployment Compensation		744	
Employer Medicare		4,126	
Communication		545	
Janitorial Services		2,301	
Maintenance and Repair Services - Equipment		28,650	
Maintenance and Repair Services - Vehicles		3,084	
Other Contracted Services		2,950	
Diesel Fuel		3,574	
Equipment and Machinery Parts		15,140	
Gasoline		6,539	
Other Supplies and Materials		50,029	
Maintenance Equipment		20,446	
Total Maintenance of Plant			\$ 540,510

Transportation

Other Fringe Benefits	\$	1,353	
Communication		545	
Contracts with Vehicle Owners		796,195	
Maintenance and Repair Services - Vehicles		22,834	
Travel		474	
Other Contracted Services		22,881	
Diesel Fuel		19,470	
Other Charges		26,272	
Transportation Equipment		97,229	
Total Transportation			987,253

Central and Other

Computer Programmer(s)	\$	68,212	
Social Security		4,213	
Pensions		4,495	
Medical Insurance		13,457	
Unemployment Compensation		124	
Employer Medicare		985	
Travel		2,938	
Total Central and Other			94,424

Operation of Non-Instructional Services

Food Service

Medical Insurance	\$	57,862	
Total Food Service			57,862

(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	\$ 4,500	
Total Community Services		\$ 4,500

Early Childhood Education

Teachers	\$ 87,955	
Educational Assistants	46,230	
Non-certified Substitute Teachers	567	
Social Security	7,987	
Pensions	10,939	
Medical Insurance	41,945	
Unemployment Compensation	496	
Employer Medicare	1,868	
Dues and Memberships	1,000	
Maintenance and Repair Services - Equipment	285	
Postal Charges	1,000	
Travel	321	
Tuition	776	
Instructional Supplies and Materials	13,510	
In Service/Staff Development	23	
Other Charges	4,500	
Regular Instruction Equipment	5,892	
Total Early Childhood Education		225,294

Capital Outlay

Regular Capital Outlay

Other Contracted Services	\$ 18,250	
Building Improvements	203,225	
Heating and Air Conditioning Equipment	4,450	
Site Development	47,227	
Total Regular Capital Outlay		273,152

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$ 373,091	
Total Education		373,091

Total General Purpose School Fund \$ 17,908,257

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 339,851
Educational Assistants	96,539
Non-certified Substitute Teachers	2,808
Social Security	25,523
Pensions	36,899

(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.)

Medical Insurance	\$	118,892	
Unemployment Compensation		1,009	
Employer Medicare		5,980	
Instructional Supplies and Materials		1,911	
Total Regular Instruction Program			\$ 629,412

Special Education Program

Teachers	\$	41,800	
Educational Assistants		192,087	
Other Salaries and Wages		30,752	
Non-certified Substitute Teachers		1,188	
Social Security		15,482	
Pensions		18,458	
Medical Insurance		133,363	
Unemployment Compensation		1,345	
Employer Medicare		3,746	
Contracts with Other School Systems		5,000	
Maintenance and Repair Services - Equipment		496	
Instructional Supplies and Materials		13,285	
Total Special Education Program			457,002

Vocational Education Program

Other Contracted Services	\$	1,200	
Vocational Instruction Equipment		31,284	
Total Vocational Education Program			32,484

Support Services

Other Student Support

Secretary(ies)	\$	18,565	
Other Salaries and Wages		52,450	
Social Security		3,974	
Pensions		5,965	
Medical Insurance		18,369	
Unemployment Compensation		134	
Employer Medicare		929	
Operating Lease Payments		2,468	
Postal Charges		382	
Travel		11,630	
Other Contracted Services		546	
Other Supplies and Materials		2,870	
Other Charges		2,736	
Total Other Student Support			121,018

Regular Instruction Program

Supervisor/Director	\$	31,927	
Other Salaries and Wages		125,357	

(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 (Cont.)

Non-certified Substitute Teachers	\$	918	
Social Security		6,809	
Pensions		9,940	
Medical Insurance		13,457	
Unemployment Compensation		202	
Employer Medicare		2,282	
Postal Charges		676	
Travel		12,662	
Other Supplies and Materials		45,621	
In Service/Staff Development		8,565	
Other Charges		575	
Other Equipment		2,250	
Total Regular Instruction Program			\$ 261,241

Special Education Program

Supervisor/Director	\$	29,120	
Secretary(ies)		16,650	
Social Security		2,824	
Pensions		3,730	
Medical Insurance		12,309	
Unemployment Compensation		101	
Employer Medicare		660	
Operating Lease Payments		649	
Postal Charges		128	
Travel		3,801	
Other Charges		653	
Total Special Education Program			70,625

Transportation

Bus Drivers	\$	29,544	
Other Salaries and Wages		6,370	
Social Security		2,194	
Pensions		2,130	
Medical Insurance		16,821	
Unemployment Compensation		202	
Employer Medicare		521	
Total Transportation			57,782

Total School Federal Projects Fund \$ 1,629,564

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Cafeteria Personnel	\$	452,303	
Social Security		27,139	
Pensions		25,331	

(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 (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Medical Insurance	\$	163,724	
Unemployment Compensation		2,494	
Employer Medicare		6,364	
Communication		3,649	
Maintenance and Repair Services - Equipment		12,531	
Postal Charges		49	
Travel		2,407	
Other Contracted Services		6,195	
Food Preparation Supplies		32,832	
Food Supplies		519,103	
Office Supplies		2,700	
USDA - Commodities		79,946	
In Service/Staff Development		315	
Other Charges		1,954	
Food Service Equipment		3,291	
Total Food Service			<u>\$ 1,342,327</u>

Total Central Cafeteria Fund \$ 1,342,327

Total Governmental Funds - Benton County School Department \$ 20,880,148

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, 2015

	<u>Cities - Sales Tax Fund</u>
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 1,627,549
Total Cash Receipts	<u>\$ 1,627,549</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,318,315
Trustee's Commission	16,275
Contributions	292,959
Total Cash Disbursements	<u>\$ 1,627,549</u>
Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2014	<u>0</u>
Cash Balance, June 30, 2015	<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, 2015, and the related notes to the financial statements, which collectively comprise Benton County's basic financial statements, and have issued our report thereon dated January 11, 2016. 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: 2015-001 and 2015-008.

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 following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 2015-003, 2015-005, and 2015-006.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items 2015-002, 2015-004, and 2015-007.

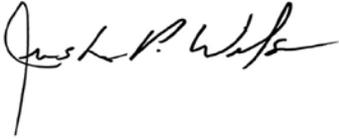
Benton County's Responses to Findings

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 long vertical stroke at the end.

Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

January 11, 2016

JPW/yu



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

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

Independent Auditor's Report

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 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, 2015. 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, 2015.

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.

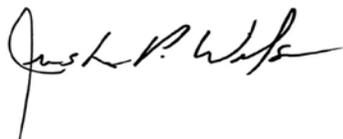
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any 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, 2015, and the related notes to the financial statements, which collectively comprise Benton County's basic financial statements. We issued our report thereon dated January 11, 2016, 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

January 11, 2016

JPW/yu

Benton County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year-Ended June 30, 2015

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	\$ 308,323
National School Lunch Program	10.555	N/A	600,724 (6)
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	79,946 (6)
Direct Program:			
Part 1774 – Special Evaluation Assistance for Rural Communities and Households Program (SEARCH)	10.759	N/A	28,560
Total U.S. Department of Agriculture			<u>\$ 1,017,553</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	(2)	\$ 1,457,502
Total U.S. Department of Housing and Urban Development			<u>\$ 1,457,502</u>
U.S. Department of Labor:			
Passed-through Dyersburg State Community College:			
WIA/WIOA Youth Activities	17.259	(3)	\$ 20,583
Total U.S. Department of Labor			<u>\$ 20,583</u>
U.S. Institute of Museum and Library Services:			
Passed-through Tennessee Secretary of State:			
Grants to States	45.310	30504-00315	\$ 3,930
Total U.S. Institute of Museum and Library Services			<u>\$ 3,930</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 757,770
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	578,096
Special Education - Preschool Grants	84.173	N/A	19,211
Career and Technical Education - Basic Grants to States	84.048	N/A	43,330
Rural Education	84.358	N/A	31,279
English Language Acquisition State Grants	84.365	N/A	1,391
Improving Teacher Quality State Grants	84.367	N/A	126,679
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	102,307
Total U.S. Department of Education			<u>\$ 1,660,063</u>
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	(4)	\$ 48,053
Total U.S. Department of Health and Human Services			<u>\$ 48,053</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 Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-1909-DR-TN	\$ 259,582
Emergency Management Performance Grants	97.042	34101-0007614	17,000
Homeland Security Grant Program	97.067	34101-31211	6,917
Total U.S. Department of Homeland Security			\$ 283,499
Total Expenditures of Federal Awards			\$ 4,491,183

State Grants

		<u>Contract Number</u>	
Juvenile Custody Prevention - State Department of Children's Services	N/A	(4)	\$ 90,924
Airport Maintenance Program - State Department of Transportation	N/A	(5)	39,568
Waste Tire Option Grant - State Department of Environment and Conservation	N/A	32701-01654	1,903
Litter Program - State Department of Transportation	N/A	Z-15-LIT-003	30,287
Local Health Services - State Department of Health	N/A	GG-15-42392-00	39,488
Early Childhood Education - State Department of Education	N/A	(4)	198,106
Coordinated School Health - State Department of Education	N/A	(4)	95,000
Student Ticket Subsidy Grant - Tennessee Arts Commission	N/A	(4)	4,040
Safe Schools - State Department of Education	N/A	(4)	13,490
ACT/EXPLORE/PLAN - State Department of Education	N/A	(4)	3,461
Total State Grants			\$ 516,267

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) CDBG-12-744: \$177,093; CDBG-D-12-689: \$1,280,409.

(3) 14-12-300-070-YTHPT: \$13,860; 14-12-300-084-YTHPT: \$6,723.

(4) Information not available.

(5) AERO-140-50-16: \$1,014; AERO-14-225-00: \$38,554.

(6) Total for CFDA No. 10.555 is \$680,670.

Benton County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2015

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, 2014, which have not been corrected.

OFFICE OF COUNTY MAYOR

Finding Number	Page Number	Subject
2014-001	178	Funds required material audit adjustments for proper financial statement presentation
2014-002	179	Expenditures exceeded appropriations
2014-003	180	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

Finding Number	Page Number	Subject
2014-004	180	Duties were not segregated adequately

OFFICE OF COUNTY CLERK

Finding Number	Page Number	Subject
2014-005	181	Multiple employees operated from the same cash drawer

BENTON COUNTY

Finding Number	Page Number	Subject
2014-006	181	Benton County has a material recurring audit finding

BENTON COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2015

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 reported 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 Community Development Block Grants/State's Program (CFDA No. 14.228), Title I Grants to Local Educational Agencies (CFDA No. 84.010), and Disaster Grants-Public Assistance (Presidentially Declared Disasters) (CFDA No. 97.036) 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 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 2015-001

THE GENERAL FUND REQUIRED MATERIAL AUDIT ADJUSTMENTS FOR PROPER FINANCIAL STATEMENT PRESENTATION

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

At June 30, 2015, certain general ledger account balances in the General Fund were not materially correct, and audit adjustments totaling \$455,018 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 its general ledgers are materially correct.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

This deficiency was an oversight by the County Mayor's Office. We closed the accounting records for the year-end and failed to record some receivables and payables. We are slowly learning and hope to decrease our audit findings each year. Some of the audit adjustments were due to our poor tracking of the reserves for each department. We hope to have these issues corrected for future audits and have implemented a new procedure to account for the reserve balances.

FINDING 2015-002

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

Expenditures exceeded appropriations approved by the County Commission in two of 50 major appropriation categories (the legal level of control) in the General Fund, one of two major appropriation categories in the Other Special Revenue Fund, and one of three major appropriation categories in the General Capital Projects Fund as reflected in the following table:

<u>Fund/Major Appropriation Category</u>	<u>Amount</u> <u>Overspent</u>
General:	
Public Safety – Drug Enforcement	\$ 1,665
Other Operations – Other Charges	3,859
Other Special Revenue:	
Other Operations – Other Charges	57
General Capital Projects:	
Other Operations – Other Charges	2,727

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

Expenditures exceeded appropriations approved by the County Commission due to an oversight by the County Mayor’s Office. We failed to verify the trustee’s commission expenditure accounts for each fund prior to closing the books at year-end. In the future, we will verify these accounts and make any necessary appropriations before the books are closed.

FINDING 2015-003

**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

This is a recurring finding, which has us concerned. We are not sure why this deficiency happened and continues to happen. We believe that the general ledger payroll deduction accounts may have never been analyzed to the extent necessary by our county bookkeeper. Therefore, we are going to contact the County Technical Assistance Service first and possibly our software provider to seek the assistance we need to resolve this issue.

FINDING 2015-004

**A CASH SHORTAGE OF AT LEAST \$3,600.50 EXISTED
AT THE ANIMAL SHELTER ON JULY 2, 2014**

(Noncompliance Under *Government Auditing Standards*)

On May 26, 2015, the Comptroller's Office of Financial Compliance and Investigations issued a special report on the Benton County Animal Shelter for the period July 2, 2013, through July 2, 2014. This report disclosed that a former employee failed to make deposits of collections of at least \$3,600.50. This report is available at www.comptroller.tn.gov. The former employee pled guilty to theft on November 19, 2015, and was ordered to pay restitution of \$3,600.50.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

This finding was due to a county employee embezzling funds from the local Benton County Animal Shelter. This has been an ongoing investigation by the proper authorities, and the employee was prosecuted. The employee stole a total of \$3,600.50 from the county. Her employment was immediately terminated, and she was charged for her criminal acts. The former employee pled guilty and was ordered to pay restitution to the county.

OFFICE OF COUNTY CLERK

FINDING 2015-005

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

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

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

FINDING 2015-006

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. Sound business practices provide that management is responsible for designing internal controls 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.

BENTON COUNTY

FINDING 2015-007

THE COUNTY VIOLATED THE CONFLICT OF INTEREST STATUTE AND MADE PURCHASES FROM A BUSINESS OWNED BY A COUNTY COMMISSIONER
(Noncompliance Under *Government Auditing Standards*)

During the year, payments totaling \$7,116 were made from the General (\$660), Highway/Public Works (\$819), General Purpose School (\$2,285), and School Federal Projects (\$3,352) funds to purchase various supplies from the Motor Parts and Bearing Company, a local NAPA Auto Parts store. This business is owned by Jerry Brandon, a member of the County Commission. These payments to a business owned by a member of the County Commission violate the state conflict of interest statute, Section 12-4-101(a)(1), *Tennessee Code Annotated*. This statute states that “it is unlawful for any officer, committee member, director, or other person whose duty it is to vote for, let out, overlook, or in any manner to superintend any work or any contract in which any municipal corporation, county ... shall or may be interested, to be directly interested in any such contract.” Officials advised that they thought the county was allowed to purchase from this business because NAPA had the state contract for auto supplies.

RECOMMENDATION

County officials should review these payments and resolve the conflict of interest.

MANAGEMENT’S RESPONSE – COUNTY MAYOR

This finding was due to misleading information. The county received a letter stating that we would in fact be allowed to legally purchase from a local vendor who was recently elected as a county commissioner since he was a NAPA franchise owner and the parts purchased were NAPA parts. After receiving this misleading information, the Highway, Schools, and Sheriff’s departments continued doing business with the local vendor. We were not aware this would be considered a violation of the conflict of interest statute until our local auditor informed us of the conflict. The local business has recently sold and is no longer owned or managed by the county commissioner.

FINDING 2015-008

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>
2015-001, 2014-001, 2013-001	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

It is our understanding that this finding is due to Finding 2015-001 and the fact that the auditors had to assist in making material audit adjustments to our books. We accept this finding and understand that if we can resolve the oversight issues that contributed to Finding 2015-001 then this finding will be resolved as well.

**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, 2015**

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