

ANNUAL FINANCIAL REPORT
BENTON COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2019



DIVISION OF LOCAL GOVERNMENT AUDIT



**ANNUAL FINANCIAL REPORT
BENTON COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2019**

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

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

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Senior Auditor***

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State Auditors***

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

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Summary of Audit Findings

Annual Financial Report
Benton County, Tennessee
For the Year Ended June 30, 2019

Scope

We have audited the basic financial statements of Benton County as of and for the year ended June 30, 2019.

Results

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

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

Finding

The following is a summary of the audit finding:

OFFICE OF SHERIFF

- ◆ Some funds were not deposited within three days of collection.

INTRODUCTORY SECTION

Benton County Officials

June 30, 2019

Officials

Brett Lashlee, County Mayor
Barry Carter, Road Supervisor
Mark Florence, Director of Schools
Sherry Beasley, Trustee
Ryan Hall, 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

Ward Plant, Chairman	Ronnie Hopper
Keleah Dye	Bill Kee
Dayna Ferguson	Kenneth Miller
Norman Frazier	Phil Melton
Gary Furr	Don Patton
Sonny Hall	Mary Powers
Angela Hern	Rocky Presson
Darrel Hicks	Doug Vickers
Rachelle Hill	Rosanne Ward

Board of Education

Joey Cooper, Chairman	Shanna Kennon
Judy Arnold	Robert Livingston
Betty Jo Douglas	Keith Peach
Mark Hargis	Robert Thompson
Brent Hedge	Justin Thornton
Tim Hyatt	Mark Winters

Audit Committee

Paul Summers, Chairman
Bonnie Evans
Jennifer Hedge
Don Myers
Stanley Rowland

FINANCIAL SECTION



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

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, 2019, 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, 2019, 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.

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 asset and related ratios, schedules of county and school contributions, schedules of school's proportionate share of the net pension assets, and schedules of county and school changes in the total OPEB liability and related ratios, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of

preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Benton County's 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), miscellaneous schedules and the other information such as the introductory section and management's corrective action plan are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is also presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

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

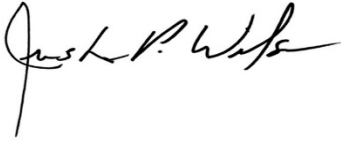
The introductory section and management's corrective action plan have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2020, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance

and the results of that testing, and not to provide an opinion on the effectiveness of Benton County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Benton County's internal control over financial reporting and compliance.

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

January 24, 2020

JPW/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

Benton County, Tennessee
Statement of Net Position
June 30, 2019

	Primary Government			Component Unit
	Governmental Activities	Business- type Activities	Total	Benton County School Department
<u>ASSETS</u>				
Cash	\$ 17,942	\$ 5,053,026	\$ 5,070,968	\$ 301
Equity in Pooled Cash and Investments	10,185,953	0	10,185,953	5,289,719
Inventories	0	451,366	451,366	0
Accounts Receivable	66,161	2,644,502	2,710,663	0
Allowance for Uncollectibles	0	(8,278)	(8,278)	0
Due from Other Governments	996,049	0	996,049	984,538
Due from Component Units	104,969	0	104,969	0
Property Taxes Receivable	4,103,910	0	4,103,910	4,125,707
Allowance for Uncollectible Property Taxes	(130,847)	0	(130,847)	(134,809)
Prepaid Items	51,766	1,624,215	1,675,981	0
Cash Shortage	3,600	0	3,600	0
Other Restricted Assets	0	863,412	863,412	0
Deferred Charges - Debt Issuance Costs	0	132,790	132,790	0
Notes Receivable	0	254,801	254,801	0
Net Pension Asset - Agent Plan	639,971	240,831	880,802	281,512
Net Pension Asset - Teacher Retirement Plan	0	0	0	51,527
Net Pension Asset - Teacher Legacy Pension Plan	0	0	0	884,382
Restricted Assets:				
Amounts Accumulated for Pension Benefits	0	0	0	28,617
Capital Assets Not Depreciated:				
Land	1,433,910	164,654	1,598,564	507,205
Construction in Progress	121,751	51,130	172,881	0
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	8,512,475	0	8,512,475	8,622,872
Infrastructure	5,403,756	0	5,403,756	0
Other Capital Assets	1,125,026	25,663,922	26,788,948	1,432,988
Total Assets	\$ 32,636,392	\$ 37,136,371	\$ 69,772,763	\$ 22,074,559
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred Charge on Refunding	\$ 76,534	\$ 0	\$ 76,534	\$ 0
Pension Changes in Experience	14,755	216,940	231,695	188,173
Pension Changes in Assumptions	186,350	98,776	285,126	606,723
Pension Changes in Proportion	0	0	0	89,912
Pension Contributions After Measurement Date	312,298	376,611	688,909	1,082,394
OPEB Changes in Experience	1,156	236,387	237,543	0
OPEB Changes in Assumptions	4,927	0	4,927	61,303
OPEB Changes in Proportions	0	0	0	4,612
OPEB Contributions After Measurement Date	854	0	854	67,693
Total Deferred Outflows of Resources	\$ 596,874	\$ 928,714	\$ 1,525,588	\$ 2,100,810
<u>LIABILITIES</u>				
Accounts Payable	\$ 71,679	\$ 2,980,718	\$ 3,052,397	\$ 12,412
Accrued Payroll	0	17,964	17,964	0
Payroll Deductions Payable	110,020	0	110,020	0
Contracts Payable	750	0	750	0
Due to Primary Government	0	0	0	104,969
Due to State of Tennessee	879	0	879	0
Accrued Interest Payable	85,762	14,425	100,187	0
Other Current Liabilities	5,161	7,023	12,184	0
Customer Deposits Payable	0	1,196,010	1,196,010	0
Noncurrent Liabilities:				
Due Within One Year - Debt	1,078,898	465,000	1,543,898	0
Due Within One Year - Other	7,197	346,528	353,725	0
Due in More Than One Year - Debt	6,113,816	5,760,000	11,873,816	0
Due in More Than One Year - Other	197,963	4,240,971	4,438,934	1,719,589
Total Liabilities	\$ 7,672,125	\$ 15,028,639	\$ 22,700,764	\$ 1,836,970

(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	\$ 3,847,029	\$ 0	\$ 3,847,029	\$ 3,857,475
Pension Changes in Experience	345,311	129,946	475,257	1,347,049
Pension Changes in Investment Earnings	59,956	65,573	125,529	221,763
Pension Changes in Proportion	0	0	0	35,932
OPEB Changes in Experience	0	0	0	187,716
OPEB Changes in Assumptions	1,236	67,805	69,041	69,291
Total Deferred Inflows of Resources	<u>\$ 4,253,532</u>	<u>\$ 263,324</u>	<u>\$ 4,516,856</u>	<u>\$ 5,719,226</u>
<u>NET POSITION</u>				
Net Investment in Capital Assets	\$ 11,623,932	\$ 19,639,877	\$ 31,263,809	\$ 10,563,065
Restricted for:				
General Government	495,018	0	495,018	0
Administration of Justice	127,874	0	127,874	0
Public Safety	691,832	0	691,832	0
Public Health and Welfare	126,629	0	126,629	0
Highway/Public Works	1,154,172	0	1,154,172	0
Debt Service	108,537	1,089,818	1,198,355	0
Capital Projects	808,199	0	808,199	0
Instruction	0	0	0	1,621
Operation of Non-instructional Services	0	0	0	298,422
Hybrid Retirement Stabilization Funds	0	0	0	28,617
Pensions	639,971	0	639,971	1,217,421
Unrestricted	<u>5,531,445</u>	<u>2,043,427</u>	<u>7,574,872</u>	<u>4,510,027</u>
Total Net Position	<u>\$ 21,307,609</u>	<u>\$ 22,773,122</u>	<u>\$ 44,080,731</u>	<u>\$ 16,619,173</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, 2019

Functions/Programs	Net (Expense) Revenue and Changes in Net Position							Component Unit Benton County School Department
	Expenses	Program Revenues			Primary Government			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total	
Primary Government:								
Governmental Activities:								
General Government	\$ 2,094,013	\$ 145,024	\$ 281,621	\$ 159,287	\$ (1,508,081)	\$ 0	\$ (1,508,081)	\$ 0
Finance	706,948	470,464	0	0	(236,484)	0	(236,484)	0
Administration of Justice	682,642	414,434	103,449	0	(164,759)	0	(164,759)	0
Public Safety	4,857,798	504,108	44,538	12,000	(4,297,152)	0	(4,297,152)	0
Public Health and Welfare	1,104,076	728,042	219,239	0	(156,795)	0	(156,795)	0
Social, Cultural, and Recreational Services	534,195	15,815	50,336	0	(468,044)	0	(468,044)	0
Agriculture and Natural Resources	60,237	0	0	0	(60,237)	0	(60,237)	0
Highways/Public Works	3,156,897	6,660	2,177,698	0	(972,539)	0	(972,539)	0
Instruction	50,000	0	0	0	(50,000)	0	(50,000)	0
Interest on Long-term Debt	147,982	38,158	0	0	(109,824)	0	(109,824)	0
Total Governmental Activities	\$ 13,394,788	\$ 2,322,705	\$ 2,876,881	\$ 171,287	\$ (8,023,915)	\$ 0	\$ (8,023,915)	\$ 0
Business-type Activities:								
Benton County Electric System	\$ 23,155,163	\$ 26,063,268	\$ 0	\$ 0	\$ 0	\$ 2,908,105	\$ 2,908,105	\$ 0
Total Primary Government	\$ 36,549,951	\$ 28,385,973	\$ 2,876,881	\$ 171,287	\$ (8,023,915)	\$ 2,908,105	\$ (5,115,810)	\$ 0
Component Unit:								
Benton County School Department	\$ 21,994,291	\$ 290,875	\$ 3,421,724	\$ 0	\$ 0	\$ 0	\$ 0	\$ (18,281,692)
Total Component Unit	\$ 21,994,291	\$ 290,875	\$ 3,421,724	\$ 0	\$ 0	\$ 0	\$ 0	\$ (18,281,692)

(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 Benton County School Department
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business- type Activities	Total	
General Revenues:								
Taxes:								
Property Taxes Levied for General Purposes					\$ 3,739,338	\$ 0	\$ 3,739,338	\$ 4,045,112
Property Taxes Levied for Debt Service					81,391	0	81,391	0
Local Option Sales Taxes					514,187	0	514,187	2,317,370
Litigation Tax					179,338	0	179,338	0
Business Tax					129,524	0	129,524	0
Mineral Severance Tax					144,919	0	144,919	0
Wholesale Beer Tax					48,858	0	48,858	0
Other Local Taxes					61,085	0	61,085	0
Grants and Contributions Not Restricted to Specific Programs					2,853,725	0	2,853,725	12,834,347
Unrestricted Investment Income					242,065	39,709	281,774	0
Miscellaneous					227,501	0	227,501	38,058
Total General Revenues					\$ 8,221,931	\$ 39,709	\$ 8,261,640	\$ 19,234,887
Transfers					\$ 519,426	\$ (519,426)	\$ 0	\$ 0
Change in Net Position					\$ 717,442	\$ 2,428,388	\$ 3,145,830	\$ 953,195
Net Position, July 1, 2018					20,590,167	20,344,734	40,934,901	15,665,978
Net Position, June 30, 2019					\$ 21,307,609	\$ 22,773,122	\$ 44,080,731	\$ 16,619,173

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, 2019

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>Highway / Public Works</u>	<u>Other Govern- mental Funds</u>	
<u>ASSETS</u>				
Cash	\$ 100	\$ 0	\$ 17,842	\$ 17,942
Equity in Pooled Cash and Investments	5,332,409	1,594,802	3,258,742	10,185,953
Accounts Receivable	46,491	0	19,670	66,161
Due from Other Governments	310,778	433,079	252,192	996,049
Due from Other Funds	38,333	0	0	38,333
Due from Component Units	0	0	104,969	104,969
Property Taxes Receivable	3,677,086	251,073	175,751	4,103,910
Allowance for Uncollectible Property Taxes	(117,069)	(8,104)	(5,674)	(130,847)
Prepaid Items	0	51,766	0	51,766
Cash Shortage	3,600	0	0	3,600
Total Assets	\$ 9,291,728	\$ 2,322,616	\$ 3,823,492	\$ 15,437,836
<u>LIABILITIES</u>				
Accounts Payable	\$ 57,929	\$ 9,960	\$ 3,790	\$ 71,679
Payroll Deductions Payable	106,365	3,655	0	110,020
Contracts Payable	0	750	0	750
Due to Other Funds	0	0	38,333	38,333
Due to State of Tennessee	879	0	0	879
Other Current Liabilities	5,161	0	0	5,161
Total Liabilities	\$ 170,334	\$ 14,365	\$ 42,123	\$ 226,822
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 3,447,439	\$ 235,053	\$ 164,537	\$ 3,847,029

(Continued)

Exhibit C-1

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

	Major Funds		Nonmajor	Total
	General	Highway / Public Works	Other Govern- mental Funds	
<u>DEFERRED INFLOWS OF RESOURCES (Cont.)</u>				
Deferred Delinquent Property Taxes	\$ 99,570	\$ 6,989	\$ 4,859	\$ 111,418
Other Deferred/Unavailable Revenue	34,074	182,948	132,180	349,202
Total Deferred Inflows of Resources	<u>\$ 3,581,083</u>	<u>\$ 424,990</u>	<u>\$ 301,576</u>	<u>\$ 4,307,649</u>
<u>FUND BALANCES</u>				
Nonspendable:				
Prepaid Items	\$ 0	\$ 51,766	\$ 0	\$ 51,766
Restricted:				
Restricted for General Government	180,931	0	0	180,931
Restricted for Administration of Justice	127,874	0	0	127,874
Restricted for Public Safety	691,832	0	0	691,832
Restricted for Public Health and Welfare	126,629	0	0	126,629
Restricted for Other Operations	0	0	297,368	297,368
Restricted for Highways/Public Works	0	968,002	0	968,002
Restricted for Capital Outlay	0	0	805,644	805,644
Committed:				
Committed for General Government	200,296	0	0	200,296
Committed for Public Safety	0	0	33,513	33,513
Committed for Highways/Public Works	0	863,493	0	863,493
Committed for Capital Outlay	0	0	275,275	275,275
Committed for Debt Service	0	0	2,067,993	2,067,993
Unassigned	4,212,749	0	0	4,212,749
Total Fund Balances	<u>\$ 5,540,311</u>	<u>\$ 1,883,261</u>	<u>\$ 3,479,793</u>	<u>\$ 10,903,365</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 9,291,728</u>	<u>\$ 2,322,616</u>	<u>\$ 3,823,492</u>	<u>\$ 15,437,836</u>

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, 2019

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$	10,903,365
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	1,433,910	
Add: construction in progress		121,751	
Add: buildings and improvements net of accumulated depreciation		8,512,475	
Add: infrastructure net of accumulated depreciation		5,403,756	
Add: other capital assets net of accumulated depreciation		<u>1,125,026</u>	16,596,918
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: note payable	\$	(935,000)	
Less: other loans payable		(604,777)	
Less: bonds payable		(5,580,000)	
Add: deferred amount on refunding		76,534	
Less: compensated absences payable		(143,926)	
Less: net OPEB liability		(61,234)	
Less: accrued interest payable		(85,762)	
Less: other deferred revenue - premium on debt		<u>(72,937)</u>	(7,407,102)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be amortized and recognized as components of pension and OPEB expense in future years.			
Add: deferred outflows of resources related to pensions	\$	513,403	
Less: deferred inflows of resources related to pensions		(405,267)	
Add: deferred outflows of resources related to OPEB		6,937	
Less: deferred inflows of resources related to OPEB		<u>(1,236)</u>	113,837
(4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.			639,971
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>460,620</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>21,307,609</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, 2019

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	Other Govern- mental Funds	
<u>Revenues</u>				
Local Taxes	\$ 3,869,212	\$ 383,924	\$ 685,217	\$ 4,938,353
Licenses and Permits	26,474	0	0	26,474
Fines, Forfeitures, and Penalties	143,763	0	10,649	154,412
Charges for Current Services	775,498	0	12,613	788,111
Other Local Revenues	581,588	28,102	32,641	642,331
Fees Received From County Officials	778,381	0	0	778,381
State of Tennessee	2,620,068	2,204,002	249,830	5,073,900
Federal Government	38,387	16,739	302,233	357,359
Other Governments and Citizens Groups	45,132	0	743,410	788,542
Total Revenues	\$ 8,878,503	\$ 2,632,767	\$ 2,036,593	\$ 13,547,863
<u>Expenditures</u>				
Current:				
General Government	\$ 1,829,240	\$ 0	\$ 0	\$ 1,829,240
Finance	662,170	0	0	662,170
Administration of Justice	612,220	0	12,613	624,833
Public Safety	3,696,204	0	36,948	3,733,152
Public Health and Welfare	908,940	0	0	908,940
Social, Cultural, and Recreational Services	446,787	0	0	446,787
Agriculture and Natural Resources	59,701	0	0	59,701
Other Operations	854,541	0	155,984	1,010,525
Highways	0	2,849,455	0	2,849,455
Debt Service:				
Principal on Debt	0	0	991,716	991,716
Interest on Debt	0	0	137,488	137,488
Other Debt Service	0	0	8,339	8,339

(Continued)

Exhibit C-3

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

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	Other Govern- mental Funds	
<u>Expenditures (Cont.)</u>				
Capital Projects	\$ 0	\$ 0	\$ 463,697	\$ 463,697
Total Expenditures	\$ 9,069,803	\$ 2,849,455	\$ 1,806,785	\$ 13,726,043
Excess (Deficiency) of Revenues Over Expenditures	\$ (191,300)	\$ (216,688)	\$ 229,808	\$ (178,180)
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 25,161	\$ 0	\$ 0	\$ 25,161
Transfers In	483,926	20,500	24,835	529,261
Transfers Out	0	0	(9,835)	(9,835)
Total Other Financing Sources (Uses)	\$ 509,087	\$ 20,500	\$ 15,000	\$ 544,587
Net Change in Fund Balances	\$ 317,787	\$ (196,188)	\$ 244,808	\$ 366,407
Fund Balance, July 1, 2018	5,222,524	2,079,449	3,234,985	10,536,958
Fund Balance, June 30, 2019	\$ 5,540,311	\$ 1,883,261	\$ 3,479,793	\$ 10,903,365

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, 2019

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)		\$ 366,407
<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	\$ 886,173	
Less: current-year depreciation expense	<u>(1,832,512)</u>	(946,339)
<p>(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net position.</p>		
Add: assets donated and capitalized		12,000
<p>(3) 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, 2019	\$ 460,620	
Less: deferred delinquent property taxes and other deferred June 30, 2018	<u>(439,212)</u>	21,408
<p>(4) The issuance of long-term debt (e.g., bonds, notes, other loans) 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	\$ 11,533	
Add: principal payments on other loans	71,716	
Add: principal payments on bonds	920,000	
Less: change in deferred amount on refunding debt	<u>(19,024)</u>	984,225
<p>(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
Change in accrued interest payable	\$ 8,530	
Change in compensated absences payable	2,316	
Change in net pension asset	445,893	
Change in deferred outflows related to pensions	(39,323)	
Change in deferred inflows related to pensions	(161,357)	
Change in net OPEB liability	24,175	
Change in deferred outflows related to OPEB	(740)	
Change in deferred inflows related to OPEB	<u>247</u>	<u>279,741</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 717,442</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, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 3,869,212	\$ 3,966,523	\$ 3,966,523	\$ (97,311)
Licenses and Permits	26,474	15,835	32,803	(6,329)
Fines, Forfeitures, and Penalties	143,763	139,255	139,255	4,508
Charges for Current Services	775,498	595,119	634,698	140,800
Other Local Revenues	581,588	240,695	282,300	299,288
Fees Received From County Officials	778,381	758,350	761,038	17,343
State of Tennessee	2,620,068	2,328,727	2,334,557	285,511
Federal Government	38,387	17,000	17,000	21,387
Other Governments and Citizens Groups	45,132	0	37,192	7,940
Total Revenues	\$ 8,878,503	\$ 8,061,504	\$ 8,205,366	\$ 673,137
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 51,348	\$ 51,526	\$ 59,245	\$ 7,897
Board of Equalization	2,260	2,415	2,415	155
Beer Board	107	376	376	269
Other Boards and Committees	0	0	515	515
County Mayor/Executive	374,986	289,322	396,841	21,855
County Attorney	11,623	20,000	20,000	8,377
Election Commission	156,072	158,853	158,852	2,780
Register of Deeds	168,042	171,680	172,478	4,436
County Buildings	296,440	221,552	334,473	38,033
Other Facilities	494,880	0	494,880	0
Other General Administration	273,482	281,851	276,851	3,369
<u>Finance</u>				
Property Assessor's Office	192,250	201,043	201,043	8,793
Reappraisal Program	3,932	5,450	5,450	1,518
County Trustee's Office	200,422	206,882	206,882	6,460
County Clerk's Office	265,566	276,864	281,647	16,081
<u>Administration of Justice</u>				
Circuit Court	255,085	273,505	277,505	22,420
General Sessions Judge	145,600	145,556	149,706	4,106
Chancery Court	167,198	169,223	170,163	2,965
Juvenile Court	44,337	46,234	46,234	1,897
<u>Public Safety</u>				
Sheriff's Department	1,763,147	1,855,875	1,878,751	115,604
Administration of the Sexual Offender Registry	3,530	2,550	6,450	2,920
Jail	1,575,314	1,477,956	1,609,590	34,276
Juvenile Services	96,858	99,578	99,578	2,720
Fire Prevention and Control	0	2,000	2,000	2,000
Rural Fire Protection	151,500	151,500	151,500	0
Rescue Squad	12,000	12,000	12,000	0
Other Emergency Management	53,699	76,270	76,270	22,571
Inspection and Regulation	250	500	500	250
County Coroner/Medical Examiner	39,906	36,800	46,125	6,219
<u>Public Health and Welfare</u>				
Local Health Center	33,366	47,027	53,171	19,805
Rabies and Animal Control	121,078	108,283	177,104	56,026

(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>				
Ambulance/Emergency Medical Services	\$ 582,000	\$ 582,000	\$ 582,000	\$ 0
Alcohol and Drug Programs	2,250	2,250	2,250	0
Crippled Children Services	0	900	900	900
Regional Mental Health Center	76,500	13,000	76,500	0
Appropriation to State	14,896	15,506	15,506	610
Sanitation Management	25,781	26,272	29,197	3,416
Sanitation Education/Information	17,212	41,703	41,703	24,491
Other Public Health and Welfare	35,857	49,300	49,300	13,443
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	140,558	157,427	158,813	18,255
Libraries	291,068	277,784	307,381	16,313
Parks and Fair Boards	11,961	23,736	23,736	11,775
Other Social, Cultural, and Recreational	3,200	3,200	26,800	23,600
<u>Agriculture and Natural Resources</u>				
Agricultural Extension Service	59,701	56,003	62,131	2,430
<u>Other Operations</u>				
Tourism	36,000	36,000	36,000	0
Industrial Development	25,067	28,000	29,000	3,933
Airport	95,614	128,703	129,303	33,689
Veterans' Services	12,909	17,738	17,738	4,829
Other Charges	113,589	106,998	112,998	(591)
Contributions to Other Agencies	98,298	98,298	98,298	0
Employee Benefits	460,963	543,000	543,000	82,037
Miscellaneous	12,101	12,101	12,101	0
Total Expenditures	\$ 9,069,803	\$ 8,612,590	\$ 9,723,250	\$ 653,447
Excess (Deficiency) of Revenues Over Expenditures	\$ (191,300)	\$ (551,086)	\$ (1,517,884)	\$ 1,326,584
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 25,161	\$ 0	\$ 21,069	\$ 4,092
Transfers In	483,926	480,000	480,000	3,926
Total Other Financing Sources	\$ 509,087	\$ 480,000	\$ 501,069	\$ 8,018
Net Change in Fund Balance	\$ 317,787	\$ (71,086)	\$ (1,016,815)	\$ 1,334,602
Fund Balance, July 1, 2018	5,222,524	4,993,584	4,993,584	228,940
Fund Balance, June 30, 2019	\$ 5,540,311	\$ 4,922,498	\$ 3,976,769	\$ 1,563,542

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, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 383,924	\$ 366,588	\$ 366,588	\$ 17,336
Other Local Revenues	28,102	20,000	20,000	8,102
State of Tennessee	2,204,002	2,309,870	2,309,870	(105,868)
Federal Government	16,739	1,000,000	1,000,000	(983,261)
Total Revenues	\$ 2,632,767	\$ 3,696,458	\$ 3,696,458	\$ (1,063,691)
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 179,985	\$ 201,328	\$ 201,328	\$ 21,343
Highway and Bridge Maintenance	1,796,412	3,297,496	3,297,496	1,501,084
Operation and Maintenance of Equipment	240,006	359,808	359,808	119,802
Other Charges	82,867	88,000	88,000	5,133
Employee Benefits	276,243	368,655	368,655	92,412
Capital Outlay	273,942	547,000	547,000	273,058
Total Expenditures	\$ 2,849,455	\$ 4,862,287	\$ 4,862,287	\$ 2,012,832
Excess (Deficiency) of Revenues Over Expenditures	\$ (216,688)	\$ (1,165,829)	\$ (1,165,829)	\$ 949,141
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 20,500	\$ 20,500	\$ 20,500	\$ 0
Total Other Financing Sources	\$ 20,500	\$ 20,500	\$ 20,500	\$ 0
Net Change in Fund Balance	\$ (196,188)	\$ (1,145,329)	\$ (1,145,329)	\$ 949,141
Fund Balance, July 1, 2018	2,079,449	2,072,608	2,072,608	6,841
Fund Balance, June 30, 2019	\$ 1,883,261	\$ 927,279	\$ 927,279	\$ 955,982

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, 2019

Business-type
 Activities -
Major Fund
Benton County
Electric System

ASSETS

Current Assets:	
Cash	\$ 5,053,026
Inventories	451,366
Accounts Receivable	2,644,502
Allowance for Uncollectibles	(8,278)
Prepaid Items	1,624,215
Total Current Assets	<u>\$ 9,764,831</u>
Noncurrent Assets:	
Restricted Cash, Cash Equivalents, and Investments on Deposit	\$ 863,412
Deferred Charges - Debt Issuance Costs	132,790
Notes Receivable	254,801
Net Pension Asset - Agent Plan - Tennessee Consolidated Retirement System Plan	240,831
Capital Assets:	
Assets Not Depreciated:	
Land	164,654
Construction in Progress	51,130
Assets Net of Accumulated Depreciation:	
Other Capital Assets	25,663,922
Total Noncurrent Assets	<u>\$ 27,371,540</u>
Total Assets	<u>\$ 37,136,371</u>

DEFERRED OUTFLOWS

Pension Changes in Experience - Central Service Association Plan	\$ 211,387
Pension Changes in Experience - Tennessee Consolidated Retirement System Plan	5,553
Pension Changes in Assumptions - Central Service Association Plan	28,649
Pension Changes in Assumptions - Tennessee Consolidated Retirement System Plan	70,127
Pension Contributions After Measurement Date - Central Service Association Plan	250,704
Pension Contributions After Measurement Date - Tennessee Consolidated Retirement System Plan	125,907
OPEB Changes in Experience	236,387
Total Deferred Outflows	<u>\$ 928,714</u>

LIABILITIES

Current Liabilities:	
Accounts Payable	\$ 2,980,718
Accrued Payroll	17,964
Accrued Leave - Current	346,528
Other Current Liabilities	7,023
Customer Deposits Payable	1,196,010
Current Liabilities Payable from Restricted Assets:	
Accrued Interest Payable	14,425
Revenue Bonds Payable - Current	465,000
Total Current Liabilities	<u>\$ 5,027,668</u>

(Continued)

Exhibit D-1

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

Business-type
 Activities -
Major Fund
Benton County
Electric System

LIABILITIES (CONT.)

Noncurrent Liabilities:	
Advances from Home Insulation Program	\$ 260,263
Accrued Leave - Long-term	1,039,583
Debt Premium	14,829
Revenue Bonds Payable - Long-term	5,760,000
Net OPEB Liability	1,005,477
Net Pension Liability - Central Service Association Plan	1,920,819
Total Noncurrent Liabilities	<u>\$ 10,000,971</u>
Total Liabilities	<u>\$ 15,028,639</u>

DEFERRED INFLOWS

Pension Changes in Experience - Tennessee Consolidated Retirement System Plan	\$ 129,946
Pension Changes in Investment Earnings - Central Service Association Plan	43,010
Pension Changes in Investment Earnings - Tennessee Consolidated Retirement System Plan	22,563
OPEB Changes in Assumptions	67,805
Total Deferred Inflows	<u>\$ 263,324</u>

NET POSITION

Net Investment in Capital Assets	\$ 19,639,877
Restricted for Debt Service	1,089,818
Unrestricted	<u>2,043,427</u>
Total Net Position	<u>\$ 22,773,122</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, 2019

	Business-type Activities - Major Fund <u>Benton County Electric</u>
<u>Operating Revenues</u>	
Sale of Electric Energy	\$ 25,330,932
Forfeited Discounts	118,837
Rent from Electric Property	355,610
Other Electric Revenue	139,856
Miscellaneous Service Revenue	118,033
Total Operating Revenues	<u>\$ 26,063,268</u>
<u>Operating Expenses</u>	
Purchased Power	\$ 16,594,362
Distribution Expense:	
Station Expense	23,166
Overhead Line Expense	247,866
Street Lighting and Signal System	10,672
Meter Expense	90,241
Customer Installations Expense	81
Security Lighting	50,867
Miscellaneous	206,676
Rents	14,744
Customer Accounts Expense:	
Meter Reading Expense	10,669
Customer Records and Collection	533,281
Sales Expenses:	
Customer Assistance Expense	7,495
Demonstration and Selling Expense	1,611
Administrative Expenses:	
Salaries	484,967
Office Supplies and Expense	158,652
Outside Services Employed	148,279
Insurance	55,583
Injuries and Damages	210,459
Employee Pension and Benefits	809,611
General Advertising	9,479
Miscellaneous	66,283

(Continued)

Exhibit D-2

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

	Business-type Activities - Major Fund <u>Benton County Electric</u>
<u>Operating Expenses (Cont.)</u>	
Maintenance Expenses:	
Station Equipment	\$ 49,092
Overhead Lines	1,063,993
Underground Lines	1,359
Line Transformers	20,903
Street Lights and Signal System	5,591
Meters	33,462
Security Lighting	22,630
General Plant and Equipment	60,838
Depreciation and Amortization	1,518,922
Taxes and Tax Equivalentts	451,472
Total Operating Expenses	<u>\$ 22,963,306</u>
Operating Income	<u>\$ 3,099,962</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 39,709
Interest Expense	(181,009)
Amortization of Debt Expense	(10,848)
Total Nonoperating Revenues (Expenses)	<u>\$ (152,148)</u>
Income (Loss) Before Transfers	\$ 2,947,814
Transfers Out	(519,426)
Change in Net Position	<u>\$ 2,428,388</u>
Net Position, July 1, 2018	<u>20,344,734</u>
Net Position, June 30, 2019	<u><u>\$ 22,773,122</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, 2019

	<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	\$ 25,262,308
Payments to Suppliers	(20,021,222)
Payments to Employees and for Employee Benefits	(1,294,578)
Payments for in-Lieu-of Tax Payments	(451,472)
Customer Deposits Received	211,925
Customer Deposits Refunded	(126,065)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 3,580,896</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Construction and Acquisition of Plant	\$ (1,594,234)
Plant Removal Cost	(195,210)
Materials Salvaged from Retirements	207,903
Principal Paid on Bonds	(460,000)
Interest Paid on Bonds	(182,028)
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (2,223,569)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Repayment of TVA Advances	\$ (86,551)
Transfers to Other Funds	(519,426)
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ (605,977)</u>
<u>Cash Flows from Investing Activities</u>	
Collection of Notes Receivable	\$ 85,171
Interest Earned	39,709
Net Cash Provided By (Used In) Investing Activities	<u>\$ 124,880</u>
Net Increase (Decrease) in Cash	\$ 876,230
Cash, July 1, 2018	<u>5,040,208</u>
Cash, June 30, 2019	<u>\$ 5,916,438</u>

(Continued)

Exhibit D-3

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

	<u>Business-type Activities - Major Fund</u>
	<u>Benton County Electric System</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income	\$ 3,099,962
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Change in Pension and OPEB Related Deferred Inflows and Outflows	(61,909)
Depreciation Expense	1,518,922
Changes in Assets and Liabilities:	
(Increase) Decrease in Inventories	(34,256)
(Increase) Decrease in Accounts Receivable	(800,960)
(Increase) Decrease in Prepaid Items	407
Increase (Decrease) in Accounts Payable and Other Current Liabilities	70,276
Increase (Decrease) in Customer Deposits	85,860
(Increase) Decrease in Net Pension Asset	(164,656)
Increase (Decrease) in Net Pension Liability	(132,750)
	<u>3,580,896</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 3,580,896</u>
<u>Reconciliation of Cash With the Statement of Net Position</u>	
Cash Per Net Position	\$ 5,053,026
Other Restricted Assets Per Net Position	<u>863,412</u>
Cash, June 30, 2019	<u>\$ 5,916,438</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, 2019

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 607,073
Equity in Pooled Cash and Investments	135,968
Accounts Receivable	1,369
Due from Other Governments	<u>332,641</u>
Total Assets	<u>\$ 1,077,051</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 466,175
Due to Litigants, Heirs, and Others	<u>610,876</u>
Total Liabilities	<u>\$ 1,077,051</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, 2019

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 financial statements of the Benton County Emergency Communications District and the Industrial Development Board of the County of Benton, component units requiring discrete presentation, were excluded from this report due to materiality calculations; therefore, the effect of the omission did not affect the independent auditor's opinion thereon. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

The 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 material to the component units' opinion unit and therefore have been omitted from this report.

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 of the Industrial Development Board of the County of Benton were not material to the component units' opinion unit and therefore have been omitted from this report.

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. Complete financial statements of the Benton County Emergency Communications District and the Industrial Development Board of the County of Benton can be obtained from their respective administrative offices at the following addresses:

Administrative Offices:

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

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

B. Government-wide and Fund Financial Statements

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational

or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Benton County issues all debt for the discretely presented Benton County School Department. There were no debt issues contributed by the county to the school department during the year ended June 30, 2019.

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

The county trustee maintains a cash and internal investment pool that is used by all funds (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 amortized cost using a stable net asset value. The primary oversight responsibility for the investments and operations of the State Treasurer's Investment Pool rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. These policies were designed to comply with generally accepted accounting principles. In addition, state statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. Compliance with Funding Board policies is audited by the Tennessee Comptroller of the Treasury, Division of State Audit. The latest audit opinion issued by the Division of State Audit concluded that the State Treasurer's Investment Pooled complied with accounting principles generally accepted in the United State of America.

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 1.69 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. Restricted Assets

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

5. 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 acquisition value at the date of donation.

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

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

Property, plant, equipment, and infrastructure of the primary government (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

6. 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 and OPEB changes in experience, pension and OPEB changes in assumptions, pension and OPEB changes in proportion, and employer contributions made to the pension and OPEB plans 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 and OPEB changes in experience, pension changes in investment earnings, pension changes in proportion of net pension liability (asset), OPEB changes in assumptions, 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.

7. 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.

8. Long-term Debt and Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Debt premiums and discounts are deferred and are 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 the net OPEB liability are recognized to the extent that the liabilities have matured (come due for payment) each period.

9. 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 \$4,152,232 of restricted net position, in governmental activities for the primary government, of which \$979,788 is restricted by enabling legislation.

As of June 30, 2019, Benton County had \$2,202,200 of outstanding debt for capital purposes for the discretely presented Benton County School Department. This debt is a liability of Benton County, but the capital assets acquired are reported in the financial statements of the school department. Therefore, Benton County has incurred a liability significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.

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

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

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

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

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

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

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

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.

F. Other Postemployment Benefit (OPEB) Plans

Primary Government – Benton County Highway Department

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

Discretely Presented Benton County School Department

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

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

Discretely Presented 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, Capital Projects Public Improvement, 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, 2019, the Benton County School Department had outstanding encumbrances in the General Purpose School Fund totaling \$82,182.

B. Cash Shortage-Prior Year

On May 26, 2015, the Comptroller's Division of 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. The former employee pled guilty to theft on November 19, 2015, and was ordered to pay restitution of \$3,600. The cash shortage was \$3,600 at June 30, 2019, and no restitution has been paid as of the date 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. The primary oversight responsibility for the investments and operations of the State Treasurer’s Investment Pool rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. Investments in the State Treasurer’s Investment Pool are reported both by the pool and the county at amortized cost using a stable net asset value. 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, 2019, Benton County had the following investments carried at amortized cost using a Stable Net Asset Value or fair value within the fair value hierarchy established by generally accepted accounting principles. 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)	Amortized Cost
State Treasurer's Investment Pool	1 to 86	\$ 10,946

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, 2019, Benton County’s investment in the State Treasurer’s Investment Pool was unrated.

TCRS Stabilization Trust

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

The trust is authorized to make investments as directed by the TCRS Board of Trustees. The Benton County School Department may not impose any restrictions on investments placed by the trust on their behalf.

Investment Balances. Assets of the TCRS, including the Stabilization Reserve Trust, are invested in the Tennessee Retiree Group Trust (TRGT). The TRGT is not registered with the Securities and Exchange Commission (SEC) as an investment company. The State of Tennessee has not obtained a credit quality rating for the TRGT from a nationally recognized credit ratings agency. The fair value of investment positions in the TRGT is determined daily based on the fair value of the pool's underlying portfolio. Furthermore, TCRS had not obtained or provided any legally binding guarantees to support the value of participant shares during the fiscal year. There are no restrictions on the sale or redemption of shares.

Investments are reported at fair value or amortized cost, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income consists of realized and unrealized appreciation (depreciation) in the securities and securities transactions are recorded in the financial statements on a trade-date basis. The fair value of assets of the TRGT held at June 30, 2019, represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Assets held are categorized for fair value measurement within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

- Level 1 - Unadjusted quoted prices for identical assets or liabilities in active markets that can be accessed at the measurement date.
- Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; assets or liabilities that have a bid-ask spread price in an inactive

dealer market, brokered market and principal-to-principal market; and Level 1 assets or liabilities that are adjusted.

- Level 3 - Valuations derived from valuation techniques in which significant inputs are unobservable.

Investments using the Net Asset Value (“NAV”) per share have no readily determinable fair value and have been determined using amortized cost, which approximates fair value.

Where inputs used in the measurement of fair value fall into different levels of the hierarchy, fair value of the instrument in its entirety is categorized based on the lowest level input that is significant to the valuation. This assessment requires professional judgement and as such management of the TRGT developed a fair value committee that worked in conjunction with the plan’s custodian and investment professionals to make these valuations. All assets held were valued individually and aggregated into classes to be represented in the table below.

Short-term securities generally include investments in money market-type securities reported at cost plus accrued interest.

Equity and equity derivative securities classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Equity and equity derivative securities classified in Level 2 are securities whose values are derived daily from associated traded securities. Equity securities classified in Level 3 are valued with last trade data having limited trading volume.

U.S. Treasury Bills, Bonds, Notes and Futures classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Debt and debt derivative securities classified in Level 2 are valued using a bid-ask spread price from multiple independent brokers, dealers, or market principals, which are known to be actively involved in the market. Level 3 debt securities are valued using proprietary information, a single pricing source, or other unobservable inputs related to similar assets or liabilities.

Real estate investments classified in Level 3 are valued using the last valuations provided by external investment advisors or independent external appraisers. Generally, all direct real estate investments are appraised by a qualified independent appraiser(s) with the professional designation of Member of the Appraisal Institute (“MAI”), or its equivalent, every three (3) years beginning from the acquisition date of the property. The appraisals are performed using generally accepted valuation approaches applicable to the property type.

Investments in private mutual funds, traditional private equity funds, strategic lending funds and real estate funds that report using GAAP, the fair value, as well as the unfunded commitments, were determined using the prior quarter's NAV, as reported by the fund managers, plus the current cash flows. These assets were then categorized by investment strategy. In instances where the fund investment reported using non-GAAP standards, the investment was valued using the same method, but was classified in Level 3.

At June 30, 2019, the Benton County School Department had the following investments held by the trust on its behalf.

Investment	Weighted Average Maturity (days)	Maturities	Fair Value
Investments at Fair Value:			
U.S. Equity	N/A	N/A	\$ 8,871
Developed Market International Equity	N/A	N/A	4,006
Emerging Market International Equity	N/A	N/A	1,146
U.S. Fixed Income	N/A	N/A	5,723
Real Estate	N/A	N/A	2,862
Short-term Securities	N/A	N/A	286
Investments at Amortized Cost using the NAV:			
Private Equity and Strategic Lending	N/A	N/A	<u>5,723</u>
Total			<u>\$ 28,617</u>

Investment by Fair Value Level	Fair Value 6-30-19	Fair Value Measurements Using			Amortized Cost NAV
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
U.S. Equity	\$ 8,871	\$ 8,871	\$ 0	\$ 0	0
Developed Market International Equity	4,006	4,006	0	0	0
Emerging Market International Equity	1,146	1,146	0	0	0
U.S. Fixed Income	5,723	0	5,723	0	0
Real Estate	2,862	0	0	2,862	0
Short-term Securities	286	0	286	0	0
Private Equity and Strategic Lending	5,723	0	0	0	5,723
Total	<u>\$ 28,617</u>	<u>\$ 14,023</u>	<u>\$ 6,009</u>	<u>\$ 2,862</u>	<u>5,723</u>

Risks and Uncertainties. The trust's investments include various types of investment funds, which in turn invest in any combination of stock, bonds and other investments exposed to various risks, such as interest rate, credit, and market risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported for trust investments.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Benton County School Department does not have the ability to limit trust 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. The Benton County School Department does not have the ability to limit the credit ratings of individual investments made by the trust.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the county's investment in a single issuer. Benton County School Department places no limit on the amount the county may invest in one issuer.

Custodial Credit Risk. Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Pursuant to the trust agreement, investments are held in the name of the trust for the benefit of the Benton County School Department to pay retirement benefits of the school department employees.

For further information concerning the school department's investments with the TCRS Stabilization Reserve Trust, audited financial statements of the Tennessee Consolidated Retirement System may be obtained at <https://comptroller.tn.gov/content/dam/cot/sa/advanced-search/disclaimer/2019/ag18092.pdf>.

B. Capital Assets

Capital assets activity for the year ended June 30, 2019, was as follows:

Primary Government - Governmental Activities:

	Balance 7-1-18	Increases	Decreases	Balance 6-30-19
Capital Assets Not Depreciated:				
Land	\$ 1,231,410	\$ 202,500	\$ 0	\$ 1,433,910
Construction in Progress	1,286,588	38,129	(1,202,966)	121,751
Total Capital Assets Not Depreciated	<u>\$ 2,517,998</u>	<u>\$ 240,629</u>	<u>\$ (1,202,966)</u>	<u>\$ 1,555,661</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 13,144,094	\$ 1,580,876	\$ 0	\$ 14,724,970
Infrastructure	18,881,531	0	0	18,881,531
Other Capital Assets	8,141,720	279,634	(25,860)	8,395,494
Total Capital Assets Depreciated	<u>\$ 40,167,345</u>	<u>\$ 1,860,510</u>	<u>\$ (25,860)</u>	<u>\$ 42,001,995</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 5,689,159	\$ 523,336	\$ 0	\$ 6,212,495
Infrastructure	12,807,533	670,242	0	13,477,775
Other Capital Assets	6,657,394	638,934	(25,860)	7,270,468
Total Accumulated Depreciation	<u>\$ 25,154,086</u>	<u>\$ 1,832,512</u>	<u>\$ (25,860)</u>	<u>\$ 26,960,738</u>
Total Capital Assets Depreciated, Net	<u>\$ 15,013,259</u>	<u>\$ 27,998</u>	<u>\$ 0</u>	<u>\$ 15,041,257</u>
Governmental Activities Capital Assets, Net	<u>\$ 17,531,257</u>	<u>\$ 268,627</u>	<u>\$ (1,202,966)</u>	<u>\$ 16,596,918</u>

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

Governmental Activities:

General Administration	\$ 291,860
Finance	2,240
Administration of Justice	5,060
Public Safety	855,232
Public Health and Welfare	41,635
Social, Cultural, and Recreational Services	46,728
Highways/Public Works	<u>589,757</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,832,512</u>

Discretely Presented Benton County School Department

Governmental Activities:

	Balance 7-1-18	Increases	Decreases	Balance 6-30-19
Capital Assets Not Depreciated:				
Land	\$ 507,205	\$ 0	\$ 0	\$ 507,205
Total Capital Assets Not Depreciated	<u>\$ 507,205</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 507,205</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 21,220,799	\$ 78,031	\$ 0	\$ 21,298,830
Other Capital Assets	3,375,791	137,200	(56,800)	3,456,191
Total Capital Assets Depreciated	<u>\$ 24,596,590</u>	<u>\$ 215,231</u>	<u>\$ (56,800)</u>	<u>\$ 24,755,021</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 12,179,948	\$ 496,010	\$ 0	\$ 12,675,958
Other Capital Assets	1,912,931	167,072	(56,800)	2,023,203
Total Accumulated Depreciation	<u>\$ 14,092,879</u>	<u>\$ 663,082</u>	<u>\$ (56,800)</u>	<u>\$ 14,699,161</u>
Total Capital Assets Depreciated, Net	<u>\$ 10,503,711</u>	<u>\$ (447,851)</u>	<u>\$ 0</u>	<u>\$ 10,055,860</u>
Governmental Activities Capital Assets, Net	<u>\$ 11,010,916</u>	<u>\$ (447,851)</u>	<u>\$ 0</u>	<u>\$ 10,563,065</u>

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

Governmental Activities:

Instruction	\$ 467,863
Support Services	175,727
Operation of Non-instructional Services	<u>19,492</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 663,082</u>

C. Construction Commitments

At June 30, 2019, the Highway/Public Works Fund had uncompleted construction contracts of \$84,661 for bridge projects. Funding for these future expenditures is expected to be received from state grants. In addition, the school department's General Purpose School Fund had uncompleted construction contracts of \$55,180 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, 2019, was as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government: General	Nonmajor governmental	\$ 38,333
Discretely Presented School Department: General Purpose School	Nonmajor governmental	11,771

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:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government: Nonmajor governmental	Component Unit: School Department: General Purpose School	\$ 104,969

Interfund Transfers:

Interfund transfers for the year ended June 30, 2019, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In			Purpose
	General Fund	Highway/ Public Works Fund	Nonmajor Governmental Funds	
Benton County Electric System Fund	\$ 483,926	\$ 20,500	\$ 15,000	Payment in-lieu-of taxes
Nonmajor Governmental Fund	0	0	9,835	Drug dog
Total	\$ 483,926	\$ 20,500	\$ 24,835	

Discretely Presented Benton County School Department

Transfers Out	Transfers In		Purpose
	General Purpose School Fund	Nonmajor Governmental Fund	
General Purpose School Fund	\$ 0	\$ 60,000	Cash flow funds
Nonmajor Governmental Fund	11,771	0	Indirect costs
Total	\$ 11,771	\$ 60,000	

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

E. Long-term Debt

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

General Obligation Bonds, Notes, and Other Loans

General Obligation Bonds - Benton County issues general obligation bonds 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. General obligation bonds are direct obligations and pledge the full faith, credit, and taxing authority of the government. General

obligation bonds were issued for original terms of up to 15 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds included in long-term debt as of June 30, 2019, will be retired from the General Debt Service Fund.

Direct Borrowing and Direct Placements – Benton County issues other loans to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented school department. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment. Capital outlay notes and other loans are direct obligations and pledge the full faith, credit, and taxing authority of the government. The capital outlay note and other loans outstanding were issued for original terms of 12 years for the note and up to 20 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. The note and other loans included in long-term debt as of June 30, 2019, will be retired from the General Debt Service Fund.

General obligation bonds, the capital outlay note, and other loans outstanding as of June 30, 2019, for governmental activities are as follows:

Type	Interest Rate		Final Maturity	Original Amount of Issue	Balance 6-30-19
General Obligation Bonds -					
Refunding	1 to 2.75	%	9-1-32	\$ 9,965,000	\$ 5,580,000
Direct Borrowing and Direct Placement:					
Capital Outlay Note	2.489		8-1-27	1,200,000	935,000
Other Loans	0 to 1.47		8-31-29	1,273,673	604,777

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.

During the 2017-18 year, Benton County became liable for the principal and interest requirements on a state revolving fund loan due to default by the Benton-Decatur Special Sewer District. The remaining loan balance of \$577,577 at June 30, 2019, is payable at an interest rate of 1.47 percent.

The annual requirements to amortize all general obligation bonds, the note, and other loans outstanding as of June 30, 2019, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2020	\$ 925,000	\$ 102,157	\$ 1,027,157
2021	940,000	85,771	1,025,771
2022	955,000	70,924	1,025,924
2023	225,000	60,962	285,962
2024	230,000	56,412	286,412
2025-2029	1,225,000	208,293	1,433,293
2030-2033	1,080,000	58,184	1,138,184
Total	\$ 5,580,000	\$ 642,703	\$ 6,222,703

Year Ending June 30	Note - Direct Placement		
	Principal	Interest	Total
2020	\$ 95,000	\$ 22,090	\$ 117,090
2021	95,000	19,725	114,725
2022	100,000	17,299	117,299
2023	100,000	14,810	114,810
2024	105,000	12,258	117,258
2025-2028	440,000	22,276	462,276
Total	\$ 935,000	\$ 108,458	\$ 1,043,458

Year Ending June 30	Other Loans - Direct Placement			
	Principal	Interest	Other Fees	Total
2020	\$ 58,898	\$ 0	\$ 65	\$ 58,963
2021	68,236	7,464	65	75,765
2022	55,452	6,648	0	62,100
2023	56,268	5,832	0	62,100
2024	57,108	4,992	0	62,100
2025-2029	298,452	12,048	0	310,500
2030	10,363	19	0	10,382
Total	\$ 604,777	37,003	\$ 130	\$ 641,910

There is \$2,067,993 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$338, based on the 2010 federal census. Total debt per capita, including bonds, the note, other loans, and unamortized debt premiums, totaled \$436 based on the 2010 federal census.

Changes in Long-term Debt

Long-term debt activity for the primary government (excluding the Benton County Electric System Fund, enterprise fund) for the year ended June 30, 2019, was as follows:

	Bonds	Note	Other Loans
Balance, July 1, 2018	\$ 6,500,000	\$ 935,000	\$ 676,493
Reductions	(920,000)	0	(71,716)
Balance, June 30, 2019	<u>\$ 5,580,000</u>	<u>\$ 935,000</u>	<u>\$ 604,777</u>
Balance Due			
Within One Year	<u>\$ 925,000</u>	<u>\$ 95,000</u>	<u>\$ 58,898</u>

Analysis of Noncurrent Liabilities for Debt Presented on Exhibit A:

Total Noncurrent Liabilities - Debt, June 30, 2019	\$ 7,119,777
Add: Unamortized Premium on Debt	72,937
Less: Balance Due Within One Year - Debt	<u>(1,078,898)</u>
Noncurrent Liabilities - Due in More Than One Year - Debt - Exhibit A	<u>\$ 6,113,816</u>

F. Long-term Obligations

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2019, was as follows:

	Compensated Absences	Net OPEB Liability
Balance, July 1, 2018	\$ 146,242	\$ 85,409
Additions	164,111	13,681
Reductions	(166,427)	(37,856)
Balance, June 30, 2019	<u>\$ 143,926</u>	<u>\$ 61,234</u>
Balance Due		
Within One Year	<u>\$ 7,197</u>	<u>\$ 0</u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Other Noncurrent Liabilities, June 30, 2019	\$ 205,160
Less: Balance Due Within One Year - Other	<u>(7,197)</u>
Other Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 197,963</u>

Compensated absences will be paid from the General Fund and the net OPEB liability will be paid from Highway/Public Works Fund.

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, 2019, was as follows:

Governmental Activities:

	<u>Net OPEB Liability</u>
Balance, July 1, 2018	\$ 1,738,172
Additions	247,092
Reductions	<u>(265,675)</u>
Balance, June 30, 2019	<u>\$ 1,719,589</u>
Balance Due Within One Year	<u>\$ 0</u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Other Noncurrent Liabilities, June 30, 2019	\$ 1,719,589
Less: Balance Due Within One Year - Other	<u>0</u>
Other Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 1,719,589</u>

The net OPEB liability will be paid from the General Purpose School and School Federal Projects funds.

G. Pledges of Receivables and Future Revenues

In November 1996, the citizens of Benton County voted by public referendum to increase the local sales tax by one-half percent. Benton County began collecting this tax in January 1997. The increase in sales tax was specifically designated for paying the debt service requirements for bonds issued to construct school facilities. Benton County, the school department, the City of Camden, and the City of Big Sandy have pledged their portions of the sales tax increase to the county's General Debt Service Fund through December 1, 2021, for the retirement of this school debt. The amount of sales tax collections for Benton County (\$91,481), and contributions from the General Purpose School Fund (\$414,945), City of Camden (\$304,263), and City of Big Sandy (\$19,202) to the General Debt Service Fund, as a result of this sales tax increase, totaled \$829,891 during the year.

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

The State of Tennessee pays health insurance premiums for retired employees on-behalf of Benton County School Department. These payments are made by the state to the Local Education Group Insurance Plan. The plan is 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 for the year ended June 30, 2019, were \$35,713. 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
2017-18	\$ 0	\$ 162,696	\$ 162,696	\$ 0
2018-19	0	67,407	67,407	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. 83, *Certain Asset Retirement Obligations*; Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements* became effective for the year ended June 30, 2019. In addition, Benton County early implemented the provisions of GASB Statement No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*.

GASB Statement No. 83, *Certain Asset Retirement Obligations* establishes accounting and reporting requirements for certain asset retirement obligations (AROs) associated with tangible capital assets. The scope of this statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, and expense/expenditures. In addition, this standard establishes note disclosure requirements for AROs.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements* addresses note disclosure requirements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should report when disclosing information related to debt. These required disclosures include direct borrowings and direct placements, unused lines of credit, assets pledged as collateral for debt, terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant acceleration clauses.

GASB Statement No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period* amends paragraphs 5 through 22 of GASB Statement No. 62. This standard establishes that interest cost incurred before the end of a construction period should be recognized as an expense/expenditure. The changes adopted to conform with this standard are to be applied prospectively.

C. Contingent Liabilities

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

Benton County is contingently liable for a state revolving fund loan of the Benton-Decatur Special Sewer District. During the prior year, Benton County became liable for this loan and the interest thereon due to default by the sewer

district. As of June 30, 2019, future principal and interest requirements were \$577,577 and \$37,003, respectively.

D. Change in Administration

On August 31, 2018, Barry Barnett left the Office of County Mayor and was succeeded by Brett Lashlee on September 1, 2018.

E. Joint Ventures

The Twenty-fourth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Twenty-fourth Judicial District, Benton, Carroll, Decatur, Hardin, and Henry counties, and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors, including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Benton County made no contributions to the DTF for the year ended June 30, 2019.

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 627
Huntingdon, TN 38344

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

F. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Employees of Benton County, employees of the Benton County Electric System (proprietary fund), 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 employees comprised 55.06 percent, employees of the Benton County Electric System (proprietary fund) comprised 20.72 percent, and the non-certified employees of the discretely presented school department comprised 24.22 percent of the plan based on contribution data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available to vested members at age 55. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for 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, 2019, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	127
Inactive Employees Entitled to But Not Yet Receiving Benefits	295
Active Employees	292
 Total	 <u>714</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, 2019, the employer contribution for Benton County was \$581,642 based on a rate of 6.6 percent of covered 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 contributions (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Benton County’s net pension liability (asset) was measured as of June 30, 2018, 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, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2018, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

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

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

Discount Rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from 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	Plan	Net
	Pension Liability (a)	Fiduciary Net Position (b)	Pension Liability (Asset) (a)-(b)
Balance, July 1, 2017	\$ 21,774,865	\$ 22,140,913	\$ (366,048)
Changes for the Year:			
Service Cost	\$ 755,052	\$ 0	\$ 755,052
Interest	1,604,466	0	1,604,466
Differences Between Expected and Actual Experience	(349,852)	0	(349,852)
Changes in Assumptions	0	0	0
Contributions-Employer	0	561,895	(561,895)
Contributions-Employees	0	426,327	(426,327)
Net Investment Income	0	1,844,577	(1,844,577)
Benefit Payments, Including Refunds of Employee Contributions	(798,692)	(798,692)	0
Administrative Expense	0	(26,867)	26,867
Other Changes	0	0	0
Net Changes	\$ 1,210,974	\$ 2,007,240	\$ (796,266)
Balance, June 30, 2018	\$ 22,985,839	\$ 24,148,153	\$ (1,162,314)

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

		Total	Plan	Net
		Pension	Fiduciary	Pension
		Liability	Net	Liability
			Position	(Asset)
Primary Government	55.06%	\$ 12,656,003	\$ 13,295,974	\$ (639,971)
Electric System	20.72%	4,762,666	5,003,497	(240,831)
School Department	24.22%	5,567,170	5,848,682	(281,512)
Total		\$ 22,985,839	\$ 24,148,153	\$ (1,162,314)

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 7.25 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

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

Net Pension Liability (Asset) \$ 2,125,190 \$ (1,162,314) \$ (3,864,160)

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

Pension Expense. For the year ended June 30, 2019, Benton County recognized pension expense of \$139,653.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, 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
Difference Between Expected and Actual Experience	\$ 26,799	\$ 627,153
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	108,893
Changes in Assumptions	338,449	0
Contributions Subsequent to the Measurement Date of June 30, 2018 (1)	581,642	N/A
Total	\$ 946,890	\$ 736,046

- (1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2018,” 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	\$ 513,403	\$ 405,267
Electric System	201,587	152,509
School Department	231,900	178,270
Total	<u>\$ 946,890</u>	<u>\$ 736,046</u>

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

Year Ending June 30	Amount
2020	\$ 73,398
2021	(85,422)
2022	(284,538)
2023	(74,236)
2024	0
Thereafter	0

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, employees of the Benton County Electric System (proprietary fund), 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 employees comprised 55.06 percent, employees of the Benton County Electric System (proprietary fund) comprised 20.72 percent, and the non-certified employees of the discretely presented school department comprised 24.22 percent of the plan based on contribution 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/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members are eligible to retire with an unreduced benefit at age 65 with five years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 60 or pursuant to the rule of 80. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for 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. Members who leave employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers are required to contribute five percent of their salary to the plan. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2019, to the Teacher Retirement Plan were \$25,731, which is 1.94 percent of covered payroll. In addition, employer contributions of \$27,172, which is 2.06 percent of covered payroll were made to the Pension Stabilization Reserve Trust Fund to fund future pension costs. The employer rate, when combined with member contributions and the stabilization reserve trust funds, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liabilities (Assets). At June 30, 2019, the school department reported a liability (asset) of (\$51,527) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2018, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The school department's proportion of the net pension liability (asset) was based on the school department's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2018,

the school department's proportion was .113613 percent. The proportion as of June 30, 2017, was .112194 percent.

Pension Expense. For the year ended June 30, 2019, the school department recognized pension expense of \$18,014.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the school department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 2,918	\$ 2,052
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	2,911
Changes in Assumptions	2,431	0
Changes in Proportion of Net Pension Liability (Asset)	5,201	343
LEA's Contributions Subsequent to the Measurement Date of June 30, 2018 (1)	25,731	N/A
Total	<u>\$ 36,281</u>	<u>\$ 5,306</u>

The school department's employer contributions of \$25,731, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase of net pension asset in the year ending June 30, 2020. 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
2020	\$ 41
2021	(51)
2022	(466)
2023	294
2024	682
Thereafter	4,744

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, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2018, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

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

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

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

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

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
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Net Pension Liability (Asset) \$ 7,966 \$ (51,527) \$ (95,359)

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

Teacher Legacy Pension Plan

General Information About the Pension Plan

Plan Description. Teachers of the 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/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 55. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for 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. Under the Teacher Legacy Pension Plan, benefit terms and conditions, including COLAs 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 are required to contribute five percent of their salaries. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Benton County School Department for the year ended June 30, 2019, to the Teacher Legacy Pension Plan were \$913,226, which is 10.46 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liability (Assets). At June 30, 2019, the school department reported a liability (asset) of (\$884,382) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The school department's proportion of the net pension liability (asset) was based on the school department's long-term share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2018, the school department's proportion was .251322 percent. The proportion measured at June 30, 2017, was .254627 percent.

Pension Expense (Negative Pension Expense). For the year ended June 30, 2019, the school department recognized (negative) pension expense of (\$243,973).

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the school department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 178,764	\$ 1,193,101
Changes in Assumptions	522,320	0
Net Difference Between Projected and Actual Earnings on Pension Plan		
Investments	0	192,478
Changes in Proportion of Net Pension Liability (Asset)	84,711	35,589
LEA's Contributions Subsequent to the Measurement Date of June 30, 2018	913,226	N/A
Total	<u>\$ 1,699,021</u>	<u>\$ 1,421,168</u>

The school department's employer contributions of \$913,226 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a decrease in net pension liability in the year ending June 30, 2020. 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
2020	\$ 191,495
2021	(273,244)
2022	(469,609)
2023	(84,015)
2024	0
Thereafter	0

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

Actuarial Assumptions. The total pension liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2018, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

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

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

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

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

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
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Net Pension Liability (Asset) \$ 6,817,372 \$ (884,382) \$ (7,256,510)

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

2. Deferred Compensation

Teachers hired after July 1, 2014, by the school department are required to participate in a hybrid pension plan consisting of a defined benefit portion, which is detailed in the pensions footnote above and is managed by the Tennessee Consolidated Retirement System, and a defined contribution portion which is placed into the state’s 401 (K) plan and is managed by the employee. The defined contribution portion of the plan requires that the school department contribute five percent of each teacher’s salary into their deferred compensation plan. In addition, teachers are required to contribute two percent of their salaries into this deferred compensation plan, unless they opt out of the employee portion. During the year the school department contributed \$66,238 and teachers contributed \$40,679 to this deferred compensation pension plan.

G. Other Postemployment Benefits (OPEB)

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

OPEB Provided through State Administered Public Entity Risk Pools

Retirees of Benton County (prior to November 2013) were provided healthcare under a separate Local Government Plan; however, at June 30, 2018, the plan no longer had any retirees participating. Retirees of the Benton County Highway Department are provided healthcare under the Local Government Plan (LGP) until they reach Medicare eligibility. Likewise, the school department provides healthcare benefits to its employees under the Local Education Plan (LEP) until they reach Medicare eligibility. The certified retirees of the Benton County School Department may then join the Tennessee

Plan – Medicare (TNM), which provides supplemental medical insurance for retirees with Medicare. However, the school department does not provide any subsidy (direct or indirect) to this plan and therefore does not recognize any OPEB liability associated with the TNM.

The county and school department’s total OPEB liability for each plan was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2018, actuarial valuation of each plan was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Inflation	2.25%
Salary Increases	Salary increases used in the July 1, 2018, TCRS actuarial valuation; 3.44% to 8.72%, including inflation
Discount Rate	3.62%
Healthcare Cost Trend Rates	LGP and LEP - Based on the Getzen Model, with trend starting at 6.75% for the 2019 calendar year, and gradually decreasing over a 32-year period to an ultimate trend rate of 3.53% with .28% added to approximate the effect of the excise tax
Retirees Share of Benefit	
Related Cost	Discussed under each plan

The discount rate was 3.62 percent, based on the daily rate of Fidelity’s 20-Year Municipal GO AS index closest to but not later than the measurement date.

Mortality rates were based on the results of a statewide experience study undertaken on behalf of the Tennessee Consolidated Retirement System (TCRS). These mortality rates were used in the July 1, 2018, actuarial valuation of the TCRS.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2018, valuations were the same as those employed in the July 1, 2018, Pension Actuarial Valuation of the TCRS. These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2012 - June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the

RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2016, Post-retirement tables are Blue Collar and adjusted with a 2 percent load for males and a -3 percent load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10 percent load.

Changes in Assumptions. The discount rate changed from 3.56 percent as of the beginning of the measurement period to 3.62 percent as of the measurement date of June 30, 2018. The assumed initial costs and premium amounts were revised to reflect rates adopted for the 2019 plan year. The assumed initial trend rate applicable to the 2019 plan year was revised from 5.4 percent to 6.75 percent.

Local Government OPEB Plan (Primary Government)

Plan Description. Employees of the Benton County Highway Department are provided with pre-65 retiree health insurance benefits through the Local Government Plan (LGP) administered by the Tennessee Department of Finance and Administration. All eligible pre-65 retired employees and disability participants of local governments, who choose coverage, participate in the LGP.

Benefits Provided. The Benton County Highway Department offers the LGP to provide health insurance coverage to eligible pre-65 retirees and disabled participants of local governments. With the exception of a small group of grandfathered individuals, retirees are required to discontinue coverage under the LGP upon obtaining Medicare eligibility. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with Section 8-27-701, *TCA*, establishes and amends the benefit terms of the LGP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members, of the LGP, receives the same plan benefits as active employees, at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for the retiree premiums. The highway department does not provide a direct subsidy and is only subject to the implicit subsidy.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2018, the following employees were covered by the benefit terms:

	<u>Highway Department</u>
Retirees and Beneficiaries	0
Inactive, Nonretired Members	0
Active Members Eligible	
For Future Benefits	16
Active Members Not Eligible	
For Future Benefits	<u>3</u>
Total	<u><u>19</u></u>

An insurance committee, created in accordance with Section 8-27-701, TCA, establishes the required payments to the LGP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. For the fiscal year ended June 30, 2019, the highway department paid \$854 to the LGP for OPEB benefits as they came due.

Changes in the Total OPEB Liability

	<u>Benton County</u>	<u>Hwy Dept.</u>	<u>Total OPEB Liability</u>
Balance July 1, 2017	\$ 36,807	\$ 48,602	\$ 85,409
Changes for the Year:			
Service Cost	\$ 0	\$ 4,939	\$ 4,939
Interest	1,195	1,885	3,080
Changes in			
Benefit Terms	0	0	0
Difference between			
Expected and Actuarial			
Experience	(31,507)	1,328	(30,179)
Changes in Assumption			
and Other Inputs	0	5,662	5,662
Benefit Payments	(6,495)	(1,182)	(7,677)
Net Changes	<u>\$ (36,807)</u>	<u>\$ 12,632</u>	<u>\$ (24,175)</u>
Balance June 30, 2018	<u>\$ 0</u>	<u>\$ 61,234</u>	<u>\$ 61,234</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the county recognized (negative) OPEB expense of (\$30,312) due to retirees no longer participating in the plan and the highway department recognized OPEB expense of \$7,484. At June 30, 2019, the highway department reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 1,156	\$ 0
Changes of Assumptions/Inputs	4,927	1,236
Net Difference Between Projected and Benefits Paid after the Measurement Date of June 30, 2018	<u>854</u>	<u>0</u>
Total	<u>\$ 6,937</u>	<u>\$ 1,236</u>

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

Year Ending June 30	Highway Department
2020	\$ 660
2021	660
2022	660
2023	660
2024	660
Thereafter	1,547

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

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the highway department calculated using the current discount rate as well as what the OPEB liability would be if it was calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease 2.62%	Current Discount Rate 3.62%	1% Increase 4.62%
Highway Department	\$ 64,692	\$ 61,234	\$ 57,787

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the total OPEB liability of the highway department calculated using the current healthcare cost trend rate, as well as what the OPEB liability would be if it was calculated using a trend rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease 5.75 to 2.81%	Current Trend Rates 6.75 to 3.81%	1% Increase 7.75 to 4.81%
Highway Department	\$ 55,690	\$ 61,234	\$ 67,439

Closed Local Education (LEP) OPEB Plan - Discretely Presented Benton County School Department

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

Benefits Provided. The Benton County School Department offers the LEP to provide health insurance coverage to eligible pre-65 retirees, support staff, and disabled participants of local education agencies. Retirees are required to discontinue coverage under the LEP upon obtaining Medicare eligibility. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with Section 8-27-301, *TCA*, establishes and amends the benefit terms of the LEP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members of the LEP receive the same plan benefits as active employees at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for retiree premiums. The Benton County School Department does not provide a direct subsidy and is only subject to the implicit subsidy. The state, as a governmental non-employer contributing entity, provides a direct subsidy for eligible retirees’ premiums based on years of service. Therefore, retirees with 30 or more years of service will receive 45 percent; 20 but less than 30 years, 35 percent; and less than 20 years, 20 percent of the scheduled premium. No subsidy is provided for enrollees of the health savings CDHP.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2018, the following employees were covered by the benefit terms:

	<u>School Department</u>
Retirees and Beneficiaries	12
Inactive, Nonretired Members	0
Active Members Eligible for Future Benefits	263
Active Members Not Eligible for Future Benefits	<u>32</u>
Total	<u><u>307</u></u>

A state insurance committee, created in accordance with Section 8-27-301, *TCA*, establishes the required payments to the LEP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the school department paid \$67,693 to the LEP for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

	<u>Share of Collective Liability</u>		
	Benton County	State of	Total OPEB
	School Department	TN	
	65.910%	34.090%	Liability
Balance July 1, 2017	\$ 1,742,415	\$ 901,201	\$ 2,643,616
Changes for the Year:			
Service Cost	\$ 110,311	\$ 57,054	\$ 167,365
Interest	64,914	33,574	98,488
Changes in			
Benefit Terms	0	0	0
Difference between			
Expected and			
Actuarial Experience	(207,068)	(107,098)	(314,166)
Changes in Assumption			
and Other Inputs	67,623	34,976	102,599
Benefit Payments	(58,607)	(30,312)	(88,919)
Net Changes	\$ (22,827)	\$ (11,806)	\$ (34,633)
Balance June 30, 2018	\$ 1,719,589	\$ 889,394	\$ 2,608,983

The Benton County School Department has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the LEP. The Benton County School Department's proportionate share of the collective total OPEB liability was based on a projection of the employers' long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The school department recognized \$79,094 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the LEP for school department retirees.

During the year, the Benton County School Department's proportionate share of the collective OPEB liability was 65.91 percent and the State of Tennessee's share was 34.09 percent.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the school department recognized OPEB expense of \$233,415, including the state's share of the expense. At June 30, 2019, the school department reported deferred outflows of resources and deferred inflows of resources related to its proportionate share of OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 187,716
Changes of Assumptions/Inputs	61,303	69,291
Changes in Proportion and Differences Between Amounts Paid as Benefits Came Due and Proportionate Share Amounts Paid by the Employer and Nonemployer Contributors As Benefits Came Due	4,612	0
Benefits Paid After the Measurement Date of June 30, 2018	<u>67,693</u>	<u>0</u>
Total	<u>\$ 133,608</u>	<u>\$ 257,007</u>

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

Year Ending June 30	School Department
2020	\$ (20,904)
2021	(20,904)
2022	(20,904)
2023	(20,904)
2024	(20,904)
Thereafter	(86,572)

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

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

<u>Discount Rate</u>	1% Decrease 2.62%	Current Discount Rate 3.62%	1% Increase 4.62%
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Proportionate Share of the Collective Total OPEB Liability	\$ 1,848,586	\$ 1,719,589	\$ 1,595,880
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Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the school department's proportionate share of the collective total OPEB liability related to the LEP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate.

<u>Healthcare Cost Trend Rate</u>	1% Decrease 5.75 to 2.85%	Current Rates 6.75 to 3.85%	1% Increase 7.75 to 4.85%
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Proportionate Share of the Collective Total OPEB Liability	\$ 1,513,952	\$ 1,719,589	\$ 1,962,467
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H. Purchasing Laws

Office of County Mayor

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

Office of Road Supervisor

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

Office of Director of Schools

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

I. Subsequent Event

On July 16, 2019, Benton County entered into an Energy Efficient School Initiative loan agreement with the Tennessee Energy Efficient Schools Council. Under the loan agreement, the council made \$1,957,000 available for loan to Benton County, of which \$1,384,800 has been drawn as of the date of this report.

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, 2019.

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 historical cost 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 and amortized over the term of the related debt. The electric system will continue to report bond costs as an asset and amortize those over the life of the bonds instead of expensing those costs in the current year in accordance with certain provisions included in GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in pre-November 30, 1989, FASB and AICPA Pronouncements*. This option as part of Statement No. 65 is available due to the above mentioned cost being used for rate setting by the utility.

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 items that qualify for this form of reporting – pension and OPEB changes in experience, pension changes in assumptions, and pension contributions subsequent to the measurement date.

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 items that qualify for this form of reporting -pension changes in experience and investment earnings and OPEB changes in assumptions.

i. 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.

j. 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.

k. 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.

The electric system adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement No. 27*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* during the prior year. The new pension standards 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 defined benefit pension plans and for employers whose employees are provided with defined contribution pensions. The objective of Statement No. 68 is to improve accounting and financial reporting by state and local governments for pensions. The adoption of these standards resulted in the reporting of deferred outflows and inflows of resources and pension liabilities and assets on the Statement of Net Position.

l. Other Postemployment Benefits (OPEB)

Information about the Utility's participation in their single employer post-employment benefits plan have been determined on the same basis as they are reported by the other post-employment benefits plan. For this purpose, benefits are recognized when due and payable in accordance with the benefit terms of the other post-employment benefits plan.

m. Impact of Recently Issued Accounting Pronouncements

In March 2018, the GASB issued Statement No. 88 – *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, effective for financial statements for periods

beginning after June 15, 2018. The primary objective of this statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. Management has implemented this statement in the current financial statements.

n. **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, 2019, 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, 2019, consisted of the following:

	<u>Receivables</u>
Billed Services for Utility Customers	\$ 2,644,502
Allowance for Doubtful Accounts	<u>(8,278)</u>
Total Accounts Receivable	<u>\$ 2,636,224</u>

3. Restricted Assets

All deposits required by the 2005, 2012, 2014, and 2015 Electric Plant Revenue Bonds have been made. Transactions in funds other than the 2005, 2012, 2014, 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, 2012, 2014, and 2015 Electric Plant Revenue Bond Funds	
Interest and Sinking Fund	\$ 245,534
Reserve Fund	<u>617,878</u>
Total Restricted Assets	<u>\$ 863,412</u>

The total of these funds is represented by:

Certificates of Deposit and Bank Accounts	<u>\$ 863,412</u>
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4. **Capital Assets**

Capital assets activity during the year was as follows:

	Balance		Balance	
	7-1-18	Additions	Disposals	6-30-19
Capital Assets Not Depreciated:				
Land	\$ 188,840	\$ 0	\$ (24,186)	\$ 164,654
Construction in Progress	142,230	1,541,643	(1,632,743)	51,130
Total Capital Assets Not Depreciated	<u>\$ 331,070</u>	<u>\$ 1,541,643</u>	<u>\$ (1,656,929)</u>	<u>\$ 215,784</u>
Capital Assets Depreciated:				
Other Capital Assets	<u>\$ 42,826,821</u>	<u>\$ 1,840,359</u>	<u>\$ (623,026)</u>	<u>\$ 44,044,154</u>
Total Capital Assets Depreciated	<u>\$ 42,826,821</u>	<u>\$ 1,840,359</u>	<u>\$ (623,026)</u>	<u>\$ 44,044,154</u>
Less Accumulated Depreciation For:				
Other Capital Assets	<u>\$ 17,340,804</u>	<u>\$ 1,673,946</u>	<u>\$ (634,518)</u>	<u>\$ 18,380,232</u>
Total Accumulated Depreciation	<u>\$ 17,340,804</u>	<u>\$ 1,673,946</u>	<u>\$ (634,518)</u>	<u>\$ 18,380,232</u>
Total Capital Assets Depreciated, Net	<u>\$ 25,486,017</u>	<u>\$ 166,413</u>	<u>\$ 11,492</u>	<u>\$ 25,663,922</u>
Total Capital Assets, Net	<u>\$ 25,817,087</u>	<u>\$ 1,708,056</u>	<u>\$ (1,645,437)</u>	<u>\$ 25,879,706</u>

Depreciation expense of \$1,673,946 (including \$155,024 of transportation expense clearing) was recorded by the electric system.

5. Long-term Debt

Long-term debt consists of the following:

Type	Interest Rate	Balance 6-30-19
Electric System Revenue Bonds, Series 2005	3.9%	\$ 470,000
Electric System Revenue Refunding and Improvement Bonds, Series 2012	2 to 2.5	2,200,000
Electric System Revenue Refunding and Improvement Bonds, Series 2014	2.83	2,710,000
Electric System Revenue Refunding and Improvement Bonds, Series 2015	3.49	845,000
Total		\$ 6,225,000
Total Current Portion		\$ 465,000
Total Long-term Portion		\$ 5,760,000

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 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 2034.

On July 30, 2015, Benton County Electric System issued at par \$1,000,000 of Electric System Revenue Bonds, Series 2015, for the purpose of additional funding to complete the new administrative office in Camden, Tennessee. The bonds bear interest at 3.49 percent and will

be repaid in variable amounts, with the final payment due June 2035.

The following is a summary of long-term debt transactions for the year ended June 30, 2019.

	Balance 7-1-18	Additions	Retirements	Balance 6-30-19
Revenue bonds payable	\$ 6,685,000	\$ 0	\$ (460,000)	\$ 6,225,000

The scheduled annual requirements for long-term debt at June 30, 2019, including interest of \$1,225,722, are as follows:

Year Ending June 30	Revenue Bonds		
	Principal	Interest	Total
2020	\$ 465,000	\$ 167,614	\$ 632,614
2021	480,000	155,049	635,049
2022	495,000	142,145	637,145
2023	510,000	128,728	638,728
2024	530,000	114,519	644,519
2025-2029	2,215,000	369,938	2,584,938
2030-2034	1,255,000	142,492	1,397,492
2035	275,000	5,237	280,237
Total	<u>\$ 6,225,000</u>	<u>\$ 1,225,722</u>	<u>\$ 7,450,722</u>

The electric system complied with all significant debt covenants and restrictions as set forth in the bond agreements.

The bonds payable for the electric system contain provisions that in the event of default, the lender can exercise one or more of the following options: (1) Make all or any of the outstanding bonds payable balance immediately due and accrued interest at highest post maturity interest rate, (2) Use any remedy allowed by state or federal law.

There are no unused lines of credit for any of the systems at June 30, 2019.

6. Net Position

Net position represents the difference between assets and liabilities. Net position amounts at June 30, 2019, were as follows:

Net Investment in Capital Assets:	
Net Property, Plant, and Equipment in Service	\$ 25,879,706
Unamortized Bond Premium	(14,829)
Less: Revenue Bonds Payable	<u>(6,225,000)</u>
Total Net Investment in Capital Assets	<u>\$ 19,639,877</u>
Restricted for Debt Service and Net Pension Asset:	
Restricted Cash and Investments	\$ 863,412
Net Pension Asset	240,831
Less: Current Liabilities Payable from Restricted Assets - Accrued Interest Payable	<u>(14,425)</u>
Total Restricted for Debt Service and Net Pension Asset	<u>\$ 1,089,818</u>
Unrestricted	<u>\$ 2,043,427</u>
Total Net Position	<u>\$ 22,773,122</u>

7. Transfer

During the year ended June 30, 2019, a transfer of \$519,426 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 hired prior to November 22, 1988, 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 October 1, 2018, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	20
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	1
Active Plan Members	<u>7</u>
Total	<u><u>28</u></u>

Contributions. At October 1, 2018, 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 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
2018	\$ 334,272	\$ 334,272
2019	334,272	334,272

Net Pension Liability (Asset)

Benton County Electric System’s net pension liability (asset) was measured as of October 1, 2018, 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 October 1, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Measurement Date	October 1, 2018
Discount Rate	7%
Mortality	RP-2000 Fully Generational with Scale AA
Incidence of Disability	50% 1952 Disability Table, Period 2 Benefit 5, with a 6-Month Waiting Period
Termination	Males: Termination Table 5 from Actuary's Handbook Females: Termination Table 5 from Actuary's Handbook with a 5-year Setback
Salary Scale	3%
Assumed Retirement Age	Age 64
Marriage	Assumed that 80% of Participants are Married and a Male is 3 Years Older than his Female Spouse
Cost of Living Increase	N/A
Date of Participation Freeze	11/22/1988

The actuarial assumptions used in the September 30, 2018, actuarial valuation were based on the results of an actuarial experience study performed for the period October 1, 2017, through September 30, 2018. 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 Central Service Association. 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
Fixed Income	2.54 to 2.89 %	50 %
Large Cap	6.93 to 10.31	20
Mid Cap	7.84 to 12.52	10
Small Cap	8.90 to 15.38	8
Real Estate	7.61 to 12.69	2
International Equity	6.92 to 11.35	10
Total		<u>100 %</u>

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.

Changes in the Net Pension Liability (Asset)

	Increase/Decrease		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at October 1, 2017	\$ 7,214,004	\$ 5,160,435	\$ 2,053,569
Changes for the Year:			
Service Cost	\$ 16,329	\$ 0	\$ 16,329
Interest Cost	490,758	0	490,758
Difference Between Expected and Actual Experience	6,771	0	6,771
Employer - Contributions	0	334,272	(334,272)
Net Investment Income	0	331,263	(331,263)
Benefit Payments	(439,005)	(439,005)	0
Other Changes	18,927	0	18,927
Net Changes	\$ 93,780	\$ 226,530	\$ (132,750)
Balance, October 1, 2018	\$ 7,307,784	\$ 5,386,965	\$ 1,920,819

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:

Benton County Electric System	1%	Current	1%
	Decrease	Discount Rate	Increase
	6.0%	7.0%	8.0%
Net Pension Liability	\$ 2,570,591	\$ 1,920,819	\$ 1,355,592

Pension Expense 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	\$ 16,329
Interest on the Total Pension Liability	490,758
Differences Between Expected and	
Actual Experience	70,011
Change of Assumptions	8,287
Projected Earnings on Pension	
Plan Investments	(357,565)
Differences Between Projected and	
Actual Earnings on Plan Investments	<u>13,239</u>
 Total Pension Expense	 <u><u>\$ 241,059</u></u>

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, 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	\$ 211,387	\$ 0
Change of Assumptions	28,649	0
Net Difference Between Projected and Actual Earnings in Pension Investments	0	43,010
Contributions Subsequent to the Measurement Date of October 1, 2018 (1)	<u>250,704</u>	<u>N/A</u>
Total	<u>\$ 490,740</u>	<u>\$ 43,010</u>

(1) The amount shown above for “Contributions Subsequent to the Measurement Date of October 1, 2018,” 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
2020	\$ 93,590
2021	40,157
2022	52,871
2023	10,408
2024	0
Thereafter	0

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

2. **Pension Plan – Tennessee Consolidated Retirement System**

Plan Description. Employees of Benton County Electric System are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the Tennessee Consolidated Retirement System (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 the TCRS. The Tennessee Treasury Department, an agency in the

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

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

Employee membership data related to the plan, as of June 30, 2018, was as follows:

Inactive Plan Members or Beneficiaries Currently	
Receiving Benefits	26
Inactive Plan Members Entitled to But Not Yet Receiving	
Benefits	61
Active Plan Members	<u>61</u>
 Total	 <u>148</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 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, 2019, the employer contributions for the electric system were \$125,907 based on a rate of 6.59 percent of covered payroll. By law, employer contributions are required to be paid. The employer's actuarially determined contributions (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Benton County Electric System's net pension liability (asset) was measured as of June 30, 2018, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date. The utility's proportion of the net position liability was based on census data of the utility's employees relative to all employees covered under Benton County's plan. At the June 30, 2018, measurement date, the utility's proportion was 20.72 percent.

Actuarial Assumptions. The total pension liability as of the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4.00%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

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

The actuarial assumptions used in the June 30, 2018, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block

method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major class are summarized in the following table:

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

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

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

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, 2017	\$ 4,531,349	\$ 4,607,524	\$ (76,175)
Changes for the Year:			
Service Cost	\$ 156,447	\$ 0	\$ 156,447
Interest	332,445	0	332,445
Differences Between Expected and Actual Experience	(72,489)	0	(72,489)
Changes in Assumptions	0	0	0
Contributions - Employer	0	116,425	(116,425)
Contributions - Employees	0	88,335	(88,335)
Net Investment Income	0	382,196	(382,196)
Benefit Payments, Including Refunds of Employee Contributions	(165,489)	(165,489)	0
Administrative Expense	0	(5,567)	5,567
Other Changes	330	0	330
Net Changes	\$ 251,244	\$ 415,900	\$ (164,656)
Balance, June 30, 2018	\$ 4,782,593	\$ 5,023,424	\$ (240,831)

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 7.25 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 (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease 6.25%	Discount Rate 7.25%	1% Increase 8.25%
Benton County Electric System			
Net Pension Liability (Asset)	\$ 440,339	\$ (240,831)	\$ (800,654)

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

Pension Expense. For the year ended June 30, 2019, Benton County Electric System recognized pension expense of \$28,935.

Service Cost	\$ 156,447
Interest on the Total Pension Liability	332,445
Differences Between Expected and Actual Experience	(33,294)
Change of Assumptions	17,532
Employee Contributions	(88,335)
Projected Earnings on Pension Plan Investments	(333,823)
Differences Between Projected and Actual Earnings on Plan Investments	(27,604)
Pension Plan Administrative Expense	<u>5,567</u>
 Total Pension Expense	 <u><u>\$ 28,935</u></u>

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, 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	\$ 5,553	\$ 129,946
Change of Assumptions	70,127	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	22,563
Contributions Subsequent to the Measurement Date of June 30, 2018 (1)	<u>125,907</u>	N/A
 Total	 <u><u>\$ 201,587</u></u>	 <u><u>\$ 152,509</u></u>

(1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2018,” will be recognized as a reduction (increase) to net pension liability (asset) 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
2020	\$ 15,208
2021	(17,699)
2022	(58,956)
2023	(15,382)
2024	0
Thereafter	0

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

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, 2019, 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 dental benefits to eligible retirees and their families. The system covers the employee at 100 percent and families at 75 percent. The

retirees are offered the option to maintain health insurance after they retire (including subsidized beneficial coverage). The retiree must be older than 55 and have at least 20 years of service with the electric system and benefits end when they reach 65 for employees hired prior to December 23, 2013. For employees hired December 23, 2013, and after, the retiree must be 60 years old and have at least 30 years of service until age 65 or eligible for Medicare.

Annual OPEB Cost and Net OPEB Obligation

Changes in the system’s net OPEB liability measured at June 30, 2019, are detailed in the following table. The table shows the net OPEB liability as of June 30, 2019, which is reported in the financial statements in accordance with GASB Statement No. 75.

	Total OPEB Liability	Plan Fiduciary Net Position	OPEB Liability
Balance July 1, 2018	\$ 789,967	\$ 0	\$ 789,967
Changes for the Year:			
Service Cost	\$ 41,727	\$ 0	\$ 41,727
Interest	29,827	0	29,827
Difference between Actual and Expected Assumption Changes	(73,512) 256,285	0 0	(73,512) 256,285
Contributions - Employer	0	38,817	38,817
Net Investment Income	0	0	0
Benefit Payments	(38,817)	(38,817)	(77,634)
Administrative Expense	0	0	0
Net Changes	\$ 215,510	\$ 0	\$ 215,510
Balance June 30, 2019	\$ 1,005,477	\$ 0	\$ 1,005,477

Actuarial Methods and Assumptions

The valuation was based on information provided by the electric system as of July 1, 2019.

	<u>Total</u>
Active Employees	36
Retired Members Medical, Dental, & Vision	4
Retired Spouses Medical, Dental, & Vision	2
Retired Spouses Dental & Vision Only	1
Total	<u><u>43</u></u>

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary Scale	3%
Core Inflation Assumption	3%
Trend	Per-capita claims costs are projected to increase at an initial rate of 7.1% with an annual decline until an ultimate rate of 5% is achieved in 2026.
Marital Assumption	80% of active employees are assumed to be married at retirement with male spouses assumed to be 3 years older than female spouses.
Discount Rate:	The discount rate used to measure the total OPEB liability was 3.87 percent. Because the plan is unfunded, the plan's projected benefits are discounted back using rates equivalent to Aa 20-year municipal bonds. The GO Buyer Index was used to approximate those yields as of June 30, 2018.

Mortality rates were based on the RP-2014 adjusted to 2006 and projected forward with MP-2018.

The actuarial assumption used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period ending July 1, 2019.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.5 percent. The projection of cash flows used to determine the discount rate assumed that the system’s contributions will be made at rates equal to the actuarially determined contribution rates.

Sensitivity of net OPEB Liability to Changes in the Healthcare Cost Trend Rate: The following represents the net OPEB liability calculated using the stated healthcare cost trend assumption, as well as what the OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the assumed trend rates:

	1% Decrease 6.1% to 4%	Current Discount Rate 7.1% to 5%	1% Increase 8.1% to 6%
Net OPEB Liability (Asset)	\$ 897,141	\$ 1,005,477	\$ 1,135,943

Sensitivity of Net OPEB Liability to Changes in the Discount Rate: The following represents the net OPEB liability calculated using the stated discount rate, as well as what the OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the assumed trend rates:

	1% Decrease 2.5%	Current Discount Rate 3.5%	1% Increase 4.5%
Net OPEB Liability (Asset)	\$ 1,076,420	\$ 1,005,477	\$ 937,478

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources

For the year ended June 30, 2019, the system recognized OPEB expense of \$85,746. At June 30, 2019, the system reported deferred outflows and inflows as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 236,387	\$ 0
Change of Assumptions	<u>0</u>	<u>67,805</u>
Total	<u>\$ 236,387</u>	<u>\$ 67,805</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows as of the fiscal year ending June 30, 2019:

Year Ending June 30	Amortized
2020	\$ 14,191
2021	14,191
2022	14,191
2023	14,191
2024	14,191
Thereafter	97,627

Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to discount, trend rates, and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions, it is reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

Benefits are recorded when the participant has met all of the plan requirements to receive a benefit. At June 30, 2019, no benefits were payable.

Qualified plan administrative expenses are paid by the plan. During the year ended June 30, 2019, administrative expenses were \$0.

**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

	2014	2015	2016	2017	2018
Total Pension Liability					
Service Cost	\$ 634,856	\$ 641,580	\$ 714,173	\$ 709,313	\$ 755,052
Interest	1,253,029	1,344,807	1,452,356	1,529,740	1,604,466
Differences Between Actual and Expected Experience	(21,732)	80,395	(349,859)	(253,080)	(349,852)
Changes in Assumptions	0	0	0	507,675	0
Benefit Payments, Including Refunds of Employee Contributions	(635,575)	(662,762)	(748,016)	(812,019)	(798,692)
Net Change in Total Pension Liability	\$ 1,230,578	\$ 1,404,020	\$ 1,068,654	\$ 1,681,629	\$ 1,210,974
Total Pension Liability, Beginning	16,389,984	17,620,562	19,024,582	20,093,236	21,774,865
Total Pension Liability, Ending (a)	\$ 17,620,562	\$ 19,024,582	\$ 20,093,236	\$ 21,774,865	\$ 22,985,839
Plan Fiduciary Net Position					
Contributions - Employer	\$ 504,641	\$ 519,956	\$ 547,712	\$ 550,601	\$ 561,895
Contributions - Employee	371,591	394,506	415,564	417,758	426,327
Net Investment Income	2,580,542	565,945	508,180	2,247,083	1,844,577
Benefit Payments, Including Refunds of Employee Contributions	(635,575)	(662,762)	(748,016)	(812,019)	(798,692)
Administrative Expense	(10,598)	(14,340)	(21,504)	(24,440)	(26,867)
Net Change in Plan Fiduciary Net Position	\$ 2,810,601	\$ 803,305	\$ 701,936	\$ 2,378,983	\$ 2,007,240
Plan Fiduciary Net Position, Beginning	15,446,088	18,256,689	19,059,994	19,761,930	22,140,913
Plan Fiduciary Net Position, Ending (b)	\$ 18,256,689	\$ 19,059,994	\$ 19,761,930	\$ 22,140,913	\$ 24,148,153
Net Pension Liability (Asset), Ending (a - b)	\$ (636,127)	\$ (35,412)	\$ 331,306	\$ (366,048)	\$ (1,162,314)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	103.61%	100.19%	98.35%	101.68%	105.06%
Covered Payroll	\$ 7,421,185	\$ 7,890,076	\$ 8,324,374	\$ 8,355,105	\$ 8,532,375
Net Pension Liability (Asset) as a Percentage of Covered Payroll	8.57%	0.45%	3.98%	(4.38)%	(13.62)%

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

Note: The agent plan is a single plan reported under one account with the Tennessee Consolidated Retirement System. This plan covers employees of the primary government, employees of the Benton County Electric System (proprietary fund), and non-certified employees of the discretely presented 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

	2014	2015	2016	2017	2018	2019
Actuarially Determined Contribution	\$ 504,641	\$ 519,956	\$ 547,712	\$ 550,601	\$ 561,895	\$ 581,642
Less Contributions in Relation to the Actuarially Determined Contribution	(504,641)	(519,956)	(547,712)	(550,601)	(561,895)	(581,642)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 7,421,185	\$ 7,890,076	\$ 8,324,374	\$ 8,355,105	\$ 8,532,375	\$ 8,815,617
Contributions as a Percentage of Covered Payroll	6.80%	6.59%	6.58%	6.59%	6.59%	6.60%

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

Note: The agent plan is a single plan reported under one account with the Tennessee Consolidated Retirement System. This plan covers employees of the primary government, employees of the Benton County Electric System (proprietary fund), and non-certified employees of the discretely presented 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

	2015	2016	2017	2018	2019*
Contractually Required Contribution	\$ 16,821	\$ 26,870	\$ 29,455	\$ 16,191	\$ 25,731
Less Contributions in Relation to the Contractually Required Contribution	(16,821)	(26,870)	(29,455)	(39,714)	(25,731)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ (23,523)	\$ 0
Covered Payroll	\$ 420,533	\$ 671,732	\$ 774,297	\$ 992,843	\$ 1,326,277
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	3.80%	4.00%	1.94%

* In FY 2019 the School Department placed the actuarially determined contribution rate (1.94%) of covered payroll into the pension plan and placed 2.06% of covered payroll into the Pension Stabilization Reserve Trust.

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

	2014	2015	2016	2017	2018	2019
Contractually Required Contribution	\$ 816,685	\$ 797,954	\$ 791,520	\$ 813,684	\$ 799,084	\$ 913,226
Less Contributions in Relation to the Contractually Required Contribution	(816,685)	(797,954)	(791,520)	(813,684)	(799,084)	(913,226)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 9,196,901	\$ 8,826,916	\$ 8,755,754	\$ 8,963,010	\$ 8,800,476	\$ 8,730,671
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.08%	9.08%	10.46%

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 Retirement Plan of TCRS
Discretely Presented Benton County School Department
For the Fiscal Year Ended June 30

	2015	2016	2017	2018
School Department's Proportion of the Net Pension Liability (Asset)	0.202402%	0.152666%	0.112194%	0.113613%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (8,143)	\$ (15,893)	\$ (29,601)	\$ (51,527)
Covered Payroll	\$ 420,533	\$ 671,732	\$ 774,297	\$ 992,843
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(1.94)%	(2.37)%	(3.82)%	(5.19)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%	121.88%	126.81%	126.97%

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

Exhibit F-6

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

	2014	2015	2016	2017	2018
School Department's Proportion of the Net Pension Liability (Asset)	0.234316%	0.235793%	0.242555%	0.254627%	0.251322%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (38,075)	\$ 96,589	\$ 1,515,835	\$ (83,310)	\$ (884,382)
Covered Payroll	\$ 9,196,901	\$ 8,826,916	\$ 8,755,754	\$ 8,963,010	\$ 8,800,476
School Department's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	(.414002)%	1.094255%	17.31%	(.93)%	(10.05)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%	97.14%	100.14%	101.49%

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

Exhibit F-7

Benton County, Tennessee
Schedule of Changes in the Total OPEB Liability and Related Ratios - Local Government Plans
For the Fiscal Year Ended June 30

Benton County Plan

	2017	2018
Total OPEB Liability		
Service Cost	\$ 0	\$ 0
Interest	1,153	1,195
Changes in Benefit Terms	0	0
Differences Between Actual and Expected Experience	0	(31,507)
Changes in Assumptions or Other Inputs	(585)	0
Benefit Payments	(6,524)	(6,495)
Net Change in Total OPEB Liability	\$ (5,956)	\$ (36,807)
Total OPEB Liability, Beginning	42,763	36,807
Total OPEB Liability, Ending	<u>\$ 36,807</u>	<u>\$ 0</u>
Covered Employee Payroll	\$ 3,829,152	\$ N/A
Net OPEB Liability as a Percentage of Covered Employee Payroll	0.96%	N/A

Highway Department Plan

	2017	2018
Total OPEB Liability		
Service Cost	\$ 5,130	\$ 4,939
Interest	1,428	1,885
Changes in Benefit Terms	0	0
Differences Between Actual and Expected Experience	0	1,328
Changes in Assumptions or Other Inputs	(1,730)	5,662
Benefit Payments	0	(1,182)
Net Change in Total OPEB Liability	\$ 4,828	\$ 12,632
Total OPEB Liability, Beginning	43,774	48,602
Total OPEB Liability, Ending	<u>\$ 48,602</u>	<u>\$ 61,234</u>
Covered Employee Payroll	\$ 872,104	\$ 873,485
Net OPEB Liability as a Percentage of Covered Employee Payroll	5.57%	7.01%

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

Note 2. Changes in assumptions. Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2017	2.92%
2018	3.56%
2019	3.62%

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

Exhibit F-8

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

	2017	2018
Total OPEB Liability		
Service Cost	\$ 181,097	\$ 167,365
Interest	79,679	98,488
Changes in Benefit Terms	0	0
Differences Between Actual and Expected Experience	0	(314,166)
Changes in Assumptions or Other Inputs	(130,461)	102,599
Benefit Payments	(68,665)	(88,919)
Net Change in Total OPEB Liability	\$ 61,650	\$ (34,633)
Total OPEB Liability, Beginning	2,581,966	2,643,616
Total OPEB Liability, Ending	<u>\$ 2,643,616</u>	<u>\$ 2,608,983</u>
Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	\$ 905,444	\$ 889,394
Employer Proportionate Share of the Total OPEB Liability	1,738,172	1,719,589
Covered Employee Payroll	\$ 11,843,690	\$ 12,230,201
Net OPEB Liability as a Percentage of Covered Employee Payroll	14.68%	14.06%

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

Note 2. Changes in assumptions. Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2017	2.92%
2018	3.56%
2018	3.62%

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

BENTON COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2019

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for fiscal year 2019 were calculated based on the June 30, 2017, actuarial valuation.

Methods and assumptions used to determine contribution rates:

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

Changes of Assumptions: In 2017, the following assumptions were changed: (1) decreased the inflation rate from 3.0 to 2.5 percent; (2) decreased the investment rate from 7.5 to 7.25 percent; (3) decreased the cost-of-living adjustment from 2.5 to 2.25 percent; (4) decreased the salary growth rate graded ranges from an average of 4.25 to 4.0 percent; and (5) modified the mortality assumptions.

**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.

Capital Projects Public Improvement Fund – The Capital Projects Public Improvement Fund is used to account for note proceeds received for various capital expenditures of the county.

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, 2019

	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>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 17,842	\$ 17,842	\$ 0	\$ 0
Equity in Pooled Cash and Investments	38,024	280,747	0	318,771	1,926,899	588,487
Accounts Receivable	0	0	19,670	19,670	0	0
Due from Other Governments	0	33,440	0	33,440	151,252	67,500
Due from Component Units	0	0	0	0	104,969	0
Property Taxes Receivable	0	0	0	0	110,258	65,493
Allowance for Uncollectible Property Taxes	0	0	0	0	(3,152)	(2,522)
Total Assets	\$ 38,024	\$ 314,187	\$ 37,512	\$ 389,723	\$ 2,290,226	\$ 718,958
<u>LIABILITIES</u>						
Accounts Payable	\$ 3,690	\$ 100	\$ 0	\$ 3,790	\$ 0	\$ 0
Due to Other Funds	821	0	37,512	38,333	0	0
Total Liabilities	\$ 4,511	\$ 100	\$ 37,512	\$ 42,123	\$ 0	\$ 0
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 104,468	\$ 60,069
Deferred Delinquent Property Taxes	0	0	0	0	2,304	2,555
Other Deferred/Unavailable Revenue	0	16,719	0	16,719	115,461	0
Total Deferred Inflows of Resources	\$ 0	\$ 16,719	\$ 0	\$ 16,719	\$ 222,233	\$ 62,624

(Continued)

Exhibit G-1

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

	Special Revenue Funds			Total	Debt Service	Capital
	Drug Control	Other Special Revenue	Constitu - tional Officers - Fees		Fund	Projects
					General	General
					Debt	Capital
					Service	Projects
<u>FUND BALANCES</u>						
Restricted:						
Restricted for Other Operations	\$ 0	\$ 297,368	\$ 0	\$ 297,368	\$ 0	\$ 0
Restricted for Capital Outlay	0	0	0	0	0	656,148
Committed:						
Committed for Public Safety	33,513	0	0	33,513	0	0
Committed for Capital Outlay	0	0	0	0	0	186
Committed for Debt Service	0	0	0	0	2,067,993	0
Total Fund Balances	\$ 33,513	\$ 297,368	\$ 0	\$ 330,881	\$ 2,067,993	\$ 656,334
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 38,024	\$ 314,187	\$ 37,512	\$ 389,723	\$ 2,290,226	\$ 718,958

(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	Capital Projects Public Improvement	Other Capital Projects	Total	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 17,842
Equity in Pooled Cash and Investments	234,589	144,035	45,961	1,013,072	3,258,742
Accounts Receivable	0	0	0	0	19,670
Due from Other Governments	0	0	0	67,500	252,192
Due from Component Units	0	0	0	0	104,969
Property Taxes Receivable	0	0	0	65,493	175,751
Allowance for Uncollectible Property Taxes	0	0	0	(2,522)	(5,674)
Total Assets	<u>\$ 234,589</u>	<u>\$ 144,035</u>	<u>\$ 45,961</u>	<u>\$ 1,143,543</u>	<u>\$ 3,823,492</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,790
Due to Other Funds	0	0	0	0	38,333
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 42,123</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 0	\$ 0	\$ 0	\$ 60,069	\$ 164,537
Deferred Delinquent Property Taxes	0	0	0	2,555	4,859
Other Deferred/Unavailable Revenue	0	0	0	0	132,180
Total Deferred Inflows of Resources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 62,624</u>	<u>\$ 301,576</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	Capital Projects Public Improvement	Other Capital Projects	Total	
<u>FUND BALANCES</u>					
Restricted:					
Restricted for Other Operations	\$ 0	\$ 0	\$ 0	\$ 0	\$ 297,368
Restricted for Capital Outlay	0	144,035	5,461	805,644	805,644
Committed:					
Committed for Public Safety	0	0	0	0	33,513
Committed for Capital Outlay	234,589	0	40,500	275,275	275,275
Committed for Debt Service	0	0	0	0	2,067,993
Total Fund Balances	<u>\$ 234,589</u>	<u>\$ 144,035</u>	<u>\$ 45,961</u>	<u>\$ 1,080,919</u>	<u>\$ 3,479,793</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 234,589</u>	<u>\$ 144,035</u>	<u>\$ 45,961</u>	<u>\$ 1,143,543</u>	<u>\$ 3,823,492</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, 2019

	Special Revenue Funds				Debt Service	Capital
	Drug Control	Other Special Revenue	Constitutional Officers - Fees	Total	Fund	Projects Funds
					General Debt Service	General Capital Projects
<u>Revenues</u>						
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 591,567	\$ 93,650
Fines, Forfeitures, and Penalties	10,649	0	0	10,649	0	0
Charges for Current Services	0	0	12,613	12,613	0	0
Other Local Revenues	15,491	0	0	15,491	10,150	0
State of Tennessee	0	182,330	0	182,330	0	67,500
Federal Government	0	0	0	0	0	142,946
Other Governments and Citizens Groups	5,000	0	0	5,000	738,410	0
Total Revenues	\$ 31,140	\$ 182,330	\$ 12,613	\$ 226,083	\$ 1,340,127	\$ 304,096
<u>Expenditures</u>						
Current:						
Administration of Justice	\$ 0	\$ 0	\$ 12,613	\$ 12,613	\$ 0	\$ 0
Public Safety	36,948	0	0	36,948	0	0
Other Operations	266	155,648	0	155,914	0	0
Debt Service:						
Principal on Debt	0	0	0	0	991,716	0
Interest on Debt	0	0	0	0	137,488	0
Other Debt Service	0	0	0	0	8,339	0
Capital Projects	0	0	0	0	0	264,314
Total Expenditures	\$ 37,214	\$ 155,648	\$ 12,613	\$ 205,475	\$ 1,137,543	\$ 264,314
Excess (Deficiency) of Revenues Over Expenditures	\$ (6,074)	\$ 26,682	\$ 0	\$ 20,608	\$ 202,584	\$ 39,782

(Continued)

Exhibit G-2

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

	Special Revenue Funds				Debt Service	Capital
	Drug Control	Other Special Revenue	Constitu - tional Officers - Fees	Total	Fund General Debt Service	Funds General Capital Projects
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 9,835	\$ 0	\$ 0	\$ 9,835	\$ 0	\$ 0
Transfers Out	0	0	0	0	0	(9,835)
Total Other Financing Sources (Uses)	\$ 9,835	\$ 0	\$ 0	\$ 9,835	\$ 0	\$ (9,835)
Net Change in Fund Balances	\$ 3,761	\$ 26,682	\$ 0	\$ 30,443	\$ 202,584	\$ 29,947
Fund Balance, July 1, 2018	29,752	270,686	0	300,438	1,865,409	626,387
Fund Balance, June 30, 2019	\$ 33,513	\$ 297,368	\$ 0	\$ 330,881	\$ 2,067,993	\$ 656,334

(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	Capital Projects Public Improvement	Other Capital Projects	Total	
<u>Revenues</u>					
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 93,650	\$ 685,217
Fines, Forfeitures, and Penalties	0	0	0	0	10,649
Charges for Current Services	0	0	0	0	12,613
Other Local Revenues	7,000	0	0	7,000	32,641
State of Tennessee	0	0	0	67,500	249,830
Federal Government	0	92,995	66,292	302,233	302,233
Other Governments and Citizens Groups	0	0	0	0	743,410
Total Revenues	\$ 7,000	\$ 92,995	\$ 66,292	\$ 470,383	\$ 2,036,593
<u>Expenditures</u>					
Current:					
Administration of Justice	\$ 0	\$ 0	\$ 0	\$ 0	\$ 12,613
Public Safety	0	0	0	0	36,948
Other Operations	70	0	0	70	155,984
Debt Service:					
Principal on Debt	0	0	0	0	991,716
Interest on Debt	0	0	0	0	137,488
Other Debt Service	0	0	0	0	8,339
Capital Projects	24,851	90,740	83,792	463,697	463,697
Total Expenditures	\$ 24,921	\$ 90,740	\$ 83,792	\$ 463,767	\$ 1,806,785
Excess (Deficiency) of Revenues Over Expenditures	\$ (17,921)	\$ 2,255	\$ (17,500)	\$ 6,616	\$ 229,808

(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	Capital Projects Public Improvement	Other Capital Projects	Total	
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 15,000	\$ 0	\$ 0	\$ 15,000	\$ 24,835
Transfers Out	0	0	0	(9,835)	(9,835)
Total Other Financing Sources (Uses)	\$ 15,000	\$ 0	\$ 0	\$ 5,165	\$ 15,000
Net Change in Fund Balances	\$ (2,921)	\$ 2,255	\$ (17,500)	\$ 11,781	\$ 244,808
Fund Balance, July 1, 2018	237,510	141,780	63,461	1,069,138	3,234,985
Fund Balance, June 30, 2019	\$ 234,589	\$ 144,035	\$ 45,961	\$ 1,080,919	\$ 3,479,793

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, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 10,649	\$ 9,955	\$ 11,415	\$ (766)
Other Local Revenues	15,491	1,015	16,506	(1,015)
Other Governments and Citizens Groups	5,000	0	5,000	0
Total Revenues	<u>\$ 31,140</u>	<u>\$ 10,970</u>	<u>\$ 32,921</u>	<u>\$ (1,781)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 36,948	\$ 13,450	\$ 45,236	\$ 8,288
<u>Other Operations</u>				
Other Charges	266	126	1,126	860
Total Expenditures	<u>\$ 37,214</u>	<u>\$ 13,576</u>	<u>\$ 46,362</u>	<u>\$ 9,148</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (6,074)</u>	<u>\$ (2,606)</u>	<u>\$ (13,441)</u>	<u>\$ 7,367</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 9,835	\$ 0	\$ 9,835	\$ 0
Total Other Financing Sources	<u>\$ 9,835</u>	<u>\$ 0</u>	<u>\$ 9,835</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 3,761	\$ (2,606)	\$ (3,606)	\$ 7,367
Fund Balance, July 1, 2018	29,752	21,049	21,049	8,703
Fund Balance, June 30, 2019	<u>\$ 33,513</u>	<u>\$ 18,443</u>	<u>\$ 17,443</u>	<u>\$ 16,070</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, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
State of Tennessee	\$ 182,330	\$ 174,318	\$ 174,318	\$ 8,012
Total Revenues	\$ 182,330	\$ 174,318	\$ 174,318	\$ 8,012
<u>Expenditures</u>				
<u>Other Operations</u>				
Tourism	\$ 153,823	\$ 143,308	\$ 183,308	\$ 29,485
Other Charges	1,825	1,917	1,917	92
Total Expenditures	\$ 155,648	\$ 145,225	\$ 185,225	\$ 29,577
Excess (Deficiency) of Revenues Over Expenditures	\$ 26,682	\$ 29,093	\$ (10,907)	\$ 37,589
Net Change in Fund Balance	\$ 26,682	\$ 29,093	\$ (10,907)	\$ 37,589
Fund Balance, July 1, 2018	270,686	267,195	267,195	3,491
Fund Balance, June 30, 2019	\$ 297,368	\$ 296,288	\$ 256,288	\$ 41,080

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, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 591,567	\$ 521,362	\$ 521,362	\$ 70,205
Other Local Revenues	10,150	0	0	10,150
Other Governments and Citizens Groups	738,410	694,350	694,350	44,060
Total Revenues	<u>\$ 1,340,127</u>	<u>\$ 1,215,712</u>	<u>\$ 1,215,712</u>	<u>\$ 124,415</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 268,116	\$ 300,000	\$ 358,116	\$ 90,000
Education	723,600	723,600	723,600	0
<u>Interest on Debt</u>				
General Government	98,644	102,605	111,400	12,756
Education	38,844	38,844	38,844	0
<u>Other Debt Service</u>				
General Government	7,724	14,738	31,818	24,094
Education	615	1,750	1,750	1,135
Total Expenditures	<u>\$ 1,137,543</u>	<u>\$ 1,181,537</u>	<u>\$ 1,265,528</u>	<u>\$ 127,985</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 202,584</u>	<u>\$ 34,175</u>	<u>\$ (49,816)</u>	<u>\$ 252,400</u>
Net Change in Fund Balance	\$ 202,584	\$ 34,175	\$ (49,816)	\$ 252,400
Fund Balance, July 1, 2018	<u>1,865,409</u>	<u>1,899,704</u>	<u>1,899,704</u>	<u>(34,295)</u>
Fund Balance, June 30, 2019	<u>\$ 2,067,993</u>	<u>\$ 1,933,879</u>	<u>\$ 1,849,888</u>	<u>\$ 218,105</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, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 93,650	\$ 86,749	\$ 86,749	\$ 6,901
State of Tennessee	67,500	0	142,946	(75,446)
Federal Government	142,946	0	0	142,946
Total Revenues	<u>\$ 304,096</u>	<u>\$ 86,749</u>	<u>\$ 229,695</u>	<u>\$ 74,401</u>
<u>Expenditures</u>				
<u>Capital Projects</u>				
General Administration Projects	\$ 197,446	\$ 60,954	\$ 531,138	\$ 333,692
Public Safety Projects	16,868	60,000	99,165	82,297
Public Health and Welfare Projects	0	15,000	15,000	15,000
Education Capital Projects	50,000	0	50,000	0
Total Expenditures	<u>\$ 264,314</u>	<u>\$ 135,954</u>	<u>\$ 695,303</u>	<u>\$ 430,989</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 39,782</u>	<u>\$ (49,205)</u>	<u>\$ (465,608)</u>	<u>\$ 505,390</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (9,835)	\$ 0	\$ (9,835)	\$ 0
Total Other Financing Sources	<u>\$ (9,835)</u>	<u>\$ 0</u>	<u>\$ (9,835)</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 29,947	\$ (49,205)	\$ (475,443)	\$ 505,390
Fund Balance, July 1, 2018	<u>626,387</u>	<u>614,157</u>	<u>614,157</u>	<u>12,230</u>
Fund Balance, June 30, 2019	<u><u>\$ 656,334</u></u>	<u><u>\$ 564,952</u></u>	<u><u>\$ 138,714</u></u>	<u><u>\$ 517,620</u></u>

Fiduciary Funds

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

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

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

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

Exhibit H-1

Benton County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2019

	Agency Funds			
	Cities - Sales Tax	Community Development - Agency	Constitutional Officers - Agency	Total
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 607,073	\$ 607,073
Equity in Pooled Cash and Investments	133,534	2,434	0	135,968
Accounts Receivable	0	0	1,369	1,369
Due from Other Governments	332,641	0	0	332,641
Total Assets	<u>\$ 466,175</u>	<u>\$ 2,434</u>	<u>\$ 608,442</u>	<u>\$ 1,077,051</u>
<u>LIABILITIES</u>				
Due to Other Taxing Units	\$ 466,175	\$ 0	\$ 0	\$ 466,175
Due to Litigants, Heirs, and Others	0	2,434	608,442	610,876
Total Liabilities	<u>\$ 466,175</u>	<u>\$ 2,434</u>	<u>\$ 608,442</u>	<u>\$ 1,077,051</u>

Exhibit H-2

Benton County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2019

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 5,987	\$ 1,781,252	\$ 1,653,705	\$ 133,534
Due from Other Governments	303,978	332,641	303,978	332,641
Total Assets	<u>\$ 309,965</u>	<u>\$ 2,113,893</u>	<u>\$ 1,957,683</u>	<u>\$ 466,175</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 309,965	\$ 2,113,893	\$ 1,957,683	\$ 466,175
Total Liabilities	<u>\$ 309,965</u>	<u>\$ 2,113,893</u>	<u>\$ 1,957,683</u>	<u>\$ 466,175</u>
<u>Community Development - Agency Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 2,434	\$ 0	\$ 0	\$ 2,434
Total Assets	<u>\$ 2,434</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,434</u>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 2,434	\$ 0	\$ 0	\$ 2,434
Total Liabilities	<u>\$ 2,434</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,434</u>
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 487,283	\$ 3,606,443	\$ 3,486,653	\$ 607,073
Accounts Receivable	836	1,369	836	1,369
Total Assets	<u>\$ 488,119</u>	<u>\$ 3,607,812</u>	<u>\$ 3,487,489</u>	<u>\$ 608,442</u>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 488,119	\$ 3,607,812	\$ 3,487,489	\$ 608,442
Total Liabilities	<u>\$ 488,119</u>	<u>\$ 3,607,812</u>	<u>\$ 3,487,489</u>	<u>\$ 608,442</u>

(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	\$ 487,283	\$ 3,606,443	\$ 3,486,653	\$ 607,073
Equity in Pooled Cash and Investments	8,421	1,781,252	1,653,705	135,968
Accounts Receivable	836	1,369	836	1,369
Due from Other Governments	303,978	332,641	303,978	332,641
Total Assets	<u>\$ 800,518</u>	<u>\$ 5,721,705</u>	<u>\$ 5,445,172</u>	<u>\$ 1,077,051</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 309,965	\$ 2,113,893	\$ 1,957,683	\$ 466,175
Due to Litigants, Heirs, and Others	490,553	3,607,812	3,487,489	610,876
Total Liabilities	<u>\$ 800,518</u>	<u>\$ 5,721,705</u>	<u>\$ 5,445,172</u>	<u>\$ 1,077,051</u>

Benton County School Department

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

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

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

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

Exhibit I-1

Benton County, Tennessee
Statement of Activities
Discretely Presented Benton County School Department
For the Year Ended June 30, 2019

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	\$ 12,954,391	\$ 0	\$ 1,351,468	\$ (11,602,923)
Support Services	7,380,948	46,919	678,574	(6,655,455)
Operation of Non-instructional Services	1,658,952	243,956	1,391,682	(23,314)
Total Governmental Activities	\$ 21,994,291	\$ 290,875	\$ 3,421,724	\$ (18,281,692)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 4,045,112
Local Option Sales Taxes				2,317,370
Grants and Contributions Not Restricted to Specific Programs				12,834,347
Miscellaneous				38,058
Total General Revenues				\$ 19,234,887
Change in Net Position				\$ 953,195
Net Position, July 1, 2018				15,665,978
Net Position, June 30, 2019				\$ 16,619,173

Exhibit I-2

Benton County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Benton County School Department
June 30, 2019

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 301	\$ 301
Equity in Pooled Cash and Investments	4,906,052	383,667	5,289,719
Due from Other Governments	938,435	46,103	984,538
Due from Other Funds	11,771	0	11,771
Property Taxes Receivable	4,125,707	0	4,125,707
Allowance for Uncollectible Property Taxes	(134,809)	0	(134,809)
Restricted Assets	28,617	0	28,617
Total Assets	\$ 9,875,773	\$ 430,071	\$ 10,305,844
<u>LIABILITIES</u>			
Accounts Payable	\$ 12,412	\$ 0	\$ 12,412
Due to Other Funds	0	11,771	11,771
Due to Primary Government	104,969	0	104,969
Total Liabilities	\$ 117,381	\$ 11,771	\$ 129,152
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 3,857,475	\$ 0	\$ 3,857,475
Deferred Delinquent Property Taxes	117,777	0	117,777
Other Deferred/Unavailable Revenue	177,459	0	177,459
Total Deferred Inflows of Resources	\$ 4,152,711	\$ 0	\$ 4,152,711
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Instruction	\$ 1,621	\$ 0	\$ 1,621
Restricted for Operation of Non-instructional Services	0	298,422	298,422
Restricted for Hybrid Retirement Stabilization Funds	28,617	0	28,617
Committed:			
Committed for Education	741,494	0	741,494
Assigned:			
Assigned for Education	82,182	119,878	202,060
Unassigned	4,751,767	0	4,751,767
Total Fund Balances	\$ 5,605,681	\$ 418,300	\$ 6,023,981
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 9,875,773	\$ 430,071	\$ 10,305,844

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, 2019

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)		\$ 6,023,981
(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	8,622,872	
Add: other capital assets net of accumulated depreciation	<u>1,432,988</u>	10,563,065
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: net OPEB liability		(1,719,589)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be amortized and recognized as components of pension and OPEB expense in future years.		
Add: deferred outflows of resources related to pensions	\$ 1,967,202	
Less: deferred inflows of resources related to pensions	(1,604,744)	
Add: deferred outflows of resources related to OPEB	133,608	
Less: deferred inflows of resources related to OPEB	<u>(257,007)</u>	239,059
(4) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.		
Add: net pension asset - agent plan	\$ 281,512	
Add: net pension asset - teacher retirement plan	51,527	
Add: net pension asset - teacher legacy pension plan	<u>884,382</u>	1,217,421
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>295,236</u>
Net position of governmental activities (Exhibit A)		<u>\$ 16,619,173</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, 2019

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 6,542,403	\$ 0	\$ 6,542,403
Licenses and Permits	1,484	0	1,484
Charges for Current Services	46,919	243,956	290,875
Other Local Revenues	39,333	3,563	42,896
State of Tennessee	13,380,130	11,449	13,391,579
Federal Government	0	2,655,057	2,655,057
Other Governments and Citizens Groups	259	0	259
Total Revenues	<u>\$ 20,010,528</u>	<u>\$ 2,914,025</u>	<u>\$ 22,924,553</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 11,722,079	\$ 1,195,476	\$ 12,917,555
Support Services	7,184,554	280,620	7,465,174
Operation of Non-Instructional Services	298,863	1,374,505	1,673,368
Capital Outlay	257,073	0	257,073
Debt Service:			
Other Debt Service	414,945	0	414,945
Total Expenditures	<u>\$ 19,877,514</u>	<u>\$ 2,850,601</u>	<u>\$ 22,728,115</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 133,014</u>	<u>\$ 63,424</u>	<u>\$ 196,438</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 11,771	\$ 60,000	\$ 71,771
Transfers Out	(60,000)	(11,771)	(71,771)
Total Other Financing Sources (Uses)	<u>\$ (48,229)</u>	<u>\$ 48,229</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 84,785	\$ 111,653	\$ 196,438
Fund Balance, July 1, 2018	5,520,896	306,647	5,827,543
Fund Balance, June 30, 2019	<u><u>\$ 5,605,681</u></u>	<u><u>\$ 418,300</u></u>	<u><u>\$ 6,023,981</u></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, 2019

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)		\$ 196,438
(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	\$ 215,231	
Less: current-year depreciation expense	<u>(663,082)</u>	(447,851)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2019	\$ 295,236	
Less: deferred delinquent property taxes and other deferred June 30, 2018	<u>(272,303)</u>	22,933
(3) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in net pension asset - agent plan	\$ 185,717	
Change in net pension asset - teacher retirement plan	21,926	
Change in net pension asset - teacher legacy pension plan	801,072	
Change in deferred outflows related to pensions	(19,692)	
Change in deferred inflows related to pensions	279,281	
Change in net OPEB liability	18,583	
Change in deferred outflows related to OPEB	74,345	
Change in deferred inflows related to OPEB	<u>(179,557)</u>	<u>1,181,675</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 953,195</u>

Exhibit I-6

Benton County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Benton County School Department
June 30, 2019

	Special Revenue Funds		Total
	School Federal Projects	Central Cafeteria	Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 301	\$ 301
Equity in Pooled Cash and Investments	85,546	298,121	383,667
Due from Other Governments	46,103	0	46,103
Total Assets	\$ 131,649	\$ 298,422	\$ 430,071
<u>LIABILITIES</u>			
Due to Other Funds	\$ 11,771	\$ 0	\$ 11,771
Total Liabilities	\$ 11,771	\$ 0	\$ 11,771
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Operation of Non-instructional Services	\$ 0	\$ 298,422	\$ 298,422
Assigned:			
Assigned for Education	119,878	0	119,878
Total Fund Balances	\$ 119,878	\$ 298,422	\$ 418,300
Total Liabilities and Fund Balances	\$ 131,649	\$ 298,422	\$ 430,071

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, 2019

	<u>Special Revenue Funds</u>		Total
	School Federal Projects	Central Cafeteria	Nonmajor Governmental Funds
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 243,956	\$ 243,956
Other Local Revenues	0	3,563	3,563
State of Tennessee	0	11,449	11,449
Federal Government	1,487,209	1,167,848	2,655,057
Total Revenues	<u>\$ 1,487,209</u>	<u>\$ 1,426,816</u>	<u>\$ 2,914,025</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 1,195,476	\$ 0	\$ 1,195,476
Support Services	280,620	0	280,620
Operation of Non-Instructional Services	0	1,374,505	1,374,505
Total Expenditures	<u>\$ 1,476,096</u>	<u>\$ 1,374,505</u>	<u>\$ 2,850,601</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 11,113</u>	<u>\$ 52,311</u>	<u>\$ 63,424</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 60,000	\$ 0	\$ 60,000
Transfers Out	(11,771)	0	(11,771)
Total Other Financing Sources (Uses)	<u>\$ 48,229</u>	<u>\$ 0</u>	<u>\$ 48,229</u>
Net Change in Fund Balances	\$ 59,342	\$ 52,311	\$ 111,653
Fund Balance, July 1, 2018	<u>60,536</u>	<u>246,111</u>	<u>306,647</u>
Fund Balance, June 30, 2019	<u>\$ 119,878</u>	<u>\$ 298,422</u>	<u>\$ 418,300</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, 2019

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 6,542,403	\$ 0	\$ 0	\$ 6,542,403	\$ 6,339,821	\$ 6,339,821	\$ 202,582
Licenses and Permits	1,484	0	0	1,484	1,200	1,200	284
Charges for Current Services	46,919	0	0	46,919	54,000	54,000	(7,081)
Other Local Revenues	39,333	0	0	39,333	20,700	52,215	(12,882)
State of Tennessee	13,380,130	0	0	13,380,130	12,971,702	13,110,515	269,615
Other Governments and Citizens Groups	259	0	0	259	10,000	10,000	(9,741)
Total Revenues	\$ 20,010,528	\$ 0	\$ 0	\$ 20,010,528	\$ 19,397,423	\$ 19,567,751	\$ 442,777
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 9,797,703	\$ 0	\$ 0	\$ 9,797,703	\$ 10,072,651	\$ 10,044,219	\$ 246,516
Special Education Program	1,217,668	0	0	1,217,668	1,195,128	1,254,738	37,070
Career and Technical Education Program	706,708	0	0	706,708	722,401	722,401	15,693
<u>Support Services</u>							
Attendance	83,097	0	0	83,097	85,933	85,933	2,836
Health Services	481,578	(17,736)	0	463,842	453,076	489,975	26,133
Other Student Support	358,459	0	0	358,459	339,284	349,284	(9,175)
Regular Instruction Program	780,596	0	0	780,596	841,412	843,253	62,657
Special Education Program	125,725	0	0	125,725	130,796	130,796	5,071
Career and Technical Education Program	142,718	0	0	142,718	143,803	143,803	1,085
Technology	444,819	0	0	444,819	241,891	443,514	(1,305)
Other Programs	35,713	0	0	35,713	0	35,713	0
Board of Education	378,171	0	0	378,171	550,578	550,578	172,407
Director of Schools	140,590	0	0	140,590	148,678	148,678	8,088
Office of the Principal	1,089,401	0	0	1,089,401	1,097,809	1,097,809	8,408
Fiscal Services	186,646	0	0	186,646	190,890	190,890	4,244
Operation of Plant	1,379,853	(10,812)	9,672	1,378,713	1,522,940	1,533,328	154,615
Maintenance of Plant	570,895	(4,703)	8,066	574,258	611,173	621,356	47,098
Transportation	986,293	0	0	986,293	1,042,369	1,042,369	56,076

(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 7/1/2018	Add: Encumbrances 6/30/2019	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	\$ 50,768	\$ 0	\$ 0	\$ 50,768	\$ 59,414	\$ 59,414	\$ 8,646
Community Services	6,000	0	0	6,000	6,000	6,000	0
Early Childhood Education	242,095	0	0	242,095	234,982	241,806	(289)
<u>Capital Outlay</u>							
Regular Capital Outlay	257,073	(58,929)	64,444	262,588	310,000	391,329	128,741
<u>Other Debt Service</u>							
Education	414,945	0	0	414,945	0	425,000	10,055
Total Expenditures	\$ 19,877,514	\$ (92,180)	\$ 82,182	\$ 19,867,516	\$ 20,001,208	\$ 20,852,186	\$ 984,670
Excess (Deficiency) of Revenues Over Expenditures	\$ 133,014	\$ 92,180	\$ (82,182)	\$ 143,012	\$ (603,785)	\$ (1,284,435)	\$ 1,427,447
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 0	\$ 0	\$ 0	\$ 0	\$ 100	\$ 100	\$ (100)
Transfers In	11,771	0	0	11,771	15,000	15,000	(3,229)
Transfers Out	(60,000)	0	0	(60,000)	(425,000)	(60,000)	0
Total Other Financing Sources	\$ (48,229)	\$ 0	\$ 0	\$ (48,229)	\$ (409,900)	\$ (44,900)	\$ (3,329)
Net Change in Fund Balance	\$ 84,785	\$ 92,180	\$ (82,182)	\$ 94,783	\$ (1,013,685)	\$ (1,329,335)	\$ 1,424,118
Fund Balance, July 1, 2018	5,520,896	(92,180)	0	5,428,716	4,931,811	4,931,811	496,905
Fund Balance, June 30, 2019	\$ 5,605,681	\$ 0	\$ (82,182)	\$ 5,523,499	\$ 3,918,126	\$ 3,602,476	\$ 1,921,023

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, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 1,487,209	\$ 1,666,149	\$ 1,704,286	\$ (217,077)
Total Revenues	\$ 1,487,209	\$ 1,666,149	\$ 1,704,286	\$ (217,077)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 643,676	\$ 664,494	\$ 696,289	\$ 52,613
Special Education Program	521,580	615,871	617,537	95,957
Career and Technical Education Program	30,220	32,494	34,969	4,749
<u>Support Services</u>				
Other Student Support	99,662	136,274	134,400	34,738
Regular Instruction Program	112,790	131,155	131,830	19,040
Special Education Program	11,363	14,599	14,599	3,236
Board of Education	0	105	105	105
Transportation	56,805	59,386	62,786	5,981
Total Expenditures	\$ 1,476,096	\$ 1,654,378	\$ 1,692,515	\$ 216,419
Excess (Deficiency) of Revenues Over Expenditures	\$ 11,113	\$ 11,771	\$ 11,771	\$ (658)
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 60,000	\$ 0	\$ 0	\$ 60,000
Transfers Out	(11,771)	(11,771)	(11,771)	0
Total Other Financing Sources	\$ 48,229	\$ (11,771)	\$ (11,771)	\$ 60,000
Net Change in Fund Balance	\$ 59,342	\$ 0	\$ 0	\$ 59,342
Fund Balance, July 1, 2018	60,536	60,000	60,000	536
Fund Balance, June 30, 2019	\$ 119,878	\$ 60,000	\$ 60,000	\$ 59,878

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, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 243,956	\$ 311,000	\$ 311,000	\$ (67,044)
Other Local Revenues	3,563	5,000	5,000	(1,437)
State of Tennessee	11,449	12,000	12,000	(551)
Federal Government	1,167,848	1,103,000	1,113,207	54,641
Total Revenues	<u>\$ 1,426,816</u>	<u>\$ 1,431,000</u>	<u>\$ 1,441,207</u>	<u>\$ (14,391)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,374,505	\$ 1,431,000	\$ 1,441,207	\$ 66,702
Total Expenditures	<u>\$ 1,374,505</u>	<u>\$ 1,431,000</u>	<u>\$ 1,441,207</u>	<u>\$ 66,702</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 52,311</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 52,311</u>
Net Change in Fund Balance	\$ 52,311	\$ 0	\$ 0	\$ 52,311
Fund Balance, July 1, 2018	<u>246,111</u>	<u>232,346</u>	<u>232,346</u>	<u>13,765</u>
Fund Balance, June 30, 2019	<u>\$ 298,422</u>	<u>\$ 232,346</u>	<u>\$ 232,346</u>	<u>\$ 66,076</u>

MISCELLANEOUS SCHEDULES

Exhibit J-1

Benton County, Tennessee
Schedule of Changes in Long-term Note, Other Loans, and Bonds
For the Year Ended June 30, 2019

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-18	Paid and/or Matured During Period	Outstanding 6-30-19
<u>NOTE PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
Capital Outlay Notes, Series 2015	\$ 1,200,000	2.489 %	8-20-15	8-1-27	\$ 935,000	\$ 0	\$ 935,000
Total Note Payable					<u>\$ 935,000</u>	<u>\$ 0</u>	<u>\$ 935,000</u>
<u>OTHER LOANS PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
<u>Qualified Zone Academy Bonds:</u>							
Career and Technical Center	204,000	0	7-7-06	12-28-20	\$ 40,800	\$ 13,600	\$ 27,200
Benton-Decatur Special Sewer District Loan (1)	1,069,673	1.47	9-1-09	8-31-29	635,693	58,116	577,577
Total Other Loan Payable					<u>\$ 676,493</u>	<u>\$ 71,716</u>	<u>\$ 604,777</u>
<u>BONDS PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
School Bonds, Series 2012 Refunding	6,350,000	1 to 2	10-31-12	12-1-21	\$ 2,885,000	\$ 710,000	2,175,000
General Obligation Refunding Bonds, Series 2017	3,615,000	2 to 2.75	8-24-17	9-1-32	3,615,000	210,000	3,405,000
Total Bonds Payable					<u>\$ 6,500,000</u>	<u>\$ 920,000</u>	<u>\$ 5,580,000</u>

Exhibit J-2

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

Year Ending June 30	Note		Total
	Principal	Interest	
2020	\$ 95,000	\$ 22,090	\$ 117,090
2021	95,000	19,725	114,725
2022	100,000	17,299	117,299
2023	100,000	14,810	114,810
2024	105,000	12,258	117,258
2025	105,000	9,645	114,645
2026	110,000	6,969	116,969
2027	110,000	4,231	114,231
2028	115,000	1,431	116,431
Total	\$ 935,000	\$ 108,458	\$ 1,043,458

Year Ending June 30	Other Loans			Total
	Principal	Interest	Other Fees	
2020	\$ 58,898	\$ 0	\$ 65	\$ 58,963
2021	68,236	7,464	65	75,765
2022	55,452	6,648	0	62,100
2023	56,268	5,832	0	62,100
2024	57,108	4,992	0	62,100
2025	57,948	4,152	0	62,100
2026	58,812	3,288	0	62,100
2027	59,676	2,424	0	62,100
2028	60,564	1,536	0	62,100
2029	61,452	648	0	62,100
2030	10,363	19	0	10,382
Total	\$ 604,777	\$ 37,003	\$ 130	\$ 641,910

Year Ending June 30	Bonds		Total
	Principal	Interest	
2020	\$ 925,000	\$ 102,157	\$ 1,027,157
2021	940,000	85,771	1,025,771
2022	955,000	70,924	1,025,924
2023	225,000	60,962	285,962
2024	230,000	56,412	286,412
2025	235,000	51,763	286,763
2026	240,000	47,013	287,013
2027	245,000	42,010	287,010
2028	250,000	36,594	286,594
2029	255,000	30,913	285,913
2030	260,000	24,794	284,794
2031	265,000	18,231	283,231
2032	275,000	11,309	286,309
2033	280,000	3,850	283,850
Total	\$ 5,580,000	\$ 642,703	\$ 6,222,703

Exhibit J-3

Benton County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Benton County School Department
For the Year Ended June 30, 2019

<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	\$ 483,926
"	Highway/Public Works	"	20,500
"	Community Development/Industrial Park	"	15,000
General Capital Projects	Drug Fund	Drug dog	<u>9,835</u>
Total Transfers Primary Government			<u>\$ 529,261</u>
<u>DISCRETELY PRESENTED BENTON COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	School Federal Projects	Cash flow funds	\$ 60,000
School Federal Projects	General Purpose School	Indirect costs	<u>11,771</u>
Total Transfers Discretely Presented Benton County School Department			<u>\$ 71,771</u>

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, 2019

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor:				
Barry Barnett (7-1-18 through 8-31-18)	Section 8-24-102, <i>TCA</i>	\$ 13,873	\$ 100,000	RLI Insurance Company
Brett Lashlee (9-1-18 through 6-30-19)	Section 8-24-102, <i>TCA</i>	69,365	400,000	Tennessee Risk Management Trust
Road Supervisor	Section 8-24-102, <i>TCA</i>	79,276	400,000	"
Director of Schools	State Board of Education and Benton County Board of Education	89,607 (1)	400,000	"
Trustee	Section 8-24-102, <i>TCA</i>	72,069	752,000 (4)	RLI Insurance Company
Assessor of Property	Section 8-24-102, <i>TCA</i>	72,069	50,000 (4)	"
County Clerk	Section 8-24-102, <i>TCA</i>	72,069	400,000	Tennessee Risk Management Trust
Circuit and General Sessions Courts Clerk	Section 8-24-102, <i>TCA</i>	72,069	400,000	"
Clerk and Master	Section 8-24-102, <i>TCA</i> , and Chancery Court Judge	72,069 (2)	100,000 (4)	RLI Insurance Company
Register of Deeds	Section 8-24-102, <i>TCA</i>	72,069	400,000	Tennessee Risk Management Trust
Sheriff	Section 8-24-102, <i>TCA</i>	79,276 (3)	400,000	"
Employee Blanket Bond:				
County Mayor and Road Supervisor:				
All Employees			400,000	Tennessee Risk Management Trust
Schools Employees' Blanket Bond			400,000	"

- (1) Includes a chief executive officer training supplement of \$1,000.
(2) Does not include special commissioner fees of \$12,613.
(3) Does not include a law enforcement training supplement of \$600.
(4) Also covered by \$400,000 insurance with Tennessee Risk Management Trust.

Exhibit J-5

Benton County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2019

	Special Revenue Funds				
	General	Drug Control	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 3,242,742	\$ 0	\$ 0	\$ 0	\$ 228,018
Trustee's Collections - Prior Year	80,582	0	0	0	6,043
Circuit Clerk/Clerk and Master Collections - Prior Years	53,640	0	0	0	3,597
Interest and Penalty	17,638	0	0	0	1,297
Payments in-Lieu-of Taxes - T.V.A.	7,320	0	0	0	0
Payments in-Lieu-of Taxes - Other	705	0	0	0	50
<u>County Local Option Taxes</u>					
Local Option Sales Tax	2,815	0	0	0	0
Hotel/Motel Tax	45,621	0	0	0	0
Litigation Tax - General	56,513	0	0	0	0
Litigation Tax - Special Purpose	30,783	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	92,042	0	0	0	0
Business Tax	129,002	0	0	0	0
Mixed Drink Tax	2,039	0	0	0	0
Mineral Severance Tax	0	0	0	0	144,919
<u>Statutory Local Taxes</u>					
Bank Excise Tax	58,112	0	0	0	0
Wholesale Beer Tax	48,858	0	0	0	0
Beer Privilege Tax	800	0	0	0	0
Total Local Taxes	\$ 3,869,212	\$ 0	\$ 0	\$ 0	\$ 383,924
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Animal Vaccination	\$ 18,488	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	7,091	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds				
	General	Drug Control	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works
<u>Licenses and Permits (Cont.)</u>					
<u>Permits</u>					
Beer Permits	\$ 750	\$ 0	\$ 0	\$ 0	\$ 0
Other Permits	145	0	0	0	0
Total Licenses and Permits	\$ 26,474	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 9,633	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	1,718	0	0	0	0
Drug Control Fines	0	4,210	0	0	0
Drug Court Fees	332	0	0	0	0
Jail Fees	6,980	0	0	0	0
DUI Treatment Fines	570	0	0	0	0
Data Entry Fee - Circuit Court	593	0	0	0	0
<u>General Sessions Court</u>					
Fines	13,305	0	0	0	0
Officers Costs	42,854	0	0	0	0
Drug Control Fines	0	4,979	0	0	0
Drug Court Fees	4,463	0	0	0	0
Jail Fees	28,376	0	0	0	0
DUI Treatment Fines	4,272	0	0	0	0
Data Entry Fee - General Sessions Court	8,037	0	0	0	0
Courtroom Security Fee	336	0	0	0	0
Victims Assistance Assessments	13,815	0	0	0	0
<u>Juvenile Court</u>					
Fines	1,201	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds				
	General	Drug Control	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>Chancery Court</u>					
Officers Costs	\$ 893	\$ 0	\$ 0	\$ 0	\$ 0
Data Entry Fee - Chancery Court	2,608	0	0	0	0
Courtroom Security Fee	3,777	0	0	0	0
<u>Judicial District Drug Program</u>					
Drug Task Force Forfeitures and Seizures	0	1,460	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 143,763	\$ 10,649	\$ 0	\$ 0	\$ 0
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Surcharge - Host Agency	\$ 693,660	\$ 0	\$ 0	\$ 0	\$ 0
Surcharge - Waste Tire Disposal	15,480	0	0	0	0
<u>Fees</u>					
Copy Fees	2,118	0	0	0	0
Library Fees	2,258	0	0	0	0
Archives and Records Management Fee	8,124	0	0	0	0
Greenbelt Late Application Fee	150	0	0	0	0
Telephone Commissions	41,150	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	12,613	0
Data Processing Fee - Register	6,046	0	0	0	0
Data Processing Fee - Sheriff	925	0	0	0	0
Sexual Offender Registration Fee - Sheriff	3,600	0	0	0	0
Data Processing Fee - County Clerk	1,737	0	0	0	0
Vehicle Insurance Coverage and Reinstatement Fees	250	0	0	0	0
Total Charges for Current Services	\$ 775,498	\$ 0	\$ 0	\$ 12,613	\$ 0

(Continued)

Exhibit J-5

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

	Special Revenue Funds				
	General	Drug Control	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 231,763	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	73,960	0	0	0	0
Sale of Materials and Supplies	414	0	0	0	6,660
Commissary Sales	24,427	0	0	0	0
Sale of Gasoline	30,694	0	0	0	7,512
Sale of Recycled Materials	432	0	0	0	0
Miscellaneous Refunds	195,975	0	0	0	13,930
<u>Nonrecurring Items</u>					
Sale of Property	2,105	851	0	0	0
Damages Recovered from Individuals	0	14,640	0	0	0
Contributions and Gifts	5,290	0	0	0	0
Performance Bond Forfeitures	10,925	0	0	0	0
<u>Other Local Revenues</u>					
Other Local Revenues	5,603	0	0	0	0
Total Other Local Revenues	\$ 581,588	\$ 15,491	\$ 0	\$ 0	\$ 28,102
<u>Fees Received From County Officials</u>					
<u>Fees In-Lieu-of Salary</u>					
County Clerk	\$ 155,869	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	23,239	0	0	0	0
General Sessions Court Clerk	150,079	0	0	0	0
Clerk and Master	63,166	0	0	0	0
Register	68,418	0	0	0	0
Sheriff	13,126	0	0	0	0
Trustee	304,484	0	0	0	0
Total Fees Received From County Officials	\$ 778,381	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit J-5

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

	Special Revenue Funds				
	General	Drug Control	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 103,449	\$ 0	\$ 0	\$ 0	\$ 0
Aging Programs	39,350	0	0	0	0
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	11,400	0	0	0	0
<u>Health and Welfare Grants</u>					
Health Department Programs	25,281	0	0	0	0
Other Health and Welfare Grants	0	0	0	0	0
<u>Public Works Grants</u>					
Litter Program	8,437	0	0	0	0
<u>Other State Revenues</u>					
Income Tax	30,341	0	0	0	0
Resort District Sales Tax	182,330	0	182,330	0	0
Vehicle Certificate of Title Fees	6,269	0	0	0	0
Alcoholic Beverage Tax	51,255	0	0	0	0
State Revenue Sharing - T.V.A.	1,672,570	0	0	0	50,000
State Revenue Sharing - Telecommunications	24,623	0	0	0	0
Contracted Prisoner Boarding	420,303	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	2,142,104
Petroleum Special Tax	0	0	0	0	11,898
Registrar's Salary Supplement	15,164	0	0	0	0
Other State Grants	27,972	0	0	0	0
Other State Revenues	1,324	0	0	0	0
Total State of Tennessee	\$ 2,620,068	\$ 0	\$ 182,330	\$ 0	\$ 2,204,002

(Continued)

Exhibit J-5

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

	Special Revenue Funds				
	General	Drug Control	Other Special Revenue	Constitu - tional Officers - Fees	Highway / Public Works
<u>Federal Government</u>					
<u>Federal Through State</u>					
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Homeland Security Grants	23,883	0	0	0	0
Other Federal through State	14,504	0	0	0	16,739
<u>Direct Federal Revenue</u>					
Other Direct Federal Revenue	0	0	0	0	0
Total Federal Government	<u>\$ 38,387</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 16,739</u>
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 31,215	\$ 0	\$ 0	\$ 0	\$ 0
<u>Citizens Groups</u>					
Donations	13,917	5,000	0	0	0
Total Other Governments and Citizens Groups	<u>\$ 45,132</u>	<u>\$ 5,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total	<u>\$ 8,878,503</u>	<u>\$ 31,140</u>	<u>\$ 182,330</u>	<u>\$ 12,613</u>	<u>\$ 2,632,767</u>

(Continued)

Exhibit J-5

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

	Debt Service		Capital Projects Funds			Total
	Fund		General	Community	Capital	
	General	General	Development/	Projects	Other	
	Debt	Capital	Industrial	Public	Capital	
	Service	Projects	Park	Improvement	Projects	
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 76,028	\$ 83,620	\$ 0	\$ 0	\$ 0	\$ 3,630,408
Trustee's Collections - Prior Year	4,029	5,574	0	0	0	96,228
Circuit Clerk/Clerk and Master Collections - Prior Years	2,531	3,464	0	0	0	63,232
Interest and Penalty	733	974	0	0	0	20,642
Payments in-Lieu-of Taxes - T.V.A.	0	0	0	0	0	7,320
Payments in-Lieu-of Taxes - Other	17	18	0	0	0	790
<u>County Local Option Taxes</u>						
Local Option Sales Tax	508,229	0	0	0	0	511,044
Hotel/Motel Tax	0	0	0	0	0	45,621
Litigation Tax - General	0	0	0	0	0	56,513
Litigation Tax - Special Purpose	0	0	0	0	0	30,783
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	92,042
Business Tax	0	0	0	0	0	129,002
Mixed Drink Tax	0	0	0	0	0	2,039
Mineral Severance Tax	0	0	0	0	0	144,919
<u>Statutory Local Taxes</u>						
Bank Excise Tax	0	0	0	0	0	58,112
Wholesale Beer Tax	0	0	0	0	0	48,858
Beer Privilege Tax	0	0	0	0	0	800
Total Local Taxes	\$ 591,567	\$ 93,650	\$ 0	\$ 0	\$ 0	\$ 4,938,353
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Animal Vaccination	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 18,488
Cable TV Franchise	0	0	0	0	0	7,091

(Continued)

Exhibit J-5

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

	Debt Service Fund		Capital Projects Funds			Total
	General Debt Service	General Capital Projects	Community Development/ Industrial Park	Capital Projects Public Improvement	Other Capital Projects	
<u>Licenses and Permits (Cont.)</u>						
<u>Permits</u>						
Beer Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	750
Other Permits	0	0	0	0	0	145
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	26,474
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	9,633
Officers Costs	0	0	0	0	0	1,718
Drug Control Fines	0	0	0	0	0	4,210
Drug Court Fees	0	0	0	0	0	332
Jail Fees	0	0	0	0	0	6,980
DUI Treatment Fines	0	0	0	0	0	570
Data Entry Fee - Circuit Court	0	0	0	0	0	593
<u>General Sessions Court</u>						
Fines	0	0	0	0	0	13,305
Officers Costs	0	0	0	0	0	42,854
Drug Control Fines	0	0	0	0	0	4,979
Drug Court Fees	0	0	0	0	0	4,463
Jail Fees	0	0	0	0	0	28,376
DUI Treatment Fines	0	0	0	0	0	4,272
Data Entry Fee - General Sessions Court	0	0	0	0	0	8,037
Courtroom Security Fee	0	0	0	0	0	336
Victims Assistance Assessments	0	0	0	0	0	13,815
<u>Juvenile Court</u>						
Fines	0	0	0	0	0	1,201

(Continued)

Exhibit J-5

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

	Debt Service		Capital Projects Funds			Total
	Fund		General	Community	Capital	
	General	Debt	Capital	Development/ Industrial Park	Projects Public Improvement	Other Capital Projects
	Service	Projects				
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Chancery Court</u>						
Officers Costs	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 893
Data Entry Fee - Chancery Court	0	0	0	0	0	2,608
Courtroom Security Fee	0	0	0	0	0	3,777
<u>Judicial District Drug Program</u>						
Drug Task Force Forfeitures and Seizures	0	0	0	0	0	1,460
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 154,412
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Surcharge - Host Agency	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 693,660
Surcharge - Waste Tire Disposal	0	0	0	0	0	15,480
<u>Fees</u>						
Copy Fees	0	0	0	0	0	2,118
Library Fees	0	0	0	0	0	2,258
Archives and Records Management Fee	0	0	0	0	0	8,124
Greenbelt Late Application Fee	0	0	0	0	0	150
Telephone Commissions	0	0	0	0	0	41,150
Constitutional Officers' Fees and Commissions	0	0	0	0	0	12,613
Data Processing Fee - Register	0	0	0	0	0	6,046
Data Processing Fee - Sheriff	0	0	0	0	0	925
Sexual Offender Registration Fee - Sheriff	0	0	0	0	0	3,600
Data Processing Fee - County Clerk	0	0	0	0	0	1,737
Vehicle Insurance Coverage and Reinstatement Fees	0	0	0	0	0	250
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 788,111

(Continued)

Exhibit J-5

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

	Debt Service Fund		Capital Projects Funds			Total
	General Debt Service	General Capital Projects	Community Development/Industrial Park	Capital Projects Public Improvement	Other Capital Projects	
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 3,302	\$ 0	\$ 7,000	\$ 0	\$ 0	\$ 242,065
Lease/Rentals	0	0	0	0	0	73,960
Sale of Materials and Supplies	0	0	0	0	0	7,074
Commissary Sales	0	0	0	0	0	24,427
Sale of Gasoline	0	0	0	0	0	38,206
Sale of Recycled Materials	0	0	0	0	0	432
Miscellaneous Refunds	0	0	0	0	0	209,905
<u>Nonrecurring Items</u>						
Sale of Property	0	0	0	0	0	2,956
Damages Recovered from Individuals	0	0	0	0	0	14,640
Contributions and Gifts	0	0	0	0	0	5,290
Performance Bond Forfeitures	0	0	0	0	0	10,925
<u>Other Local Revenues</u>						
Other Local Revenues	6,848	0	0	0	0	12,451
Total Other Local Revenues	\$ 10,150	\$ 0	\$ 7,000	\$ 0	\$ 0	\$ 642,331
<u>Fees Received From County Officials</u>						
<u>Fees In-Lieu-of Salary</u>						
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 155,869
Circuit Court Clerk	0	0	0	0	0	23,239
General Sessions Court Clerk	0	0	0	0	0	150,079
Clerk and Master	0	0	0	0	0	63,166
Register	0	0	0	0	0	68,418
Sheriff	0	0	0	0	0	13,126
Trustee	0	0	0	0	0	304,484
Total Fees Received From County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 778,381

(Continued)

Exhibit J-5

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

	Debt Service Fund		Capital Projects Funds			Total
	General Debt Service	General Capital Projects	Community Development/Industrial Park	Capital Projects Public Improvement	Other Capital Projects	
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	103,449
Aging Programs	0	0	0	0	0	39,350
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	0	0	0	0	0	11,400
<u>Health and Welfare Grants</u>						
Health Department Programs	0	0	0	0	0	25,281
Other Health and Welfare Grants	0	20,000	0	0	0	20,000
<u>Public Works Grants</u>						
Litter Program	0	0	0	0	0	8,437
<u>Other State Revenues</u>						
Income Tax	0	0	0	0	0	30,341
Resort District Sales Tax	0	0	0	0	0	364,660
Vehicle Certificate of Title Fees	0	0	0	0	0	6,269
Alcoholic Beverage Tax	0	0	0	0	0	51,255
State Revenue Sharing - T.V.A.	0	0	0	0	0	1,722,570
State Revenue Sharing - Telecommunications	0	0	0	0	0	24,623
Contracted Prisoner Boarding	0	0	0	0	0	420,303
Gasoline and Motor Fuel Tax	0	0	0	0	0	2,142,104
Petroleum Special Tax	0	0	0	0	0	11,898
Registrar's Salary Supplement	0	0	0	0	0	15,164
Other State Grants	0	47,500	0	0	0	75,472
Other State Revenues	0	0	0	0	0	1,324
Total State of Tennessee	\$ 0	\$ 67,500	\$ 0	\$ 0	\$ 0	5,073,900

(Continued)

Exhibit J-5

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

	Debt Service Fund		Capital Projects Funds			Total
	General Debt Service	General Capital Projects	Community Development/ Industrial Park	Capital Projects Public Improvement	Other Capital Projects	
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 0	\$ 64,326	\$ 0	\$ 0	\$ 0	\$ 64,326
Homeland Security Grants	0	0	0	0	0	23,883
Other Federal through State	0	0	0	92,995	66,292	190,530
<u>Direct Federal Revenue</u>						
Other Direct Federal Revenue	0	78,620	0	0	0	78,620
Total Federal Government	\$ 0	\$ 142,946	\$ 0	\$ 92,995	\$ 66,292	\$ 357,359
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 738,410	\$ 0	\$ 0	\$ 0	\$ 0	\$ 769,625
<u>Citizens Groups</u>						
Donations	0	0	0	0	0	18,917
Total Other Governments and Citizens Groups	\$ 738,410	\$ 0	\$ 0	\$ 0	\$ 0	\$ 788,542
Total	\$ 1,340,127	\$ 304,096	\$ 7,000	\$ 92,995	\$ 66,292	\$ 13,547,863

Exhibit J-6

Benton County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Benton County School Department
For the Year Ended June 30, 2019

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 3,843,377	\$ 0	\$ 0	\$ 3,843,377
Trustee's Collections - Prior Year	101,868	0	0	101,868
Circuit Clerk/Clerk and Master Collections - Prior Years	67,360	0	0	67,360
Interest and Penalty	21,861	0	0	21,861
Payments in-Lieu-of Taxes - Local Utilities	200,000	0	0	200,000
Payments in-Lieu-of Taxes - Other	835	0	0	835
<u>County Local Option Taxes</u>				
Local Option Sales Tax	2,305,251	0	0	2,305,251
Mixed Drink Tax	1,851	0	0	1,851
Total Local Taxes	<u>\$ 6,542,403</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,542,403</u>
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 922	\$ 0	\$ 0	\$ 922
<u>Permits</u>				
Other Permits	562	0	0	562
Total Licenses and Permits	<u>\$ 1,484</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,484</u>
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Lunch Payments - Children	\$ 0	\$ 0	\$ 158,834	\$ 158,834
Lunch Payments - Adults	0	0	38,748	38,748
Income from Breakfast	0	0	21	21
A la Carte Sales	0	0	44,040	44,040

(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>				
Receipts from Individual Schools	\$ 46,919	\$ 0	\$ 0	\$ 46,919
Other Charges for Services	0	0	2,313	2,313
Total Charges for Current Services	\$ 46,919	\$ 0	\$ 243,956	\$ 290,875
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 1,445	\$ 0	\$ 3,393	\$ 4,838
Sale of Materials and Supplies	855	0	0	855
Miscellaneous Refunds	9,033	0	170	9,203
<u>Nonrecurring Items</u>				
Contributions and Gifts	28,000	0	0	28,000
Total Other Local Revenues	\$ 39,333	\$ 0	\$ 3,563	\$ 42,896
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-behalf Contributions for OPEB	\$ 35,713	\$ 0	\$ 0	\$ 35,713
<u>State Education Funds</u>				
Basic Education Program	12,523,000	0	0	12,523,000
Early Childhood Education	207,547	0	0	207,547
School Food Service	0	0	11,449	11,449
Other State Education Funds	98,648	0	0	98,648
Coordinated School Health	95,000	0	0	95,000
Career Ladder Program	65,172	0	0	65,172

(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>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	\$ 100,000	\$ 0	\$ 0	\$ 100,000
Other State Grants	160,000	0	0	160,000
Safe Schools	88,300	0	0	88,300
Other State Revenues	6,750	0	0	6,750
Total State of Tennessee	\$ 13,380,130	\$ 0	\$ 11,449	\$ 13,391,579
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 666,448	\$ 666,448
USDA - Commodities	0	0	95,207	95,207
Breakfast	0	0	402,423	402,423
USDA - Other	0	0	3,770	3,770
Vocational Education - Basic Grants to States	0	38,577	0	38,577
Title I Grants to Local Education Agencies	0	674,150	0	674,150
Special Education - Grants to States	0	576,272	0	576,272
Special Education Preschool Grants	0	18,240	0	18,240
English Language Acquisition Grants	0	512	0	512
Rural Education	0	33,417	0	33,417
Eisenhower Professional Development State Grants	0	78,815	0	78,815
Other Federal through State	0	67,226	0	67,226
Total Federal Government	\$ 0	\$ 1,487,209	\$ 1,167,848	\$ 2,655,057

(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>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 259	\$ 0	\$ 0	\$ 259
Total Other Governments and Citizens Groups	<u>\$ 259</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 259</u>
Total	<u>\$ 20,010,528</u>	<u>\$ 1,487,209</u>	<u>\$ 1,426,816</u>	<u>\$ 22,924,553</u>

Exhibit J-7

Benton County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2019

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	26,512	
Social Security		1,644	
Employer Medicare		384	
Audit Services		6,266	
Fiscal Agent Charges		15,000	
Travel		1,542	
Total County Commission			\$ 51,348

Board of Equalization

Board and Committee Members Fees	\$	2,100	
Social Security		130	
Employer Medicare		30	
Total Board of Equalization			2,260

Beer Board

Board and Committee Members Fees	\$	100	
Social Security		6	
Employer Medicare		1	
Total Beer Board			107

County Mayor/Executive

County Official/Administrative Officer	\$	83,238	
Accountants/Bookkeepers		32,158	
Salary Supplements		1,900	
Secretary(ies)		31,132	
Clerical Personnel		26,744	
In-service Training		1,500	
Social Security		10,605	
Pensions		9,424	
Unemployment Compensation		337	
Employer Medicare		2,480	
Advertising		3,858	
Communication		19,511	
Data Processing Services		24,764	
Operating Lease Payments		3,271	
Maintenance Agreements		2,916	
Pauper Burials		3,293	
Postal Charges		10,500	
Printing, Stationery, and Forms		2,161	
Travel		3,224	
Data Processing Supplies		423	
Duplicating Supplies		617	
Office Supplies		1,630	
Other Charges		84,861	
Data Processing Equipment		14,439	
Total County Mayor/Executive			374,986

(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	\$ 11,623	
Total County Attorney		\$ 11,623

Election Commission

County Official/Administrative Officer	\$ 64,862	
Deputy(ies)	24,654	
Part-time Personnel	2,968	
Election Commission	3,600	
Election Workers	11,232	
In-service Training	2,375	
Social Security	5,821	
Pensions	5,908	
Unemployment Compensation	140	
Employer Medicare	1,361	
Advertising	3,623	
Communication	2,924	
Data Processing Services	11,383	
Dues and Memberships	50	
Maintenance and Repair Services - Office Equipment	1,206	
Postal Charges	2,500	
Printing, Stationery, and Forms	8,752	
Travel	264	
Data Processing Supplies	336	
Office Supplies	497	
Other Supplies and Materials	321	
Other Charges	995	
Office Equipment	300	
Total Election Commission		156,072

Register of Deeds

County Official/Administrative Officer	\$ 72,069
Deputy(ies)	59,491
In-service Training	315
Social Security	7,870
Pensions	8,670
Unemployment Compensation	140
Employer Medicare	1,841
Communication	1,298
Data Processing Services	6,161
Dues and Memberships	100
Operating Lease Payments	2,304
Printing, Stationery, and Forms	52
Travel	894
Other Contracted Services	972
Data Processing Supplies	538
Office Supplies	194
Other Supplies and Materials	1,227

(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.)

Other Charges	\$	2,725	
Data Processing Equipment		1,181	
Total Register of Deeds			\$ 168,042

County Buildings

Maintenance Personnel	\$	28,366	
Part-time Personnel		18,350	
Social Security		2,855	
Pensions		1,872	
Unemployment Compensation		199	
Employer Medicare		668	
Engineering Services		11,869	
Maintenance and Repair Services - Buildings		56,388	
Pest Control		1,835	
Other Contracted Services		6,000	
Custodial Supplies		6,870	
Electricity		63,627	
Gasoline		1,310	
Natural Gas		12,805	
Water and Sewer		7,352	
Other Supplies and Materials		2,632	
Other Charges		3,800	
Building Improvements		68,324	
Other Equipment		1,318	
Total County Buildings			296,440

Other Facilities

Land	\$	215,734	
Building Purchases		279,146	
Total Other Facilities			494,880

Other General Administration

Dues and Memberships	\$	7,431	
Maintenance Agreements		6,535	
Liability Insurance		176,192	
Premiums on Corporate Surety Bonds		8,007	
Workers' Compensation Insurance		75,317	
Total Other General Administration			273,482

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	72,069	
Deputy(ies)		28,942	
Clerical Personnel		51,547	
Social Security		9,303	
Pensions		9,985	
Unemployment Compensation		281	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Employer Medicare	\$	2,176	
Audit Services		2,400	
Communication		64	
Data Processing Services		9,122	
Maintenance Agreements		3,000	
Printing, Stationery, and Forms		97	
Travel		1,221	
Data Processing Supplies		236	
Office Supplies		94	
Other Charges		135	
Data Processing Equipment		1,578	
Total Property Assessor's Office			\$ 192,250

Reappraisal Program

Data Processing Services	\$	3,121	
Postal Charges		532	
Travel		279	
Total Reappraisal Program			3,932

County Trustee's Office

County Official/Administrative Officer	\$	72,069	
Deputy(ies)		84,681	
In-service Training		100	
Social Security		9,451	
Pensions		10,326	
Unemployment Compensation		210	
Employer Medicare		2,210	
Advertising		816	
Communication		8	
Data Processing Services		10,799	
Dues and Memberships		200	
Postal Charges		4,200	
Printing, Stationery, and Forms		4,122	
Travel		547	
Data Processing Supplies		196	
Office Supplies		330	
Other Supplies and Materials		13	
Other Charges		35	
Office Equipment		109	
Total County Trustee's Office			200,422

County Clerk's Office

County Official/Administrative Officer	\$	72,069	
Deputy(ies)		136,303	
Social Security		12,475	
Pensions		13,740	
Unemployment Compensation		350	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Employer Medicare	\$	2,918	
Communication		2,254	
Data Processing Services		14,723	
Dues and Memberships		100	
Operating Lease Payments		1,837	
Printing, Stationery, and Forms		352	
Travel		54	
Data Processing Supplies		1,264	
Duplicating Supplies		1,041	
Office Supplies		1,225	
Other Supplies and Materials		78	
Furniture and Fixtures		4,783	
Total County Clerk's Office			\$ 265,566

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	72,069	
Deputy(ies)		128,711	
Jury and Witness Expense		6,753	
Social Security		12,246	
Pensions		12,296	
Unemployment Compensation		409	
Employer Medicare		2,864	
Communication		583	
Data Processing Services		12,736	
Dues and Memberships		65	
Legal Notices, Recording, and Court Costs		147	
Maintenance Agreements		2,167	
Printing, Stationery, and Forms		1,005	
Travel		89	
Data Processing Supplies		1,900	
Office Supplies		458	
Other Charges		587	
Total Circuit Court			255,085

General Sessions Judge

Judge(s)	\$	94,095	
Assistant(s)		26,744	
In-service Training		730	
Social Security		7,278	
Pensions		7,963	
Unemployment Compensation		70	
Employer Medicare		1,702	
Communication		933	
Dues and Memberships		460	
Operating Lease Payments		812	
Maintenance Agreements		276	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Judge (Cont.)

Printing, Stationery, and Forms	\$	970	
Travel		1,833	
Office Supplies		96	
Data Processing Equipment		1,638	
Total General Sessions Judge			\$ 145,600

Chancery Court

County Official/Administrative Officer	\$	72,069	
Deputy(ies)		60,028	
In-service Training		470	
Social Security		8,051	
Pensions		8,709	
Unemployment Compensation		140	
Employer Medicare		1,883	
Communication		44	
Data Processing Services		10,401	
Dues and Memberships		65	
Operating Lease Payments		1,041	
Printing, Stationery, and Forms		304	
Travel		1,199	
Data Processing Supplies		319	
Duplicating Supplies		272	
Office Supplies		1,113	
Furniture and Fixtures		275	
Other Equipment		815	
Total Chancery Court			167,198

Juvenile Court

Guidance Personnel	\$	30,025	
Social Security		1,862	
Pensions		1,982	
Unemployment Compensation		48	
Employer Medicare		435	
Communication		1,538	
Data Processing Services		3,750	
Travel		1,104	
Data Processing Supplies		290	
Other Supplies and Materials		313	
Other Charges		2,990	
Total Juvenile Court			44,337

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	79,276	
Supervisor/Director		98,790	
Deputy(ies)		330,056	
Investigator(s)		125,981	

(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.)

Sergeant(s)	\$	147,131	
Accountants/Bookkeepers		27,075	
Paraprofessionals		25,910	
Salary Supplements		158,659	
Dispatchers/Radio Operators		250,253	
Secretary(ies)		25,403	
School Resource Officer		37,079	
Other Salaries and Wages		52,303	
In-service Training		3,208	
Social Security		81,874	
Pensions		85,807	
Unemployment Compensation		3,056	
Employer Medicare		19,148	
Communication		19,253	
Data Processing Services		21,992	
Dues and Memberships		1,500	
Operating Lease Payments		3,881	
Maintenance Agreements		588	
Maintenance and Repair Services - Equipment		1,279	
Maintenance and Repair Services - Vehicles		45,828	
Postal Charges		750	
Printing, Stationery, and Forms		1,094	
Towing Services		6,220	
Travel		4,646	
Data Processing Supplies		2,912	
Duplicating Supplies		1,131	
Gasoline		57,748	
Law Enforcement Supplies		5,245	
Office Supplies		1,373	
Tires and Tubes		5,485	
Uniforms		6,126	
Other Supplies and Materials		4,202	
Premiums on Corporate Surety Bonds		2,100	
Other Charges		4,324	
Communication Equipment		7,947	
Data Processing Equipment		4,671	
Furniture and Fixtures		197	
Other Equipment		1,646	
Total Sheriff's Department		<u>1,763,147</u>	\$ 1,763,147

Administration of the Sexual Offender Registry

Other Charges	\$	<u>3,530</u>	
Total Administration of the Sexual Offender Registry			3,530

Jail

Supervisor/Director	\$	44,603	
Lieutenant(s)		34,486	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Sergeant(s)	\$	120,933	
Salary Supplements		77,583	
Guards		605,847	
Cafeteria Personnel		22,779	
Maintenance Personnel		24,059	
In-service Training		100	
Social Security		54,909	
Pensions		58,073	
Unemployment Compensation		2,561	
Employer Medicare		12,842	
Contracts with Private Agencies		107,537	
Maintenance and Repair Services - Equipment		5,407	
Pest Control		3,495	
Printing, Stationery, and Forms		500	
Travel		1,057	
Custodial Supplies		15,037	
Drugs and Medical Supplies		2,149	
Duplicating Supplies		115	
Electricity		81,272	
Food Preparation Supplies		1,978	
Food Supplies		99,151	
Law Enforcement Supplies		989	
Natural Gas		15,120	
Office Supplies		833	
Prisoners Clothing		2,290	
Uniforms		5,581	
Water and Sewer		26,900	
Other Supplies and Materials		13,605	
Medical Claims		110,162	
Other Charges		4,893	
Heating and Air Conditioning Equipment		7,400	
Other Equipment		11,068	
Total Jail			\$ 1,575,314

Juvenile Services

Supervisor/Director	\$	14,000	
Probation Officer(s)		33,550	
Youth Service Officer(s)		33,550	
Clerical Personnel		960	
In-service Training		495	
Social Security		5,044	
Pensions		5,353	
Unemployment Compensation		170	
Employer Medicare		1,180	
Communication		839	
Dues and Memberships		170	
Travel		1,547	
Total Juvenile Services			96,858

(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	\$ 151,500	
Total Rural Fire Protection		\$ 151,500

Rescue Squad

Contributions	\$ 12,000	
Total Rescue Squad		12,000

Other Emergency Management

Supervisor/Director	\$ 27,870	
Temporary Personnel	4,349	
In-service Training	355	
Social Security	1,998	
Unemployment Compensation	108	
Employer Medicare	467	
Communication	2,945	
Dues and Memberships	80	
Maintenance Agreements	400	
Maintenance and Repair Services - Equipment	909	
Maintenance and Repair Services - Vehicles	996	
Travel	353	
Data Processing Supplies	341	
Gasoline	2,253	
Office Supplies	64	
Uniforms	98	
Other Supplies and Materials	1,822	
Other Charges	648	
Communication Equipment	642	
Data Processing Equipment	108	
Other Equipment	6,893	
Total Other Emergency Management		53,699

Inspection and Regulation

Other Per Diem and Fees	\$ 250	
Total Inspection and Regulation		250

County Coroner/Medical Examiner

Other Per Diem and Fees	\$ 25,325	
Social Security	1,570	
Employer Medicare	367	
Contracts with Government Agencies	11,790	
Contracts with Private Agencies	854	
Total County Coroner/Medical Examiner		39,906

Public Health and Welfare

Local Health Center

Custodial Personnel	\$ 11,543	
Social Security	716	

(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.)

Unemployment Compensation	\$	66	
Employer Medicare		167	
Communication		1,489	
Dues and Memberships		200	
Maintenance and Repair Services - Buildings		632	
Pest Control		259	
Custodial Supplies		3,006	
Drugs and Medical Supplies		357	
Office Supplies		596	
Utilities		8,743	
Other Supplies and Materials		1,943	
Other Charges		3,649	
Total Local Health Center			\$ 33,366

Rabies and Animal Control

Part-time Personnel	\$	42,985	
Other Salaries and Wages		24,609	
Social Security		4,145	
Pensions		1,624	
Unemployment Compensation		389	
Employer Medicare		969	
Communication		1,150	
Data Processing Services		600	
Maintenance and Repair Services - Buildings		440	
Maintenance and Repair Services - Vehicles		968	
Veterinary Services		16,781	
Animal Food and Supplies		10,704	
Custodial Supplies		489	
Gasoline		1,934	
Office Supplies		213	
Utilities		10,848	
Other Charges		2,230	
Total Rabies and Animal Control			121,078

Ambulance/Emergency Medical Services

Contributions	\$	582,000	
Total Ambulance/Emergency Medical Services			582,000

Alcohol and Drug Programs

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

Regional Mental Health Center

Evaluation and Testing	\$	76,500	
Total Regional Mental Health Center			76,500

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Appropriation to State

Salary Supplements	\$ 14,896	
Total Appropriation to State		\$ 14,896

Sanitation Management

Laborers	\$ 9,204	
Social Security	571	
Unemployment Compensation	82	
Employer Medicare	133	
Communication	470	
Other Contracted Services	13,991	
Utilities	1,310	
Other Supplies and Materials	20	
Total Sanitation Management		25,781

Sanitation Education/Information

Laborers	\$ 5,709	
Social Security	311	
Pensions	377	
Employer Medicare	73	
Maintenance and Repair Services - Vehicles	557	
Gasoline	1,392	
Instructional Supplies and Materials	6,383	
Other Supplies and Materials	1,013	
Other Charges	1,397	
Total Sanitation Education/Information		17,212

Other Public Health and Welfare

Other Salaries and Wages	\$ 30,132	
Other Fringe Benefits	4,197	
Travel	1,528	
Total Other Public Health and Welfare		35,857

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Supervisor/Director	\$ 27,870	
Deputy(ies)	26,798	
Social Workers	21,612	
Other Salaries and Wages	22,898	
Social Security	6,123	
Pensions	5,034	
Unemployment Compensation	401	
Employer Medicare	1,432	
Communication	3,241	
Contracts with Other Public Agencies	4,215	
Operating Lease Payments	751	
Licenses	810	
Postal Charges	110	

(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.)

Travel	\$	6,946	
Custodial Supplies		1,090	
Food Supplies		2,956	
Office Supplies		471	
Other Charges		7,800	
Total Senior Citizens Assistance			\$ 140,558

Libraries

Librarians	\$	139,340	
Part-time Personnel		30,462	
Social Security		10,247	
Pensions		9,197	
Unemployment Compensation		496	
Employer Medicare		2,396	
Communication		12,752	
Operating Lease Payments		3,438	
Maintenance Agreements		11,059	
Travel		1,327	
Custodial Supplies		1,349	
Library Books/Media		2,542	
Office Supplies		8,698	
Utilities		22,045	
Other Supplies and Materials		13,487	
Other Charges		6,579	
Building Improvements		1,400	
Data Processing Equipment		10,669	
Furniture and Fixtures		3,585	
Total Libraries			291,068

Parks and Fair Boards

Other Salaries and Wages	\$	4,086	
Social Security		253	
Unemployment Compensation		33	
Employer Medicare		59	
Maintenance and Repair Services - Equipment		415	
Maintenance and Repair Services - Office Equipment		400	
Custodial Supplies		745	
Electricity		4,566	
Gasoline		370	
Other Charges		1,034	
Total Parks and Fair Boards			11,961

Other Social, Cultural, and Recreational

Other Contracted Services	\$	3,200	
Total Other Social, Cultural, and Recreational			3,200

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Agriculture and Natural Resources

Agricultural Extension Service

Salary Supplements	\$	56,147	
Communication		2,531	
Custodial Supplies		199	
Office Supplies		250	
Office Equipment		574	
Total Agricultural Extension Service			\$ 59,701

Other Operations

Tourism

Contributions	\$	36,000	
Total Tourism			36,000

Industrial Development

Data Processing Services	\$	1,000	
Other Charges		24,067	
Total Industrial Development			25,067

Airport

Supervisor/Director	\$	26,520	
In-service Training		225	
Social Security		1,185	
Pensions		1,750	
Unemployment Compensation		70	
Employer Medicare		277	
Bank Charges		330	
Communication		2,147	
Data Processing Services		550	
Maintenance Agreements		1,675	
Maintenance and Repair Services - Buildings		2,357	
Maintenance and Repair Services - Equipment		5,052	
Travel		275	
Other Contracted Services		2,525	
Custodial Supplies		186	
Equipment and Machinery Parts		30	
Gasoline		22,970	
Lubricants		38	
Office Supplies		331	
Utilities		13,624	
Other Supplies and Materials		1,074	
Other Charges		3,439	
Maintenance Equipment		56	
Site Development		8,928	
Total Airport			95,614

Veterans' Services

Supervisor/Director	\$	10,150	
Social Security		633	

(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.)

Unemployment Compensation	\$	97	
Employer Medicare		148	
Communication		27	
Travel		1,037	
Other Contracted Services		449	
Office Supplies		368	
Total Veterans' Services			\$ 12,909

Other Charges

Electricity	\$	3,401	
Trustee's Commission		110,188	
Total Other Charges			113,589

Contributions to Other Agencies

Contributions	\$	98,298	
Total Contributions to Other Agencies			98,298

Employee Benefits

Handling Charges and Administrative Costs	\$	177	
Medical Insurance		348,809	
Other Fringe Benefits		111,977	
Total Employee Benefits			460,963

Miscellaneous

Other Charges	\$	12,101	
Total Miscellaneous			12,101

Total General Fund \$ 9,069,803

Drug Control Fund

Public Safety

Drug Enforcement

Dues and Memberships	\$	300	
Maintenance and Repair Services - Vehicles		4,665	
Printing, Stationery, and Forms		713	
Towing Services		450	
Veterinary Services		838	
Animal Food and Supplies		1,057	
Gasoline		7,180	
Instructional Supplies and Materials		4,478	
Law Enforcement Supplies		1,666	
Tires and Tubes		1,596	
Uniforms		611	
Other Charges		2,204	
Law Enforcement Equipment		11,190	
Total Drug Enforcement			\$ 36,948

(Continued)

Exhibit J-7

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

Drug Control Fund (Cont.)

Other Operations

Other Charges

Trustee's Commission

\$ 266

Total Other Charges

\$ 266

Total Drug Control Fund

\$ 37,214

Other Special Revenue Fund

Other Operations

Tourism

Contributions

\$ 153,823

Total Tourism

\$ 153,823

Other Charges

Trustee's Commission

\$ 1,825

Total Other Charges

1,825

Total Other Special Revenue Fund

155,648

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Special Commissioner Fees

\$ 12,613

Total Chancery Court

\$ 12,613

Total Constitutional Officers - Fees Fund

12,613

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer

\$ 79,276

Accountants/Bookkeepers

36,400

Secretary(ies)

36,400

Other Salaries and Wages

2,726

Advertising

417

Communication

4,451

Data Processing Services

6,628

Dues and Memberships

2,936

Maintenance and Repair Services - Office Equipment

115

Pest Control

168

Printing, Stationery, and Forms

95

Travel

1,814

Electricity

4,040

Natural Gas

791

Office Supplies

956

Water and Sewer

1,090

Other Supplies and Materials

322

Office Equipment

1,360

Total Administration

\$ 179,985

(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

Equipment Operators	\$	275,657	
Truck Drivers		376,887	
Laborers		5,060	
Other Salaries and Wages		19,497	
Medical and Dental Services		1,600	
Permits		1,165	
Other Contracted Services		13,715	
Asphalt		747,552	
Concrete		4,917	
Crushed Stone		290,055	
Pipe - Metal		43,068	
Road Signs		7,134	
Wood Products		24	
Other Supplies and Materials		2,154	
Other Charges		670	
Other Equipment		7,257	
Total Highway and Bridge Maintenance			\$ 1,796,412

Operation and Maintenance of Equipment

Mechanic(s)	\$	76,556	
Other Salaries and Wages		295	
Diesel Fuel		63,839	
Equipment and Machinery Parts		45,013	
Gasoline		30,587	
Lubricants		5,836	
Small Tools		77	
Tires and Tubes		12,622	
Other Supplies and Materials		4,694	
Other Charges		487	
Total Operation and Maintenance of Equipment			240,006

Other Charges

Trustee's Commission	\$	28,293	
Workers' Compensation Insurance		54,574	
Total Other Charges			82,867

Employee Benefits

Social Security	\$	69,125	
Pensions		57,650	
Employee and Dependent Insurance		143,894	
Unemployment Compensation		5,574	
Total Employee Benefits			276,243

Capital Outlay

Engineering Services	\$	43,544	
Highway Equipment		230,398	
Total Capital Outlay			273,942

Total Highway/Public Works Fund \$ 2,849,455

(Continued)

Exhibit J-7

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

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 210,000	
Principal on Other Loans	58,116	
Total General Government	\$ 268,116	

Education

Principal on Bonds	\$ 710,000	
Principal on Other Loans	13,600	
Total Education	723,600	

Interest on Debt

General Government

Interest on Bonds	\$ 78,213	
Interest on Notes	11,636	
Interest on Other Loans	8,795	
Total General Government	98,644	

Education

Interest on Bonds	\$ 38,844	
Total Education	38,844	

Other Debt Service

General Government

Bank Charges	\$ 750	
Trustee's Commission	6,974	
Total General Government	7,724	

Education

Bank Charges	\$ 615	
Total Education	615	

Total General Debt Service Fund \$ 1,137,543

General Capital Projects Fund

Capital Projects

General Administration Projects

Engineering Services	\$ 9,483	
Towing Services	1,649	
Trustee's Commission	1,908	
Building Improvements	50,941	
Site Development	133,465	
Total General Administration Projects	\$ 197,446	

Public Safety Projects

Law Enforcement Equipment	\$ 165	
Motor Vehicles	8,853	
Other Construction	7,850	
Total Public Safety Projects	16,868	

(Continued)

Exhibit J-7

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

General Capital Projects Fund (Cont.)

Capital Projects (Cont.)

Education Capital Projects

Other Equipment

\$ 50,000

Total Education Capital Projects

\$ 50,000

Total General Capital Projects Fund

\$ 264,314

Community Development/Industrial Park Fund

Other Operations

Other Charges

Trustee's Commission

\$ 70

Total Other Charges

\$ 70

Capital Projects

General Administration Projects

Maintenance Agreements

\$ 24,851

Total General Administration Projects

24,851

Total Community Development/Industrial Park Fund

24,921

Capital Projects Public Improvement Fund

Capital Projects

General Administration Projects

Other Charges

\$ 39,049

Other Construction

51,691

Total General Administration Projects

\$ 90,740

Total Capital Projects Public Improvement Fund

90,740

Other Capital Projects Fund

Capital Projects

General Administration Projects

Engineering Services

\$ 19,500

Site Development

64,292

Total General Administration Projects

\$ 83,792

Total Other Capital Projects Fund

83,792

Total Governmental Funds - Primary Government

\$ 13,726,043

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, 2019

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	6,398,765	
Career Ladder Program		28,000	
Career Ladder Extended Contracts		20,749	
Homebound Teachers		6,002	
Clerical Personnel		37,411	
Educational Assistants		212,082	
Other Salaries and Wages		17,700	
Non-certified Substitute Teachers		77,061	
Social Security		394,904	
Pensions		637,482	
Medical Insurance		1,285,860	
Unemployment Compensation		692	
Employer Medicare		94,311	
Communication		4,039	
Travel		76	
Tuition		250	
Other Contracted Services		178,992	
Instructional Supplies and Materials		96,066	
Textbooks - Bound		184,520	
Fee Waivers		2,955	
Other Charges		499	
Regular Instruction Equipment		119,287	
Total Regular Instruction Program			\$ 9,797,703

Special Education Program

Teachers	\$	721,878	
Career Ladder Program		2,000	
Homebound Teachers		2,982	
Educational Assistants		23,462	
Speech Pathologist		104,899	
Other Salaries and Wages		10,500	
Non-certified Substitute Teachers		7,711	
Social Security		50,467	
Pensions		84,161	
Medical Insurance		170,938	
Unemployment Compensation		500	
Employer Medicare		11,954	
Maintenance and Repair Services - Equipment		455	
Postal Charges		1,000	
Other Contracted Services		24,761	
Total Special Education Program			1,217,668

Career and Technical Education Program

Teachers	\$	454,530	
Guidance Personnel		52,660	
Non-certified Substitute Teachers		8,127	

(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.)

Career and Technical Education Program (Cont.)

Social Security	\$	31,218	
Pensions		50,686	
Medical Insurance		84,284	
Unemployment Compensation		400	
Employer Medicare		7,360	
Maintenance and Repair Services - Equipment		1,443	
Instructional Supplies and Materials		5,265	
Vocational Instruction Equipment		10,735	
Total Career and Technical Education Program			\$ 706,708

Support Services

Attendance

Supervisor/Director	\$	63,787	
Social Security		3,920	
Pensions		6,672	
Medical Insurance		7,464	
Employer Medicare		917	
Travel		337	
Total Attendance			83,097

Health Services

Supervisor/Director	\$	39,252	
Medical Personnel		144,440	
Paraprofessionals		11,392	
Non-certified Substitute Teachers		428	
Social Security		11,060	
Pensions		12,786	
Medical Insurance		60,370	
Unemployment Compensation		300	
Employer Medicare		2,587	
Maintenance and Repair Services - Equipment		363	
Postal Charges		500	
Travel		2,713	
Other Contracted Services		139,942	
Instructional Supplies and Materials		10,554	
Other Supplies and Materials		5,098	
In Service/Staff Development		890	
Other Charges		2,000	
Health Equipment		36,903	
Total Health Services			481,578

Other Student Support

Guidance Personnel	\$	239,929	
Other Salaries and Wages		25,500	
Social Security		14,736	
Pensions		24,472	

(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.)

Medical Insurance	\$	37,320	
Unemployment Compensation		50	
Employer Medicare		3,816	
Evaluation and Testing		11,886	
Travel		750	
Total Other Student Support			\$ 358,459

Regular Instruction Program

Supervisor/Director	\$	195,003	
Career Ladder Program		11,200	
Librarians		250,251	
Other Salaries and Wages		113,046	
Social Security		28,454	
Pensions		50,135	
Medical Insurance		78,466	
Unemployment Compensation		200	
Employer Medicare		7,962	
Legal Notices, Recording, and Court Costs		580	
Postal Charges		300	
Travel		5,694	
Library Books/Media		29,861	
In Service/Staff Development		9,354	
Other Charges		90	
Total Regular Instruction Program			780,596

Special Education Program

Supervisor/Director	\$	39,452	
Career Ladder Program		600	
Psychological Personnel		56,163	
Social Security		5,581	
Pensions		10,064	
Medical Insurance		11,726	
Unemployment Compensation		50	
Employer Medicare		1,305	
Travel		784	
Total Special Education Program			125,725

Career and Technical Education Program

Supervisor/Director	\$	74,625	
Career Ladder Program		1,000	
Secretary(ies)		24,661	
Social Security		6,109	
Pensions		9,538	
Medical Insurance		14,928	
Unemployment Compensation		50	
Employer Medicare		1,429	
Travel		10,378	
Total Career and Technical Education Program			142,718

(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.)

Technology

Supervisor/Director	\$	52,003	
Computer Programmer(s)		114,406	
Social Security		9,829	
Pensions		15,399	
Medical Insurance		27,763	
Unemployment Compensation		100	
Employer Medicare		2,299	
Communication		1,949	
Internet Connectivity		27,920	
Travel		4,046	
Other Contracted Services		19,405	
Software		14,333	
Other Supplies and Materials		4,999	
Other Equipment		150,368	
Total Technology			\$ 444,819

Other Programs

On-behalf Payments to OPEB	\$	35,713	
Total Other Programs			35,713

Board of Education

Secretary to Board	\$	900	
Board and Committee Members Fees		15,900	
Social Security		1,042	
Pensions		59	
Employer Medicare		244	
Audit Services		21,500	
Dues and Memberships		7,914	
Legal Services		2,983	
Legal Notices, Recording, and Court Costs		282	
Travel		3,569	
Building and Contents Insurance		122,084	
Trustee's Commission		137,148	
Workers' Compensation Insurance		53,779	
In Service/Staff Development		2,500	
Criminal Investigation of Applicants - TBI		2,295	
Refund to Applicant for Criminal Investigation		768	
Other Charges		5,204	
Total Board of Education			378,171

Director of Schools

County Official/Administrative Officer	\$	88,607	
Career Ladder Program		1,000	
Other Salaries and Wages		6,000	
Social Security		5,728	
Pensions		10,001	

(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.)

Director of Schools (Cont.)

Life Insurance	\$	967	
Medical Insurance		11,936	
Employer Medicare		1,340	
Communication		6,380	
Dues and Memberships		2,125	
Maintenance and Repair Services - Equipment		1,014	
Postal Charges		1,250	
Travel		4,242	
Total Director of Schools			\$ 140,590

Office of the Principal

Principals	\$	388,652	
Career Ladder Program		10,500	
Assistant Principals		282,458	
Secretary(ies)		119,727	
Social Security		48,666	
Pensions		79,199	
Medical Insurance		128,441	
Unemployment Compensation		300	
Employer Medicare		11,382	
Communication		17,776	
Postal Charges		2,300	
Total Office of the Principal			1,089,401

Fiscal Services

Accountants/Bookkeepers	\$	37,301	
Clerical Personnel		87,707	
Social Security		7,663	
Pensions		8,251	
Medical Insurance		29,229	
Unemployment Compensation		120	
Employer Medicare		1,792	
Data Processing Services		11,402	
Travel		342	
Office Supplies		1,839	
Administration Equipment		1,000	
Total Fiscal Services			186,646

Operation of Plant

Custodial Personnel	\$	321,223	
Social Security		19,585	
Pensions		18,002	
Medical Insurance		137,082	
Unemployment Compensation		250	
Employer Medicare		4,581	
Janitorial Services		13,590	

(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.)

Operation of Plant (Cont.)

Pest Control	\$	1,053	
Disposal Fees		10,837	
Permits		601	
Custodial Supplies		90,977	
Electricity		579,142	
Natural Gas		93,494	
Water and Sewer		61,326	
Other Supplies and Materials		9,460	
Other Charges		66	
Plant Operation Equipment		18,584	
Total Operation of Plant			\$ 1,379,853

Maintenance of Plant

Supervisor/Director	\$	41,830	
Maintenance Personnel		271,144	
Social Security		19,182	
Pensions		20,050	
Medical Insurance		89,356	
Unemployment Compensation		200	
Employer Medicare		4,486	
Communication		620	
Maintenance and Repair Services - Equipment		31,393	
Maintenance and Repair Services - Vehicles		3,836	
Other Contracted Services		4,000	
Diesel Fuel		2,420	
Equipment and Machinery Parts		16,685	
Gasoline		6,576	
Other Supplies and Materials		45,512	
Other Charges		855	
Maintenance Equipment		12,750	
Total Maintenance of Plant			570,895

Transportation

Bus Drivers	\$	16,028	
Social Security		954	
Pensions		1,062	
Medical Insurance		7,464	
Employer Medicare		223	
Other Fringe Benefits		1,296	
Communication		633	
Contracts with Vehicle Owners		754,065	
Maintenance and Repair Services - Vehicles		32,936	
Travel		3,165	
Other Contracted Services		28,435	
Diesel Fuel		24,900	
Other Charges		27,112	
Transportation Equipment		88,020	
Total Transportation			986,293

(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

Food Service

Medical Insurance	\$ 50,768	
Total Food Service		\$ 50,768

Community Services

Contributions	\$ 6,000	
Total Community Services		6,000

Early Childhood Education

Teachers	\$ 98,291	
Educational Assistants	51,062	
Non-certified Substitute Teachers	864	
Social Security	9,023	
Pensions	13,579	
Medical Insurance	46,768	
Unemployment Compensation	496	
Employer Medicare	2,110	
Travel	1,151	
Instructional Supplies and Materials	15,888	
In Service/Staff Development	1,231	
Other Charges	1,452	
Regular Instruction Equipment	180	
Total Early Childhood Education		242,095

Capital Outlay

Regular Capital Outlay

Building Improvements	\$ 179,340	
Site Development	77,733	
Total Regular Capital Outlay		257,073

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$ 414,945	
Total Education		414,945

Total General Purpose School Fund \$ 19,877,514

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 337,504
Educational Assistants	96,077
Non-certified Substitute Teachers	3,888
Social Security	25,120
Pensions	40,712
Medical Insurance	122,299
Unemployment Compensation	710

(Continued)

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.)

Employer Medicare	\$	5,892	
Instructional Supplies and Materials		10,607	
Other Charges		690	
Regular Instruction Equipment		177	
Total Regular Instruction Program			\$ 643,676

Special Education Program

Teachers	\$	4,039	
Educational Assistants		252,764	
Other Salaries and Wages		40,552	
Non-certified Substitute Teachers		135	
Social Security		17,673	
Pensions		18,942	
Medical Insurance		153,782	
Unemployment Compensation		1,066	
Employer Medicare		4,138	
Maintenance and Repair Services - Equipment		228	
Instructional Supplies and Materials		21,484	
Other Supplies and Materials		199	
Special Education Equipment		6,578	
Total Special Education Program			521,580

Career and Technical Education Program

Other Contracted Services	\$	1,835	
Vocational Instruction Equipment		28,385	
Total Career and Technical Education Program			30,220

Support Services

Other Student Support

Other Salaries and Wages	\$	55,995	
Social Security		3,065	
Pensions		5,857	
Medical Insurance		12,835	
Unemployment Compensation		51	
Employer Medicare		717	
Travel		8,743	
Other Contracted Services		5,000	
Other Supplies and Materials		733	
In Service/Staff Development		5,800	
Other Charges		866	
Total Other Student Support			99,662

Regular Instruction Program

Other Salaries and Wages	\$	74,818	
Non-certified Substitute Teachers		270	
Social Security		4,574	

(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.)

Pensions	\$	7,038	
Medical Insurance		14,928	
Unemployment Compensation		101	
Employer Medicare		1,071	
Operating Lease Payments		2,028	
Travel		515	
Other Supplies and Materials		512	
In Service/Staff Development		6,935	
Total Regular Instruction Program			\$ 112,790

Special Education Program

Travel	\$	1,036	
Other Supplies and Materials		2,198	
In Service/Staff Development		7,818	
Other Charges		311	
Total Special Education Program			11,363

Transportation

Bus Drivers	\$	32,061	
Social Security		1,809	
Pensions		2,060	
Medical Insurance		16,100	
Unemployment Compensation		152	
Employer Medicare		423	
Contracts with Vehicle Owners		4,200	
Total Transportation			56,805

Total School Federal Projects Fund \$ 1,476,096

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Cafeteria Personnel	\$	426,394	
Social Security		25,077	
Pensions		22,473	
Medical Insurance		166,465	
Unemployment Compensation		412	
Employer Medicare		5,869	
Communication		7,421	
Laundry Service		483	
Maintenance and Repair Services - Equipment		10,660	
Postal Charges		50	
Travel		1,223	
Other Contracted Services		9,295	
Food Preparation Supplies		33,869	
Food Supplies		564,729	

(Continued)

Exhibit J-8

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

<u>Central Cafeteria Fund (Cont.)</u>		
<u>Operation of Non-Instructional Services (Cont.)</u>		
<u>Food Service (Cont.)</u>		
Office Supplies	\$	2,314
USDA - Commodities		95,207
In Service/Staff Development		1,922
Other Charges		642
Total Food Service		<u>\$ 1,374,505</u>
Total Central Cafeteria Fund		<u>\$ 1,374,505</u>
Total Governmental Funds - Benton County School Department		<u>\$ 22,728,115</u>

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, 2019

	<u>Cities - Sales Tax Fund</u>
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 1,781,252
Total Cash Receipts	<u>\$ 1,781,252</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,315,267
Trustee's Commission	17,813
Contributions	320,625
Total Cash Disbursements	<u>\$ 1,653,705</u>
Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 127,547
Cash Balance, July 1, 2018	<u>5,987</u>
Cash Balance, June 30, 2019	<u><u>\$ 133,534</u></u>

SINGLE AUDIT SECTION



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

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

Independent Auditor's Report

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, 2019, and the related notes to the financial statements, which collectively comprise Benton County's basic financial statements, as listed in the table of contents, and have issued our report thereon dated January 24, 2020. 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.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 one instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Findings and Questioned Costs as item 2019-001.

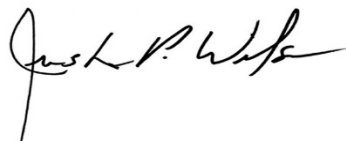
Benton County's Response to the Finding

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

Purpose of this Report

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

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

January 24, 2020

JPW/yu



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

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

Independent Auditor's Report

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, 2019. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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, 2019.

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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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.

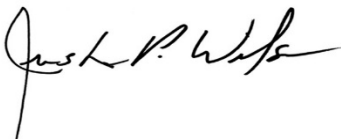
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

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

We have audited the financial statements of the governmental activities, the 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, 2019, and the related notes to the financial statements, which collectively comprise Benton County's basic financial statements. We issued our report thereon dated January 24, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

January 24, 2020

JPW/yu

Benton County, Tennessee, and the Benton County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2)
For the Year-Ended June 30, 2019

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: (3)			
School Breakfast Program	10.553	N/A	\$ 402,423
National School Lunch Program	10.555	N/A	670,218 (7)
Passed-through State Department of Agriculture:			
Child Nutrition Cluster: (3)			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	95,207 (7)
Passed-through State Department of Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children Direct Program:	10.557	GG-19-59624-00	6,690
Water and Waste Disposal Systems for Rural Communities	10.760	N/A	64,326
Total U.S. Department of Agriculture			<u>\$ 1,238,864</u>
U.S. Department of Defense:			
Passed-through State Department of General Services:			
Section 1033 Excess Property Program (Noncash Assistance)	12.U01	N/A	\$ 12,123 (8)
Total U.S. Department of Defense			<u>\$ 12,123</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Airport Improvement Program	20.106	AERO-17-242-00	\$ 66,292
Highway Planning and Construction Cluster: (3)			
Highway Planning and Construction	20.205	(4)	109,734
Alcohol Open Container Requirements	20.607	Z-19-THS-020	4,255
Total U.S. Department of Transportation			<u>\$ 180,281</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 674,151
Special Education Cluster: (3)			
Special Education - Grants to States	84.027	N/A	576,807
Special Education - Preschool Grants	84.173	N/A	18,240
Career and Technical Education - Basic Grants to States	84.048	N/A	38,577
Rural Education	84.358	N/A	33,417
English Language Acquisition State Grants	84.365	N/A	512
Supporting Effective Instruction State Grant	84.367	N/A	78,815
Student Support and Academic Enrichment Program	84.424	N/A	10,800
Total U.S. Department of Education			<u>\$ 1,431,319</u>
Delta Regional Authority:			
Direct Program:			
States' Economic Development Assistance Program	90.204	N/A	\$ 78,620
Total Delta Regional Authority			<u>\$ 78,620</u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Health and Human Services:			
Passed-through Northwest Tennessee Development District:			
Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	(5)	\$ 150
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043	(5)	1,600
Aging Cluster: (3)			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	(5)	37,600
Passed-through State Department of Health:			
Injury Prevention and Control Research and State and Community Based Programs	93.136	GG-19-59624-00	335
Family Planning Services	93.217	GG-19-59624-00	1,351
National State Based Tobacco Control Programs	93.305	GG-19-59624-00	2,706
HIV Prevention Activities - Health Department Based	93.940	GG-19-59624-00	330
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	GG-19-59624-00	173
Maternal and Child Health Services Block Grant to the States	93.994	GG-19-59624-00	2,919
Passed-through State Department of Human Services:			
CCDF Cluster: (3)			
Child Care and Development Block Grant	93.575	N/A	56,548
Total U.S. Department of Health and Human Services			\$ 103,712
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	34101-06820	\$ 17,000
Homeland Security Grant Program	97.067	34101-17017	6,883
Total U.S. Department of Homeland Security			\$ 23,883
Total Expenditures of Federal Awards			\$ 3,068,802

State Grants

		<u>Contract Number</u>	
Juvenile Custody Prevention - State Department of Children's Services	N/A	35910-02811	\$ 89,949
Juvenile Justice State Supplement - Tennessee Commission on Children and Youth	N/A	35910-10140	13,500
Three Star Grant - State Department of Economic and Community Development	N/A	(5)	23,717
Local Health Services - State Department of Health	N/A	(6)	25,281
Litter Program - State Department of Transportation	N/A	40100-00819	8,437
Asset Enhancement Grant - State Department of Economic and Community Development	N/A	33007-83118	47,500
Healthy and Active Built Environments - State Department of Health	N/A	Z-19-195380	20,000
Project Diabetes Initiative Services - State Department of Health	N/A	GG-17-50529	150,000
Early Childhood Education - State Department of Education	N/A	(5)	207,547
Coordinated School Health - State Department of Education	N/A	(5)	95,000
Read To Be Ready Coaching Network - State Department of Education	N/A	(5)	10,000
Safe Schools - State Department of Education	N/A	(5)	88,300
Total State Grants			\$ 779,231

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) Benton County elected not to use the 10% de minimis cost rate permitted in the Uniform Guidance.
- (3) Child Nutrition Cluster total \$1,167,848; Highway Planning and Construction Cluster total \$109,734; Special Education Cluster total \$595,047; Aging Cluster total \$37,600; CCDF Cluster total \$56,548.
- (4) 03LPLM-F3-010: \$92,995; BRZ-30032: \$16,739.
- (5) Information not available.
- (6) GG-18-54975-00: \$6,684; GG-19-59624-00: \$18,597.
- (7) Total for CFDA No. 10.555 is \$765,425.
- (8) During the year ended June 30, 2019, Benton County received excess military equipment from the U.S. Department of Defense valued at \$12,123.

Benton County, Tennessee
Summary Schedule of Prior-year Findings
For the Year Ended June 30, 2019

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. In addition, OMB's Uniform Guidance requires auditees to report the status of all prior-year findings whether corrected or not. Presented below are financial statement findings along with their current status from the Annual Financial Report for Benton County, Tennessee, for the year ended June 30, 2019.

Prior-year Financial Statement Findings

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
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OFFICE OF COUNTY MAYOR

2018	219	2018-001	The Office had Deficiencies in Budget Operations	N/A	Corrected
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Prior-year Federal Awards Findings

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

BENTON COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2019

PART I, SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

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

Federal Awards:

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

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

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

OFFICE OF SHERIFF

FINDING 2019-001

SOME FUNDS WERE NOT DEPOSITED WITHIN THREE DAYS OF COLLECTION

(Noncompliance Under *Government Auditing Standards*)

As part of our audit procedures for obtaining reasonable assurance that funds were deposited within three days of collection as required by Section 5-8-207, *Tennessee Code Annotated*, we judgmentally selected receipts issued for the months of April 2019 through June 2019 to trace to deposits. During this period, collections in five of 15 deposits were held more than three business days before being deposited. This deficiency was the result of a lack of management oversight. The delay in depositing funds weakens internal controls over collections and increases the risks of fraud and misappropriation.

RECOMMENDATION

All funds should be deposited within three business days of collection as required by state statute.

MANAGEMENT'S RESPONSE – SHERIFF

We concur with this finding. With the hiring of a new employee, we now make deposits every Tuesday and Friday. Therefore, funds are now deposited within three days of collection as required.

PART III, FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings and questioned costs related to federal awards for the year ended June 30, 2019.

Benton County, Tennessee
Management's Corrective Action Plan
For the Year Ended June 30, 2019

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

Finding Number	Title of Finding	Corrective Action Plan Page Number
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OFFICE OF SHERIFF

2019-001	Some Funds were not Deposited Within Three Days of Collection	226
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Benton County Sheriff's Office

Kenny Christopher, Sheriff

Post Office Box 56 - 116 South Rosemary Ave.

Camden, Tennessee 38320 Ph: (731) 584-4632

Fax: 731-584-8963

January 21, 2020

CORRECTIVE ACTION PLAN

FINDING

**SOME FUNDS WERE NOT DEPOSITED WITHIN
THREE DAYS OF COLLECTION**

Response and Corrective Action Plan Prepared by:
Kenny Christopher, Sheriff

Person Responsible for Implementing the Corrective Action:
Kenny Christopher, Sheriff
Rachelle Hill, Bookkeeper

Anticipated Completion Date of Corrective Action:
June 30, 2020

Repeat Finding:
No

Reason Corrective Action was Not Taken in the Prior Year:
The bookkeepers responsibilities had grown beyond the ability of one person to regularly maintain the required deposit schedule.

Planned Corrective Action:
We concur with this finding. With the hiring of a new employee, we now make deposits every Tuesday and Friday. Therefore, funds are now deposited within three (3) days of collection as required.

Signature: _____

Kenny Christopher
Sheriff

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.