



ANNUAL FINANCIAL REPORT BENTON COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2009



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**ANNUAL FINANCIAL REPORT
BENTON COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2009**

***DEPARTMENT OF AUDIT
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Comptroller of the Treasury***

***DIVISION OF COUNTY AUDIT
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State Auditors***

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

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Audit Highlights
Annual Financial Report
Benton County, Tennessee
For the Year Ended June 30, 2009

Scope

We have audited the basic financial statements of Benton County as of and for the year ended June 30, 2009.

Results

Our report on the aggregate discretely presented component units is qualified because the financial statements do not include a component unit whose financial statements were not available from other auditors at the date of this report. Also, our report on the aggregate remaining fund information is qualified because the financial statements do not include a nonmajor special revenue fund whose financial statements were not available from other auditors at the date of this report. Our report on the governmental activities, the business-type activities, and each major fund is unqualified.

Our audit resulted in 12 findings and recommendations, which we have reviewed with Benton County management. Detailed findings, recommendations, and management's responses are included in the Single Audit section of this report.

Findings

The following are summaries of the audit findings:

BENTON COUNTY AND BENTON COUNTY SCHOOL DEPARTMENT

- ◆ Benton County and the Benton County School Department do not have the resources to produce financial statements and notes to the financial statements.
- ◆ Material audit adjustments were required for proper financial statement presentation in the General, Highway/Public Works, General Debt Service, School Federal Projects, and Other Capital Projects funds.

OFFICE OF COUNTY MAYOR

- ◆ The office did not issue requisitions and purchase orders for some purchases. Bid specifications for mowing equipment were limited to a particular brand and/or make/model.
- ◆ The office had deficiencies in budget operations.

- ◆ General ledger payroll deduction accounts were not reconciled with payroll reports and payments in the General Fund. The payroll clerk paid \$8,830 to credit union accounts of three employees without deducting the funds from their paychecks.
-

OFFICE OF ROAD SUPERVISOR

- ◆ General ledger cash accounts were not reconciled with county trustee reports.
-

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

- ◆ Bank statements were not reconciled on a current basis.
 - ◆ The June 30, 2009, General Sessions Court execution docket trial balance did not reconcile with cash journal accounts.
-

OFFICE OF CLERK AND MASTER

- ◆ The office does not issue prenumbered receipts for all collections as required by state statute.
-

OTHER FINDINGS

- ◆ A review of the Office of Tennessee Judicial Court Support, Inc., which provides probation services to Benton County, resulted in numerous deficiencies and unaccounted cash of \$2,706.47.
- ◆ County officials had not adopted a central system of accounting, budgeting, and purchasing.
- ◆ Duties were not segregated adequately among the officials and employees in the Offices of Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff.

INTRODUCTORY SECTION

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Benton County Officials
June 30, 2009

Officials

Jimmy Wiseman, County Mayor
Barry Carter, Road Supervisor
Randall Robertson, Director of Schools
Sherry Beasley, Trustee
Linda Armstrong, Assessor of Property
Wanda Malin, County Clerk
Terry Hudson, Circuit and General Sessions Courts Clerk
Timothy Burrus, Clerk and Master
Debra Hargis, Register
Tony King, Sheriff

Board of County Commissioners

Jimmy Wiseman, County Mayor, Chairman
Mureleane Steinbuck
James Akers
Lawrence Atkins
Barry Barnett
Randall Clark
Gary Evans
Eddie Griggs
Sonny Hall
Vickie Howe

Jo Jones
Robert Pace
Roger Pafford
Don Patton
Randy Patton
Ronnie Pierce
Sam Rainwaters
Tommy Spence
Stephen Stokes

Board of Education

Joey Cooper, Chairman
Robert Livingston
Judy Arnold
Keith Arnold
Betty Jo Douglas
Ruby Evans

Mark Hargis
Brent Hedge
Tim Hyatt
Marko Winters
James Woodall
Linda Zanaty

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FINANCIAL SECTION

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**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
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INDEPENDENT AUDITOR'S REPORT

March 10, 2010

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

To the County Mayor and Board of County Commissioners:

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, 2009, which collectively comprise Benton County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Benton County's management. 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, and we did not audit the financial statements of the Benton County Emergency Communications District, which represent 2.7 percent and .99 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for the Benton County Electric System and the Benton County Emergency Communications District, are based on the reports of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the

accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

The financial statements of the Industrial Development Board of the County of Benton, a component unit requiring discrete presentation, had not been made available by other auditors as of the date of this report. Accordingly, the aggregate discretely presented component units financial statements referred to above do not include amounts for the Industrial Development Board of the County of Benton, which should be included to conform with accounting principles generally accepted in the United States of America. The effects on the financial statements of the aggregate discretely presented component units are not reasonably determinable.

Also, the financial statements of the Benton County Library, a nonmajor special revenue fund, had not been made available by other auditors as of the date of this report. Accordingly, the aggregate remaining fund information financial statements referred to above do not include amounts for the Benton County Library, which should be included to conform with accounting principles generally accepted in the United States of America. The effects on the financial statements of the aggregate remaining fund information are not reasonably determinable.

In our opinion, except for the effects of not including the financial statements of the Industrial Development Board of the County of Benton, a discretely presented component unit, and the Benton County Library, a nonmajor special revenue fund, as discussed in the two preceding paragraphs, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units and the aggregate remaining fund information of Benton County, Tennessee, at June 30, 2009, and the results of operations of the aggregate discretely presented component units and the aggregate remaining fund information, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Additionally, 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, and each major fund, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated March 10, 2010, on our consideration of Benton County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

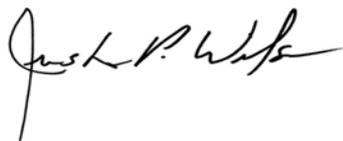
As described in Note V.B., Benton County has implemented the provisions of Governmental Accounting Standards Board Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations; and Statement No. 52, Land and Other Real Estate Held as Investments by Endowments.

The management of Benton County did not prepare a management's discussion and analysis. The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America.

The budgetary comparison, pension, and other postemployment benefits information on pages 93 through 101 are not required parts of the basic financial statements but they do provide supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Benton County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Benton County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Benton County School Department (a discretely presented component unit), and the miscellaneous schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury

JPW/sb

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BASIC FINANCIAL STATEMENTS

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Exhibit A

Benton County, Tennessee
Statement of Net Assets
June 30, 2009

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Benton County School Department	Emergency Communications District
<u>ASSETS</u>					
Cash	\$ 1,257	\$ 90,099	\$ 91,356	\$ 988	\$ 414,223
Equity in Pooled Cash and Investments	15,288,509	0	15,288,509	2,083,935	0
Inventories	0	226,443	226,443	0	0
Accounts Receivable	150,525	1,150,646	1,301,171	286	7,658
Allowance for Uncollectibles	0	(8,567)	(8,567)	0	0
Due from Other Governments	790,810	0	790,810	443,563	23,071
Due from Primary Government	0	0	0	4,149	0
Due from Component Units	56,949	0	56,949	0	0
Property Taxes Receivable	2,579,820	0	2,579,820	3,793,853	0
Allowance for Uncollectible Property Taxes	(96,085)	0	(96,085)	(141,301)	0
Prepaid Items	0	1,680,433	1,680,433	0	1,421
Other Restricted Assets	0	576,920	576,920	0	0
Deferred Charges - Debt Issuance Costs	112,883	128,356	241,239	0	0
Notes Receivable	0	348,245	348,245	0	0
Capital Assets Not Depreciated:					
Land	1,202,058	178,328	1,380,386	474,060	0
Construction in Progress	237,141	281,573	518,714	0	0
Assets Net of Accumulated Depreciation:					
Buildings and Improvements	2,668,408	1,101,986	3,770,394	12,630,746	0
Infrastructure	11,518,597	0	11,518,597	0	0
Other Capital Assets	992,725	14,942,633	15,935,358	579,420	104,620
Total Assets	\$ 35,503,597	\$ 20,697,095	\$ 56,200,692	\$ 19,869,699	\$ 550,993

LIABILITIES

Accounts Payable	\$ 69,844	\$ 2,332,363	\$ 2,402,207	\$ 79,099	\$ 6,093
Accrued Payroll	0	19,445	19,445	0	0
Payroll Deductions Payable	22,720	0	22,720	0	0
Contracts Payable	194,303	0	194,303	26,413	0
Retainage Payable	99,008	0	99,008	8,732	0
Due to Primary Government	0	0	0	56,949	0
Due to Component Units	4,149	0	4,149	0	0
Matured Bonds Payable	10,000	0	10,000	0	0
Matured Interest on Bonds	1,913	0	1,913	0	0
Accrued Interest Payable	84,520	9,220	93,740	2,380	0
Customer Deposits Payable	0	551,498	551,498	0	0
Other Payables from Restricted Assets	5,881	0	5,881	0	0
Deferred Revenue - Current Property Taxes	2,366,297	0	2,366,297	3,479,850	0
Noncurrent Liabilities:					
Due Within One Year	1,100,772	285,000	1,385,772	67,226	0
Due in More Than One Year	13,377,639	4,542,278	17,919,917	516,737	0
Total Liabilities	\$ 17,337,046	\$ 7,739,804	\$ 25,076,850	\$ 4,237,386	\$ 6,093

NET ASSETS

Invested in Capital Assets, net of related debt	\$ 15,696,337	\$ 13,289,520	\$ 28,985,857	\$ 13,429,225	\$ 0
Invested in Capital Assets	0	0	0	0	104,620
Restricted for:					
Highway/Public Works	1,281,363	0	1,281,363	0	0
Central Cafeteria	0	0	0	424,387	0
Debt Service	1,182,820	567,700	1,750,520	0	0
Capital Projects	341,947	0	341,947	13,307	0
Other Purposes	363,030	0	363,030	6,259	0
Unrestricted	(698,946)	(899,929)	(1,598,875)	1,759,135	440,280
Total Net Assets	\$ 18,166,551	\$ 12,957,291	\$ 31,123,842	\$ 15,632,313	\$ 544,900

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, 2009

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets									
	Program Revenues					Primary Government			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Benton County School Department	Emergency Communications District	
Primary Government:										
Governmental Activities:										
General Government	\$ 954,448	\$ 78,937	\$ 17,407	\$ 0	\$ (858,104)	\$ 0	\$ (858,104)	\$ 0	\$ 0	0
Finance	622,178	403,921	10,103	0	(208,154)	0	(208,154)	0	0	0
Administration of Justice	665,608	412,407	117,281	0	(135,920)	0	(135,920)	0	0	0
Public Safety	3,767,998	280,287	32,265	0	(3,455,446)	0	(3,455,446)	0	0	0
Public Health and Welfare	700,573	723,363	96,752	0	119,542	0	119,542	0	0	0
Social, Cultural, and Recreational Services	519,767	0	73,564	0	(446,203)	0	(446,203)	0	0	0
Agriculture and Natural Resources	66,210	0	0	0	(66,210)	0	(66,210)	0	0	0
Other Operations	822,952	92,089	175,396	486,160	(69,307)	0	(69,307)	0	0	0
Highways/Public Works	2,366,909	53,923	1,545,601	152,607	(614,778)	0	(614,778)	0	0	0
Education	258,358	0	0	0	(258,358)	0	(258,358)	0	0	0
Interest on Long-term Debt	537,706	76,315	663,734	0	202,343	0	202,343	0	0	0
Other Debt Service	22,337	0	0	0	(22,337)	0	(22,337)	0	0	0
Total Governmental Activities	\$ 11,305,044	\$ 2,121,242	\$ 2,732,103	\$ 638,767	\$ (5,812,932)	\$ 0	\$ (5,812,932)	\$ 0	\$ 0	0
Business-type Activities:										
Benton County Public Utility	\$ 20,769,545	\$ 21,463,523	\$ 0	\$ 0	\$ 0	\$ 693,978	\$ 693,978	\$ 0	\$ 0	0
Total Primary Government	\$ 32,074,589	\$ 23,584,765	\$ 2,732,103	\$ 638,767	\$ (5,812,932)	\$ 693,978	\$ (5,118,954)	\$ 0	\$ 0	0
Component Units:										
Benton County School Department	\$ 21,181,426	\$ 405,591	\$ 2,744,427	\$ 0	\$ 0	\$ 0	\$ 0	\$ (18,031,408)	\$ 0	0
Emergency Communications District	119,741	207,504	0	0	0	0	0	0	87,763	0
Total Component Units	\$ 21,301,167	\$ 613,095	\$ 2,744,427	\$ 0	\$ 0	\$ 0	\$ 0	\$ (18,031,408)	\$ 0	0

(Continued)

Exhibit B

Benton County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets				
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
				Governmental Activities	Business-type Activities	Total	Benton County School Department	Emergency Communications District
General Revenues:								
Taxes:								
Property Taxes Levied for General Purposes				\$ 1,759,815	\$ 0	\$ 1,759,815	\$ 3,539,869	\$ 0
Property Taxes Levied for Debt Service				647,286	0	647,286	0	0
Local Option Sales Taxes				375,871	0	375,871	1,836,809	0
Litigation Tax				141,961	0	141,961	0	0
Business Tax				88,493	0	88,493	0	0
Mineral Severance Tax				183,544	0	183,544	0	0
Wholesale Beer Tax				105,507	0	105,507	0	0
Other Local Taxes				46,643	0	46,643	1,929	0
Grants and Contributions Not Restricted to Specific Programs				1,585,343	0	1,585,343	12,723,695	0
Unrestricted Investment Income				403,233	24,389	427,622	0	4,473
Miscellaneous				49,083	0	49,083	69,880	1,900
Total General Revenues				\$ 5,386,779	\$ 24,389	\$ 5,411,168	\$ 18,172,182	\$ 6,373
Transfers				\$ 205,908	\$ (205,908)	\$ 0	\$ 0	\$ 0
Change in Net Assets				\$ (220,245)	\$ 512,459	\$ 292,214	\$ 140,774	\$ 94,136
Net Assets, July 1, 2008				18,302,796	12,444,832	30,747,628	14,975,466	450,764
Prior-period Adjustment				84,000	0	84,000	516,073	0
Net Assets, June 30, 2009				\$ 18,166,551	\$ 12,957,291	\$ 31,123,842	\$ 15,632,313	\$ 544,900

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, 2009

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General Purpose	Highway / Public Works	General Debt Service	Community Development/ Industrial Park	Other Governmental Funds			
Cash	\$ 100	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,157	\$ 1,257	
Equity in Pooled Cash and Investments	860,176	7,204,149	1,132,669	4,857,868	261,312	15,286,135		
Accounts Receivable	83,181	22,177	44,307	0	860	150,525		
Due from Other Governments	320,191	0	280,058	0	190,561	790,810		
Due from Other Funds	2,017	0	2,374	0	0	17,032		
Due from Component Units	0	0	56,949	0	0	56,949		
Property Taxes Receivable	1,647,617	0	238,470	693,733	0	2,579,820		
Allowance for Uncollectible Property Taxes	(61,365)	0	(8,882)	(25,838)	0	(96,085)		
Total Assets	\$ 2,851,917	\$ 7,204,149	\$ 1,504,158	\$ 1,914,461	\$ 4,857,868	\$ 453,890	\$ 18,786,443	

ASSETS

LIABILITIES AND FUND BALANCES

Accounts Payable	\$ 66,180	\$ 3,338	\$ 0	\$ 0	\$ 326	\$ 69,844	
Payroll Deductions Payable	21,996	724	0	0	0	22,720	
Contracts Payable	0	0	0	13,125	181,178	194,303	
Retainage Payable	0	0	0	0	99,008	99,008	
Due to Other Funds	12,641	0	0	0	2,017	14,658	
Due to Component Units	0	4,149	0	0	0	4,149	
Matured Bonds Payable	0	0	10,000	0	0	10,000	
Matured Interest on Bonds	0	0	1,913	0	0	1,913	
Current Liabilities Payable from Restricted Assets:							
Other Payables from Restricted Assets	5,881	0	0	0	0	5,881	
Deferred Revenue - Current Property Taxes	1,511,249	218,733	636,315	0	0	2,366,297	
Deferred Revenue - Delinquent Property Taxes	65,502	9,480	27,579	0	0	102,561	
Other Deferred Revenues	138,171	1,35,640	58,545	0	0	332,356	
Total Liabilities	\$ 1,821,620	\$ 4,149	\$ 367,915	\$ 734,352	\$ 13,125	\$ 282,529	\$ 3,223,690

(Continued)

Exhibit C-1

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

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Special Purpose	Highway / Public Works	General Debt Service	Community Development/ Industrial Park	Other Governmental Funds	Governmental Funds	
Fund Balances								
Reserved for Encumbrances	\$ 40,818	\$ 0	\$ 0	\$ 0	\$ 39,000	\$ 331,112	\$ 410,930	
Reserved for Resort District	131,871	0	0	0	0	0	131,871	
Reserved for Alcohol and Drug Treatment	15,848	0	0	0	0	0	15,848	
Reserved for Litigation Tax - Jail, Workhouse, or Courthouse	181,415	0	0	0	0	0	181,415	
Reserved for Sexual Offender Registration	5,611	0	0	0	0	0	5,611	
Reserved for Automation Purposes - General Sessions Court	226	0	0	0	0	0	226	
Reserved for Automation Purposes - County Clerk	1,054	0	0	0	0	0	1,054	
Unreserved, Reported In:								
General Fund	653,454	0	0	0	0	0	653,454	
Special Revenue Funds	0	7,200,000	1,136,243	0	0	27,005	8,363,248	
Debt Service Funds	0	0	0	1,180,109	0	0	1,180,109	
Capital Projects Funds (Deficit)	0	0	0	0	4,805,743	(186,756)	4,618,987	
Total Fund Balances	\$ 1,030,297	\$ 7,200,000	\$ 1,136,243	\$ 1,180,109	\$ 4,844,743	\$ 171,361	\$ 15,562,753	
Total Liabilities and Fund Balances	\$ 2,851,917	\$ 7,204,149	\$ 1,504,158	\$ 1,914,461	\$ 4,857,868	\$ 453,890	\$ 18,786,443	

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 Assets
June 30, 2009

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 15,562,753
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,202,058	
Add: construction in progress	237,141	
Add: buildings and improvements net of accumulated depreciation	2,668,408	
Add: infrastructure net of accumulated depreciation	11,518,597	
Add: other capital assets net of accumulated depreciation	<u>992,725</u>	16,618,929
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		434,917
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	\$ (471,977)	
Less: other loans payable	(458,200)	
Less: capital lease payable	(25,233)	
Less: bonds payable	(13,395,000)	
Add: deferred charges - debt issuance costs	112,883	
Less: compensated absences payable	(119,248)	
Less: other postemployment benefits liability	(8,753)	
Less: accrued interest on notes, bonds, and capital lease	<u>(84,520)</u>	<u>(14,450,048)</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 18,166,551</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, 2009

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Special Purpose	Highway / Public Works	General Debt Service	Community Development/ Industrial Park	Other Governmental Funds	Governmental Funds	
<u>Revenues</u>								
Local Taxes	\$ 2,447,997	\$ 0	\$ 350,574	\$ 640,396	\$ 0	\$ 0	\$ 0	\$ 3,438,967
Licenses and Permits	7,242	0	0	0	0	0	0	7,242
Fines, Forfeitures, and Penalties	142,503	0	0	0	0	0	15,129	157,632
Charges for Current Services	740,165	0	0	0	0	0	108	740,273
Other Local Revenues	306,746	260,901	53,967	79,820	169,919	0	844	872,197
Fees Received from County Officials	729,560	0	0	0	0	0	0	729,560
State of Tennessee	2,188,414	0	1,717,270	0	0	0	237,141	4,142,825
Federal Government	14,311	0	26,537	0	0	0	0	40,848
Other Governments and Citizens Groups	55,694	0	0	663,734	0	0	0	719,428
Total Revenues	\$ 6,632,632	\$ 260,901	\$ 2,148,348	\$ 1,383,950	\$ 169,919	\$ 0	\$ 253,222	\$ 10,848,972
<u>Expenditures</u>								
Current:								
General Government	\$ 969,074	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 108	\$ 969,182
Finance	477,317	0	0	0	0	0	0	477,317
Administration of Justice	494,327	0	0	0	0	0	0	494,327
Public Safety	2,559,901	0	0	0	0	0	36,517	2,596,418
Public Health and Welfare	620,864	0	0	0	0	0	0	620,864
Social, Cultural, and Recreational Services	167,515	0	0	0	0	0	0	167,515
Agriculture and Natural Resources	59,156	0	0	0	0	0	0	59,156
Other Operations	1,745,601	2,543	0	0	1,714	0	601	1,750,459
Highways	0	0	1,863,491	0	0	0	4,826	1,868,317
Instruction	0	258,358	0	0	0	0	0	258,358
Debt Service:								
Principal on Debt	23,894	0	0	1,141,776	0	0	0	1,165,670
Interest on Debt	2,751	0	0	551,479	0	0	0	554,230
Other Debt Service	0	0	0	17,254	0	0	0	17,254
Capital Projects	0	0	0	0	351,134	0	237,333	588,467
Total Expenditures	\$ 7,120,400	\$ 260,901	\$ 1,863,491	\$ 1,710,509	\$ 352,848	\$ 0	\$ 279,385	\$ 11,587,534
Excess (Deficiency) of Revenues Over Expenditures	\$ (487,768)	\$ 0	\$ 284,857	\$ (326,559)	\$ (182,929)	\$ 0	\$ (26,163)	\$ (738,562)

(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	Special Purpose	Highway / Public Works	General Debt Service	Community Development/ Industrial Park	Other Governmental Funds		
<u>Other Financing Sources (Uses)</u>								
Insurance Recovery	\$ 41,988	\$ 0	\$ 6,032	\$ 0	\$ 0	\$ 0	\$ 0	\$ 48,020
Transfers In	167,702	0	17,206	93,990	0	0	3,350	282,248
Transfers Out	(299,810)	0	0	0	0	0	0	(299,810)
Total Other Financing Sources (Uses)	\$ (90,120)	\$ 0	\$ 23,238	\$ 93,990	\$ 0	\$ 0	\$ 3,350	\$ 30,458
Net Change in Fund Balances	\$ (577,888)	\$ 0	\$ 308,095	\$ (232,569)	\$ (182,929)	\$ (22,813)	\$ (22,813)	\$ (708,104)
Fund Balance, July 1, 2008	1,608,185	7,200,000	828,148	1,412,678	5,027,672	194,174	194,174	16,270,857
Fund Balance, June 30, 2009	\$ 1,030,297	\$ 7,200,000	\$ 1,136,243	\$ 1,180,109	\$ 4,844,743	\$ 171,361	\$ 171,361	\$ 15,562,753

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, 2009

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)		\$ (708,104)
<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	\$ 543,142	
Less: current year depreciation expense	<u>(1,240,993)</u>	(697,851)
<p>(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2009	\$ 434,917	
Less: deferred delinquent property taxes and other deferred June 30, 2008	<u>(404,998)</u>	29,919
<p>(3) The issuance of long-term debt (e.g. 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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Less: change in deferred debt issuance costs	\$ (5,083)	
Add: principal payments on notes	425,176	
Add: principal payments on other loans	101,600	
Add: principal payments on capital leases	23,894	
Add: principal payments on bonds	<u>615,000</u>	1,160,587
<p>(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
Change in accrued interest payable	\$ 16,524	
Change in compensated absences payable	(12,846)	
Change in other postemployment benefits liability	<u>(8,474)</u>	(4,796)
Change in net assets of governmental activities (Exhibit B)		<u>\$ (220,245)</u>

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

Exhibit D-1

Benton County, Tennessee
Statement of Net Assets
Proprietary Fund
June 30, 2009

	<u>Business-type Activities - Major Fund Benton County Electric System</u>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 90,099
Inventories	226,443
Accounts Receivable	1,150,646
Allowance for Uncollectibles	(8,567)
Prepayments and Other Current Assets	1,680,433
Total Current Assets	<u>\$ 3,139,054</u>
Noncurrent Assets:	
Restricted Cash, Cash Equivalents, and Investments on Deposit	\$ 576,920
Deferred Charges - Debt Issuance Costs	128,356
Notes Receivable	348,245
Capital Assets:	
Assets Not Depreciated:	
Land	178,328
Construction in Progress	281,573
Assets Net of Accumulated Depreciation:	
Buildings and Improvements	1,101,986
Other Capital Assets	14,942,633
Total Noncurrent Assets	<u>\$ 17,558,041</u>
Total Assets	<u>\$ 20,697,095</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 2,332,363
Accrued Payroll	19,445
Customer Deposits Payable	551,498
Current Liabilities Payable from	
Restricted Assets:	
Accrued Interest Payable	9,220
Revenue Bonds Payable - Current	285,000
Total Current Liabilities	<u>\$ 3,197,526</u>
Noncurrent Liabilities:	
Advances from Home Insulation Program	\$ 354,444
Accrued Leave - Long-term	1,257,834
Revenue Bonds Payable - Long-term	2,930,000
Total Noncurrent Liabilities	<u>\$ 4,542,278</u>
Total Liabilities	<u>\$ 7,739,804</u>
<u>NET ASSETS</u>	
Invested in Capital Assets, net of related debt	\$ 13,289,520
Restricted for Debt Service	567,700
Unrestricted	(899,929)
Total Net Assets	<u>\$ 12,957,291</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 Assets
Proprietary Fund
For the Year Ended June 30, 2009

	Business-type Activities - Major Fund
	<u>Benton County Electric System</u>
<u>Operating Revenues</u>	
Sale of Electric Energy	\$ 21,003,716
Forfeited Discounts	145,544
Rent from Electric Property	152,837
Other Electric Revenue	89,736
Miscellaneous Service Revenue	71,690
Total Operating Revenues	<u>\$ 21,463,523</u>
<u>Operating Expenses</u>	
Purchased Power	\$ 15,633,081
Distribution Expense:	
Station Expense	18,333
Overhead Line Expense	178,874
Street Lighting and Signal System	5,432
Meter Expense	82,973
Customer Installations Expense	2
Security Lighting	11,525
Rents	11,440
Miscellaneous	131,078
Customer Accounts Expense:	
Meter Reading Expense	120,783
Customer Records and Collection	453,307
Sales Expenses:	
Demonstration and Selling Expense	7,047
Sales Expense	12,293
Administrative Expenses:	
Salaries	341,073
Office Supplies and Expense	78,976
Outside Services Employed	58,336
Insurance	31,310
Injuries and Damages	137,221

(Continued)

Exhibit D-2

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

	Business-type Activities - Major Fund
	<u>Benton County Electric System</u>
<u>Operating Expenses (Cont.)</u>	
Administrative Expenses (Cont.):	
Employee Pension and Benefits	\$ 750,349
General Advertising	4,358
Miscellaneous	31,754
Maintenance Expenses:	
Station Equipment	5,156
Overhead Lines	1,106,755
Underground Lines	3,265
Line Transformers	37,928
Street Lights and Signal System	2,699
Meters	7,598
Security Lighting	33,707
General Plant and Equipment	16,209
Depreciation and Amortization	916,711
Taxes and Tax Equivalents	401,970
Total Operating Expenses	<u>\$ 20,631,543</u>
Operating Income	<u>\$ 831,980</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 24,389
Interest Expense	(121,238)
Amortization of Debt Expense	(16,764)
Total Nonoperating Revenues (Expenses)	<u>\$ (113,613)</u>
Income (Loss) Before Transfers	\$ 718,367
Transfers Out	<u>(205,908)</u>
Change in Net Assets	\$ 512,459
Net Assets, July 1, 2008	<u>12,444,832</u>
Net Assets, June 30, 2009	<u><u>\$ 12,957,291</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, 2009

	<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	\$ 21,684,003
Payments to Suppliers	(18,485,603)
Payments to Employees and for Employee Benefits	(1,091,422)
Payments for in-Lieu-of Tax Payments	(401,970)
Customer Deposits Received	91,800
Customer Deposits Refunded	(94,766)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 1,702,042</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Construction and Acquisition of Plant	\$ (985,470)
Plant Removal Cost	(80,536)
Materials Salvaged from Retirements	17,256
Principal Paid on Bonds	(270,000)
Interest Paid on Bonds	(122,534)
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (1,441,284)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Repayment of TVA Advances	\$ 69,496
Transfers to Other Funds	(205,908)
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ (136,412)</u>
<u>Cash Flows from Investing Activities</u>	
Collection of Notes Receivable	\$ (68,422)
Interest Earned	24,389
Net Cash Provided By (Used In) Investing Activities	<u>\$ (44,033)</u>
Net Increase (Decrease) in Cash	\$ 80,313
Cash, July 1, 2008	<u>586,706</u>
Cash, June 30, 2009	<u>\$ 667,019</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</u>	
<u>Provided By (Used In) Operating Activities</u>	
Operating Income	\$ 831,980
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Depreciation Expense	916,711
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	220,480
(Increase) Decrease in Materials and Supplies	7,076
(Increase) Decrease in Prepayments and Other Current Assets	(129,038)
Increase (Decrease) in Accounts Payable and Accrued Expenses	(142,201)
Increase (Decrease) in Customer Deposits	<u>(2,966)</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 1,702,042</u>
<u>Reconciliation of Cash with Statement of Net Assets</u>	
Cash per Net Assets	\$ 90,099
Restricted Cash per Net Assets	<u>576,920</u>
Cash, June 30, 2009	<u>\$ 667,019</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, 2009

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 573,200
Due from Other Governments	<u>246,151</u>
Total Assets	<u><u>\$ 819,351</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 246,151
Due to Litigants, Heirs, and Others	<u>573,200</u>
Total Liabilities	<u><u>\$ 819,351</u></u>

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

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BENTON COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2009

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. Although required by GAAP, the financial statements of the Benton County Library, a nonmajor special revenue fund, were not available from other auditors in time for inclusion in this report. 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 without county approval, 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 Industrial Development Board of the County of Benton was formed as an operating agency and instrumentality of Benton County for the purpose of acquiring and developing land for industrial development in the county. The Benton County Commission appoints five members of the nine-member

board. The other members are permanent members and consist of the county mayor, the chairman of the Chamber of Commerce, and the mayors of the cities of Big Sandy and Camden. The financial statements for the Industrial Development Board of the County of Benton were not available from other auditors in time for inclusion in this report.

The Benton County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of contents. Although required by GAAP, the financial statements of the Industrial Development Board of the County of Benton were not available in time for inclusion, as previously mentioned. Complete financial statements of the Benton County Emergency Communications District and the Industrial Development Board of the County of Benton can be obtained from their respective administrative offices at the following addresses:

Administrative Offices:

Benton County Emergency Communications District P.O. Box 755 Camden, TN 38320	Industrial Development Board of the County of Benton P.O. Box 549 Camden, TN 38320
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B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets 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. No new debt issues were contributed by the county to the School Department during the year ended June 30, 2009.

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 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, liabilities, 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 fund 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.

Special Purpose Fund – This fund is used to account for the proceeds received from the sale of the county’s hospital. Interest earned from the investment of the proceeds (net of trustee’s commission) was contributed to the discretely presented School Department’s General Purpose School Fund.

Highway/Public Works Fund – This fund accounts for transactions of the county’s Highway Department.

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

Community Development/Industrial Park Capital Projects Fund – This fund accounts for bond proceeds to be used for the acquisition and construction of a new jail.

Benton County reports the following major proprietary fund:

Public Utility Fund – This fund accounts for the operations of the Benton County Electric System.

Additionally, Benton County reports the following fund type:

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

The discretely presented 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 School Department reports the following fund types:

Special Revenue Funds – These funds account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes. The Central Cafeteria Fund is included for the first time in 2008-09 as cafeteria operations were previously not centralized and were reported by the individual schools.

Capital Projects Fund – The Education Capital Projects Fund is used to account for financial resources to be used by the School Department for building construction and renovations.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

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.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted revenues first, then unrestricted resources as they are needed.

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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

The county trustee maintains a cash and internal investment pool that is used by all funds (excluding the Public Utility Fund, enterprise fund) and the discretely presented School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General, Special Purpose, and Community Development/Industrial Park funds. Benton County (excluding the Public Utility 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 and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

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

All property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to two percent of total taxes levied.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

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 deferred revenue 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 with offsetting deferred revenue 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.

Retainage payable in the primary government's Other Capital Projects Fund and the discretely presented School Department's General Purpose School Fund represents amounts withheld from payments made on construction contracts pending completion of the projects. These amounts are held by the county trustee as Equity in Pooled Cash and Investments in the respective funds.

3. Capital Assets

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

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

by the government (excluding the Public Utility Fund, enterprise fund) as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

Property, plant, equipment, and infrastructure of the primary government (excluding the Public Utility Fund, enterprise fund) and the discretely presented School Department are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building and Improvements	7 - 40
Land Improvements	20 - 30
Vehicles	5 - 10
Other Capital Assets	5 - 20
Infrastructure:	
Roads	8 - 20
Bridges	15 - 30

4. 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 Public Utility 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.

5. 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 Assets. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method. Debt issuance costs are reported as deferred charges and amortized over the term of the related debt. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is netted against the new debt and amortized over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

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

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

6. Net Assets and Fund Equity

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

- a. Invested in capital assets, net of related debt – 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 assets – Consists of net assets 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 assets – All other net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

The government-wide Statement of Net Assets reports \$3,169,160 of restricted net assets, in governmental activities for the primary government, of which \$131,871 is restricted by enabling legislation.

As of June 30, 2009, Benton County had \$8,673,200 of outstanding debt for capital purposes for the discretely presented 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 assets with no corresponding increase in the county's capital assets.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

7. Prior-period Adjustments

Capital assets of the primary government were restated \$84,000 from the prior year because three leased vehicles had been omitted. Capital assets of the discretely presented School Department were restated \$516,073 from the prior year because construction in progress for school renovations had been omitted.

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 Assets

Primary Government

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

Discretely Presented Benton County School Department

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

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 changes in net assets of governmental activities reported in the government-wide Statement of Activities.

Discretely Presented Benton County School Department

Exhibit J-5 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net assets 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 (nonmajor special revenue fund), which is not budgeted, and the capital projects funds, which adopt project length budgets. All annual appropriations lapse at fiscal year end.

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

The budgetary level of control is at the major category level established by the County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, Beer Board, County Mayor, 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.

B. Fund Deficit

The Other Capital Projects Fund had a deficit in unreserved fund balance of \$187,162 at June 30, 2009. This deficit resulted from the unperformed portions of construction contracts of \$331,112 being reserved as encumbrances. These future expenditures will be funded with an Airport Improvement Program grant.

The School Federal Projects Fund of the discretely presented School Department had a deficit in unreserved fund balance of \$163,671 at June 30, 2009. This deficit resulted from \$163,671 being reserved as an encumbrance for the purchase of school buses. This deficit was liquidated when grant funds were requested and received subsequent to June 30, 2009.

C. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the County Commission in the Transfers Out major appropriation category (the legal level of control) of the General Fund by \$1,340. Total expenditures and other uses exceeded total appropriations in the Special Purpose Fund by \$30,901. Such overexpenditures are a violation of state statutes. These overexpenditures were funded by available fund balance in the General Fund and by greater than anticipated revenues in the Special Purpose Fund.

D. Cash Shortages – Prior Year

The Office of General Sessions Court Clerk had a cash shortage of \$693 on June 30, 2008. A replacement check was received from a litigant for a lost \$5 check on July 25, 2008, and the clerk located a \$451 returned check and collected those funds from the litigant. On July 31, 2008, the clerk deposited the \$451 received from the litigant and \$237 from his personal funds to liquidate the remaining cash shortage.

In the fall of 2008, an animal control officer suspected a volunteer worker of theft, and the officer conducted an internal investigation. It was determined that the volunteer had stolen \$370 from the animal shelter, as well as personal property of an employee. The suspect was subsequently arrested, pled guilty to theft charges on December 10, 2008, and was ordered to pay restitution of \$370 to the animal shelter. This shortage was liquidated in December 2009.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Benton County (excluding the Public Utility Fund, enterprise fund) and the 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 assets as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets or statements of net assets represents nonpooled amounts held separately by individual funds.

Deposits

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

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

Investments

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

Investment Balances. As of June 30, 2009, Benton County had the following investments carried at cost. All investments are in the county trustee's investment pool. Separate disclosures concerning pooled investments cannot be made for Benton County (excluding the Public Utility Fund, enterprise fund) and the discretely presented School Department since both pool their deposits and investments through the county trustee.

Investment	Maturities	Cost
State Treasurer's Investment Pool	Daily	\$ 1,284,662

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, 2009, Benton County's investment in the State Treasurer's Investment Pool was unrated.

B. Capital Assets

Capital assets activity for the year ended June 30, 2009, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-08	Prior-period Adjustment	Increases	Decreases	Balance 6-30-09
Capital Assets Not Depreciated:					
Land	\$ 1,202,058	\$ 0	\$ 0	\$ 0	\$ 1,202,058
Construction in Progress	4,712,601	0	237,141	(4,712,601)	237,141
Total Capital Assets Not Depreciated	\$ 5,914,659	\$ 0	\$ 237,141	\$ (4,712,601)	\$ 1,439,199

(Continued)

Governmental Activities: (Cont.)

	Balance 7-1-08	Prior-period Adjustment	Increases	Decreases	Balance 6-30-09
Capital Assets					
Depreciated:					
Buildings and					
Improvements	\$ 4,985,216	\$ 0	\$ 0	\$ 0	\$ 4,985,216
Roads and Bridges	12,316,325	0	4,712,601	0	17,028,926
Other Capital Assets	3,786,461	84,000	306,001	(233,252)	3,943,210
Total Capital Assets					
Depreciated	\$ 21,088,002	\$ 84,000	\$ 5,018,602	\$ (233,252)	\$ 25,957,352
Less Accumulated					
Depreciation For:					
Buildings and					
Improvements	\$ 2,143,270	\$ 0	\$ 173,538	\$ 0	\$ 2,316,808
Roads and Bridges	4,762,128	0	748,201	0	5,510,329
Other Capital Assets	2,864,483	0	319,254	(233,252)	2,950,485
Total Accumulated					
Depreciation	\$ 9,769,881	\$ 0	\$ 1,240,993	\$ (233,252)	\$ 10,777,622
Total Capital Assets					
Depreciated, Net	\$ 11,318,121	\$ 84,000	\$ 3,777,609	\$ 0	\$ 15,179,730
Governmental Activities					
Capital Assets, Net	\$ 17,232,780	\$ 84,000	\$ 4,014,750	\$ (4,712,601)	\$ 16,618,929

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

Governmental Activities:

General Administration	\$ 40,986
Finance	2,240
Administration of Justice	5,060
Public Safety	176,236
Public Health and Welfare	33,289
Social, Cultural, and Recreational Services	92,850
Agriculture and Natural Resources	1,854
Other Operations	196,375
Highways/Public Works	692,103
Total Depreciation Expense -	
Governmental Activities	<u>\$ 1,240,993</u>

Discretely Presented Benton County School Department

Governmental Activities:

	Balance 7-1-08	Prior-period Adjustment	Increases	Balance 6-30-09
Capital Assets Not Depreciated:				
Land	\$ 474,060	\$ 0	\$ 0	\$ 474,060
Total Capital Assets Not Depreciated	\$ 474,060	\$ 0	\$ 0	\$ 474,060
Capital Assets Depreciated:				
Buildings and Improvements	\$ 19,498,368	\$ 292,739	\$ 554,061	\$ 20,345,168
Other Capital Assets	1,363,939	223,334	86,765	1,674,038
Total Capital Assets Depreciated	\$ 20,862,307	\$ 516,073	\$ 640,826	\$ 22,019,206
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 7,208,133	\$ 0	\$ 506,289	\$ 7,714,422
Other Capital Assets	1,006,716	0	87,902	1,094,618
Total Accumulated Depreciation	\$ 8,214,849	\$ 0	\$ 594,191	\$ 8,809,040
Total Capital Assets Depreciated, Net	\$ 12,647,458	\$ 516,073	\$ 46,635	\$ 13,210,166
Governmental Activities Capital Assets, Net	\$ 13,121,518	\$ 516,073	\$ 46,635	\$ 13,684,226

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

Governmental Activities:

Instruction	\$ 425,032
Support Services	126,189
Operation of Non-Instructional Services	42,970
Total Depreciation Expense - Governmental Activities	<u>\$ 594,191</u>

C. Construction Commitments

At June 30, 2009, the county had uncompleted construction contracts of \$331,112 in the Other Capital Projects Fund for airport hangars. Funding for

these future expenditures is expected to be received from an Airport Improvement Program grant.

At June 30, 2009, the discretely presented School Department had uncompleted construction contracts of \$103,792 in the General Purpose School Fund for school renovations. Funding has been received for these future expenditures.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2009, is as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental	\$ 2,017
Highway/Public Works	General	2,374
General Debt Service	General	<u>12,641</u>
Total		<u><u>\$ 17,032</u></u>

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.

The receivable in the Highway/Public Works Fund of \$2,374 was in transit from the General Fund at June 30, 2009.

Due to/from Primary Government and Component Unit:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government: General Debt Service	Component Unit: School Department: General Purpose School	\$ 56,949
Component Unit: School Department: General Purpose School	Primary Government: Special Purpose	4,149

Interfund Transfers:

Interfund transfers for the year ended June 30, 2009, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In			
	General Fund	Highway/ Public Works Fund	General Debt Service Fund	Nonmajor governmental fund
General Fund	\$ 0	\$ 0	\$ 72,990	\$ 226,820
Public Utility Fund	167,702	17,206	21,000	0
Total	\$ 167,702	\$ 17,206	\$ 93,990	\$ 226,820

Discretely Presented Benton County School Department

Transfer Out	Transfer In
	General Purpose School Fund
Nonmajor governmental fund	\$ 86,172

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.

The county made transfers of \$223,470 from the General Fund to the Benton County Library (special revenue fund) to provide funds for operations. The financial statements of the Benton County Library had not been made available by other auditors as of the date of this report.

E. Capital Leases

Primary Government

On September 17, 2007, Benton County entered into a two-year lease-purchase agreement for patrol cars. The terms of the agreement require total lease payments of \$75,773 plus interest of 5.6 percent. Title to the patrol cars transfers to Benton County at the end of the lease period. The lease payments are made from the General Fund.

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2009, were as follows:

Year Ending June 30	Governmental Funds
2010	\$ 26,646
Total Minimum Lease Payment	\$ 26,646
Less: Amount Representing Interest	<u>(1,413)</u>
Present Value of Minimum Lease Payments	<u>\$ 25,233</u>

Discretely Presented Benton County School Department

On July 23, 2003, the School Department entered into a ten-year lease-purchase agreement for energy-efficient lighting equipment. The terms of the agreement require total lease payments of \$352,035, plus interest at 4.5 percent. Title to the lighting equipment transfers to the School Department at the end of the lease period.

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2009, were as follows:

Year Ending June 30	Governmental Funds
2010	\$ 44,104
2011	44,105
2012	44,105
2013	<u>44,103</u>
Total Minimum Lease Payment	\$ 176,417
Less: Amount Representing Interest	<u>(16,601)</u>
Present Value of Minimum Lease Payments	<u>\$ 159,816</u>

F. Long-term Debt

Primary Government (Excluding the Public Utility Fund, Enterprise Fund)

General Obligation Bonds, Notes, and Other Loans

The county issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities. In addition, general obligation bonds have been issued to refund other general obligation

bonds. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 25 years for bonds, up to 12 years for notes, and up to 15 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, notes, and other loans included in long-term debt as of June 30, 2009, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, other loans, and capital leases outstanding as of June 30, 2009, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-09
General Obligation Bonds	4 %	\$ 5,000,000	\$ 4,885,000
General Obligation Bond - Refunding	3.5	9,020,000	8,510,000
Capital Outlay Notes	4.3 to 5.1	1,435,600	471,977
Other Loans	0 to Variable	1,304,000	458,200
Capital Lease	5.6	75,773	25,233

During the 1996-97 year, Benton County entered into a loan agreement with the Montgomery County Public Building Authority. Under this loan agreement, the authority loaned Benton County \$1,100,000 for jail construction and renovation. This loan is repayable at an interest rate that is a tax-exempt variable rate determined by the remarketing agent's daily or weekly rate. In addition, the county pays various other fees (letter of credit, trustee, remarketing, etc.) in connection with this loan. At June 30, 2009, the variable interest rate was .58 percent and other fees totaled approximately .3 percent (letter of credit), .08 percent (remarketing) of the outstanding loan principal, and \$1,020 (trustee) annually.

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

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2009, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2010	\$ 645,000	\$ 481,663	\$ 1,126,663
2011	670,000	458,038	1,128,038
2012	695,000	433,513	1,128,513
2013	720,000	408,088	1,128,088
2014	745,000	381,763	1,126,763
2015-2019	4,165,000	1,478,990	5,643,990
2020-2024	3,305,000	715,626	4,020,626
2025-2029	1,235,000	371,100	1,606,100
2030-2033	1,215,000	99,900	1,314,900
Total	<u>\$ 13,395,000</u>	<u>\$ 4,828,681</u>	<u>\$ 18,223,681</u>

Year Ending June 30	Notes		
	Principal	Interest	Total
2010	\$ 317,977	\$ 20,432	\$ 338,409
2011	75,000	5,942	80,942
2012	79,000	2,015	81,015
Total	<u>\$ 471,977</u>	<u>\$ 28,389</u>	<u>\$ 500,366</u>

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2010	\$ 106,600	\$ 1,711	\$ 2,206	\$ 110,517
2011	111,600	1,172	1,853	114,625
2012	117,600	603	1,480	119,683
2013	13,600	0	65	13,665
2014	13,600	0	65	13,665
2015-2019	68,000	0	325	68,325
2020-2021	27,200	0	130	27,330
Total	<u>\$ 458,200</u>	<u>\$ 3,486</u>	<u>\$ 6,124</u>	<u>\$ 467,810</u>

There is \$1,180,109 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$810, based on the 2000 federal census. Debt per capita, including bonds, notes, other loans, and capital leases totaled \$868, based on the 2000 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the primary government (excluding the Public Utility Fund, enterprise fund) for the year ended June 30, 2009, was as follows:

Governmental Activities:

	Bonds	Notes	Other Loans
Balance, July 1, 2008	\$ 14,010,000	\$ 897,153	\$ 559,800
Deductions	(615,000)	(425,176)	(101,600)
Balance, June 30, 2009	<u>\$ 13,395,000</u>	<u>\$ 471,977</u>	<u>\$ 458,200</u>
Balance Due Within One Year	<u>\$ 645,000</u>	<u>\$ 317,977</u>	<u>\$ 106,600</u>

	Capital Lease	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2008	\$ 49,127	\$ 106,402	\$ 279
Additions	0	111,295	28,135
Deductions	(23,894)	(98,449)	(19,661)
Balance, June 30, 2009	<u>\$ 25,233</u>	<u>\$ 119,248</u>	<u>\$ 8,753</u>
Balance Due Within One Year	<u>\$ 25,233</u>	<u>\$ 5,962</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2009	\$ 14,478,411
Less: Balance Due Within One Year	<u>(1,100,772)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 13,377,639</u>

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

Discretely Presented Benton County School Department

Note

The county issued a capital outlay note on behalf of the School Department to purchase land to build a school.

Capital outlay notes are direct obligations and pledge the full faith and credit of the government. The capital outlay note outstanding was issued for an original term of five years. Repayment terms were structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. This note is included in long-term debt as of June 30, 2009, and will be retired from the General Purpose School Fund.

The capital outlay note and the capital lease outstanding as of June 30, 2009, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-09
Capital Outlay Note	6%	\$ 150,000	\$ 95,185
Capital Lease	4.5	352,035	159,816

The annual requirements to amortize the note outstanding as of June 30, 2009, including interest payments, are presented in the following table:

Year Ending June 30	Note		
	Principal	Interest	Total
2010	\$ 29,898	\$ 5,711	\$ 35,609
2011	31,693	3,917	35,610
2012	33,594	2,016	35,610
Total	\$ 95,185	\$ 11,644	\$ 106,829

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Benton County School Department for the year ended June 30, 2009, was as follows:

Governmental Activities:

	Note	Capital Lease	Other Postemployment Benefits
Balance, July 1, 2008	\$ 123,391	\$ 195,520	\$ 154,265
Additions	0	0	308,468
Deductions	(28,206)	(35,704)	(133,771)
Balance, June 30, 2009	\$ 95,185	\$ 159,816	\$ 328,962
Balance Due Within One Year	\$ 29,898	\$ 37,328	0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2009	\$ 583,963
Less: Balance Due Within One Year	<u>(67,226)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 516,737</u>

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

G. Pledges of Receivables and Future Revenues

In November 1996, the citizens of Benton County voted by public referendum to increase the local sales tax by one-half percent. Benton County began collecting this tax in January 1997. The increase in sales tax was specifically designated for paying the debt service requirements for bonds issued to construct school facilities. Benton County, the School Department, the City of Camden, and the City of Big Sandy have pledged their portions of the sales tax increase to the county's General Debt Service Fund through December 1, 2021, for the retirement of this school debt. The amount of sales tax collections transferred (Benton County \$72,990), and contributed (General Purpose School Fund \$334,555, City of Camden \$247,470, and City of Big Sandy \$15,454) to the General Debt Service Fund, as a result of this sales tax increase, totaled \$670,469 during the year.

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Benton County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2009, were \$67,776 and \$13,088, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. OTHER INFORMATION

A. Risk Management

Employee Health Insurance

Primary Government (Excluding the Public Utility Fund, Enterprise Fund)

Benton County participates in the Local Government Group Insurance Fund (LGGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local governments and quasi-governmental entities that was established for the primary purpose of providing services for or on behalf of state and local governments. In accordance with Section 8-27-207, Tennessee Code Annotated (TCA), all local governments and quasi-governmental entities described above are eligible to participate. The LGGIF is included in the 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 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 Public Utility 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. 49, Accounting and Financial Reporting for Pollution Remediation Obligations; and Statement No. 52, Land and Other Real Estate Held as

Investments by Endowments became effective for the year ended June 30, 2009.

GASB Statement No. 49 requires county governments to measure and report their pollution remediation liabilities. A county has a pollution remediation problem if one of five obligating events occurs. The statement requires governments to restate beginning net assets in government-wide and proprietary fund financial statements for pollution remediation liabilities that existed as of July 1, 2008. Previous to Statement No. 49, counties were not required to measure and record pollution remediation liabilities. GASB Statement No. 49 had no effect on the financial statements of Benton County for the year ended June 30, 2009, since the county had none of the obligating events. However, it is reasonably expected that Benton County could have pollution remediation liabilities in subsequent years.

GASB Statement No. 52 requires endowments to report land and other real estate investments at fair value. Previous to Statement No. 52, land and other real estate held by endowments were reported at historical cost. Changes in fair value between years will be reported as investment income (loss). GASB Statement No. 52 had no effect on the financial statements of Benton County for the year ended June 30, 2009, since the county had no endowment investments. However, it is reasonably expected that Benton County could have endowment investments in subsequent years.

C. Subsequent Events

On September 10, 2009, Benton County issued tax anticipation notes totaling \$350,000 to provide temporary operating funds for the General Fund.

On October 14, 2009, Benton County issued capital outlay notes totaling \$150,000 for the construction of an animal shelter.

On October 20, 2009, the county's Special Purpose Fund issued a \$500,000 tax anticipation note to the General Fund for temporary operating funds.

D. Contingent Liabilities

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

Benton County is contingently liable for a state revolving fund loan of the Benton-Decatur Special Sewer District. Benton County would become liable for this loan and the interest thereon in the event of default by the sewer district. As of June 30, 2009, future principal and interest requirements were \$1,069,673 and \$165,582, respectively.

E. Joint Ventures

The Twenty-fourth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Twenty-fourth Judicial District, Benton, Carroll, Decatur, Hardin, and Henry counties, and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors, including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within the judicial district. Benton County made no contributions to the DTF for the year ended June 30, 2009.

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 for the Benton-Decatur Special Sewer District can be obtained from their administrative offices at the following addresses:

Administrative Offices:

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

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

F. Retirement Commitments

Employees

Plan Description

Employees of Benton County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension

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

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

Funding Policy

Benton County requires employees to contribute five percent of earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2009, was 6.47 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Benton County is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2009, Benton County's annual pension cost of \$443,406 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2007, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected postretirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term

volatility in the market value of total investments over a five-year period. Benton County's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2007, was 12 years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-09	\$449,130	100%	\$0
6-30-08	449,130	100	0
6-30-07	406,653	100	0

Funded Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 92.04 percent funded. The actuarial accrued liability for benefits was \$10.79 million, and the actuarial value of assets was \$9.93 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.86 million. The covered payroll (annual payroll of active employees covered by the plan) was \$5.74 million, and the ratio of the UAAL to the covered payroll was 14.96 percent.

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

The annual required contribution was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

School Teachers

Plan Description

The School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides

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

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salary to the plan. The employer contribution rate for the Benton County School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2009, was 6.42 percent of annual covered payroll. The employer contribution requirement for the Benton County School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2009, 2008, and 2007, were \$599,986, \$573,508, and \$532,280, respectively, equal to the required contributions for each year.

G. Other Postemployment Benefits (OPEB)

Plan Description

Benton County and the School Department participate in the state-administered Local Government Group Insurance Plan and the Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-207, Tennessee Code Annotated (TCA), for local governments

and Section 8-27-302, TCA, for teachers and support personnel. Prior to reaching age 65, all members have the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://www.tn.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop their own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a partial subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. Retirees' contributions vary depending on the insurance options they select. During the year ended June 30, 2009, Benton County and the School Department contributed \$19,649 and \$127,014, respectively, for other postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Government Group Plan	Local Education Group Plan
ARC	\$ 28,123	\$ 301,526
Interest on the NPO	12	6,942
Adjustment to the ARC	(12)	(6,757)
Annual OPEB cost	\$ 28,123	\$ 301,711
Less: Amount of contribution	(19,649)	(127,014)
Increase/decrease in NPO	\$ 8,474	\$ 174,697
Net OPEB obligation, 7-1-08	279	154,265
Net OPEB obligation, 6-30-09	<u>\$ 8,753</u>	<u>\$ 328,962</u>

Fiscal Year Ended*	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-08	Local Government Group	\$ 6,144	95%	\$ 279
6-30-09	"	28,123	70	8,753
6-30-08	Local Education Group	303,749	49	154,265
6-30-09	"	301,711	42	328,962

* Data only available for two years.

Funding Status and Funding Progress

The funded status of the plan as of June 30, 2009, was as follows:

	Local Government Group Plan	Local Education Group Plan
Actuarial valuation date	7-1-07	7-1-07
Actuarial accrued liability (AAL)	\$ 41,088	\$ 2,883,943
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 41,088	\$ 2,883,943
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 3,730,066	\$ 11,306,382
UAAL as a % of covered payroll	1%	26%

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

Actuarial Methods and Assumptions

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

designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the July 1, 2007, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 11 percent initially, reduced by decrements to an ultimate rate of six percent after ten years. Both rates include a three percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level of percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

H. Purchasing Laws

Office of County Mayor

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

Office of Road Supervisor

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

Office of Director of Schools

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

VI. **OTHER NOTES – BENTON COUNTY ELECTRIC SYSTEM (PUBLIC UTILITY 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.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The electric system’s financial statements are presented on 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 generally accepted accounting principles as defined in the pronouncements of the Governmental Accounting Standards Board (GASB), Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs), issued on or before November 30, 1989.

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 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.

2. **Assets, Liabilities, and Net Assets**

a. **Deposits and Investments**

The electric system's cash is 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, 2009.

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 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 (FIFO) 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 balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The electric system elects to use restricted assets before unrestricted assets when a situation arises where either can be used.

e. Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

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

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

f. Compensated Absences

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

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

g. Long-term Obligations

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

h. Net Assets

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

- Invested in Capital Assets, net of related debt – 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 assets 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 assets that do not meet the description of the above categories.

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 is 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 system's agent in the 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, the state pooled investment fund, and mutual funds. 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, 2009, none of the electric system's deposits were exposed to custodial credit risk.

2. **Receivables**

Accounts receivable of the Benton County Electric System at June 30, 2009, consisted of the following:

	<u>Receivables</u>
Billed services for utility customers	\$ 1,150,646
Allowance for doubtful accounts	<u>(8,567)</u>
Total Accounts Receivable	<u><u>\$ 1,142,079</u></u>

3. **Restricted Assets**

All deposits required by the 2000 and 2004 Electric Plant Revenue Bonds have been made. Transactions in funds, other than the 2000 and 2004 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:

2000 and 2004 Electric Plant Revenue Bond Funds	
Interest and sinking fund	\$ 176,261
Reserve fund	<u>400,659</u>
Total Restricted Assets	<u>\$ 576,920</u>
The total of these funds is represented by:	
Certificates of deposit and bank accounts	<u>\$ 576,920</u>

4. Capital Assets

Capital assets activity during the year was as follows:

	Balance			Balance
	7-1-08	Additions	Disposals	6-30-09
Capital Assets Not Depreciated:				
Land	\$ 178,328	\$ 0	\$ 0	\$ 178,328
Construction in Progress	190,406	91,167	0	<u>281,573</u>
Total Capital Assets Not Depreciated	<u>\$ 368,734</u>	<u>\$ 91,167</u>	<u>\$ 0</u>	<u>\$ 459,901</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 1,465,010	\$ 4,025	\$ 0	\$ 1,469,035
Other Capital Assets	26,111,360	890,278	243,041	<u>26,758,597</u>
Total Capital Assets Depreciated	<u>\$ 27,576,370</u>	<u>\$ 894,303</u>	<u>\$ 243,041</u>	<u>\$ 28,227,632</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 323,058	\$ 43,991	\$ 0	\$ 367,049
Other Capital Assets	11,249,564	884,109	317,709	<u>11,815,964</u>
Total Accumulated Depreciation	<u>\$ 11,572,622</u>	<u>\$ 928,100</u>	<u>\$ 317,709</u>	<u>\$ 12,183,013</u>
Total Capital Assets Depreciated, Net	<u>\$ 16,003,748</u>	<u>\$ (33,797)</u>	<u>\$ (74,668)</u>	<u>\$ 16,044,619</u>
Total Capital Assets, Net	<u>\$ 16,372,482</u>	<u>\$ 57,370</u>	<u>\$ (74,668)</u>	<u>\$ 16,504,520</u>

Depreciation expense of \$916,711 was recorded by the electric system.

5. **Long-term Debt**

Long-term debt consists of the following:

Type	Interest Rate	Balance 6-30-09
Electric System Revenue Bonds, Series 2000	4.2 to 5.25%	\$ 720,000
Electric System Revenue Refunding Bonds, Series 2004	1.1 to 3.3	1,445,000
Electric System Revenue Refunding Bonds, Series 2005	3.9	<u>1,050,000</u>
Total		<u>\$ 3,215,000</u>

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

On April 1, 2004, Benton County Electric System issued at par \$2,275,000 of Electric System Revenue Refunding Bonds, Series 2004, to refund \$2,205,000 of then-outstanding series 1995 and 1998 bonds. The 2004 bonds bear an interest rate varying between 1.1 and 3.3 percent and will be repaid in variable amounts, with the final payment due December 1, 2015. The refunded 1995 and 1998 bonds carried an interest rate varying between 3.9 and 5.3 percent and also were due in variable amounts, with the final payment due January 1, 2016.

Unamortized debt issuance costs and premium discounts of \$91,047 on the series 1995 and 1998 bonds were rolled into the new debt when the refunding was completed. These costs, along with an additional \$13,650 in premium discounts and \$53,859 in debt issuance costs on the series 2004 bonds, are now being amortized over the new debt issuance.

During 2000, Benton County issued \$1 million of Electric System Revenue Bonds, Series 2000, to construct a warehouse in Camden, Tennessee. The bonds bear interest at rates from 4.2 percent to 5.25 percent and mature serially in varying amounts from \$30,000 in fiscal year 2002, to \$80,000 in fiscal year 2020. The bonds are secured by a pledge of revenues by the system. Expenses incurred in the issuance of the bonds are being amortized by equal charges to operations over the life of the bonds.

The following is a summary of long-term debt transactions for the year ended June 30, 2009.

	Balance 7-1-08	Additions	Retirements	Balance 6-30-09
Revenue bonds payable	\$ 3,485,000	\$ 0	\$ 270,000	\$ 3,215,000

The scheduled annual requirements for long-term debt at June 30, 2009, including interest of \$768,334 are as follows:

Year Ending June 30	Revenue Bonds	
	Principal	Interest
2010	\$ 285,000	\$ 114,754
2011	290,000	106,138
2012	300,000	96,796
2013	310,000	86,652
2014	320,000	75,672
2015-2019	1,085,000	222,918
2020-2024	540,000	63,747
2025	85,000	1,657
Total	<u>\$ 3,215,000</u>	<u>\$ 768,334</u>

6. Net Assets

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

Invested in Capital Assets, Net of Related Debt:	
Net Property, Plant, and Equipment in Services	\$ 16,504,520
Less: Revenue Bonds Payable	(3,215,000)
Total Invested in Capital Assets, Net of Related Debt	<u>\$ 13,289,520</u>
Restricted for Debt Service:	
Restricted Cash and Investments	\$ 576,920
Less: Current Liabilities Payable from Restricted Assets	(9,220)
Total Restricted for Debt Service	<u>\$ 567,700</u>
Unrestricted	<u>\$ (899,929)</u>
Total Net Assets	<u>\$ 12,957,291</u>

D. Other Information

1. Pension Costs

The following pension information for the year ended June 30, 2009, is the most current information available.

Tennessee Consolidated Retirement System

All employees of the Benton County Electric System hired after November 22, 1988, are included with the employees of Benton County and are covered under the Tennessee Consolidated Retirement System, a multi-employer plan. The system's payroll for these employees totaled \$1,179,806 with employer contributions of \$58,990 (five percent of covered wages) and employee contributions of \$76,333. Additional disclosures pertaining to the system's employees may be obtained by referring to Note V.F.

Central Service Association Plan (CSA)

The Benton County Electric System participates in a multi-employer pension plan sponsored by Central Service Association. Substantially all employees are covered by this trustee, contributory pension plan. The system funds both the employee and employer portion of the pension plan. Contributions to the plan were \$232,000. The system's payroll for employees covered by the plan for the year ended June 30, 2009, was \$1,074,508, and the total payroll for the year was \$2,340,569.

Plan Description

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

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

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

Funding Policy

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

Annual Pension Costs

For the year ended June 30, 2009, the system's annual pension cost of \$360,544 for the plan was equal to the system's required and actual contributions. The required contribution was determined as part of the October 1, 2007, actuarial valuation using the frozen entry age actuarial cost method. The actuarial assumptions included (a) seven percent investment rate of return (net of administrative expenses) and (b) projected salary increases of five percent, including cost of living adjustments. The actuarial value of plan assets was determined using the following. The pension account is maintained in accordance with the group annuity contract between the plan sponsor and Massachusetts Mutual. Assets are assigned to the General Investment Account for the insurance company where investments are comprised mainly of bonds and mortgages. For valuation purposes, the unadjusted value of the pension account assigned by the insurance company is used.

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

Three-year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9-30-07	\$ 218,674	103.39 %	\$ 7,417
9-30-06	220,668	128.75	63,445
9-30-05	6,198,868	105.23	(12,768)

The information above is presented for all years that information is available. The information shown above for year ended September 30, 2005, and prior includes all entities covered by CSA. Separate information for the system became available for the year ended September 30, 2006, and is subsequently reported separately.

2. Power Contract

The Benton County 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 system funds, revenues, or property to other operations of the county and the purchase or payment of, or providing security for indebtedness on other obligations applicable to such other operations.

3. Risk Management

The Benton County 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, 2009, the system purchased commercial insurance for all of the above risks. Settled claims have not exceeded this commercial coverage in any of the past three years and there has been no significant reduction in the amount of coverage provided.

4. Other Postemployment Benefits (OPEB)

Plan Description

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

Funding Policy

The system intends to continue its policy of funding OPEB liabilities on a pay-as-you-go basis and to not pre-fund any unfunded annual required contribution as determined under GASB 45.

Annual OPEB Cost and Net OPEB Obligation

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

Components of Net OPEB Obligation

Annual Required Contribution	\$ 53,701
Interest on Net OPEB Obligation	0
Adjustment to Annual Required Contribution	<u>0</u>
Annual OPEB Cost (Expense)	\$ 53,701
Contributions Made	<u>(41,067)</u>
Increase in Net Obligation	\$ 12,634
Net OPEB Obligation, 7-1-08	<u>0</u>
 Net OPEB Obligation, 6-30-09	 <u><u>\$ 12,634</u></u>

The system's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008-2009 is as follows:

Fiscal Year Ended	Annual OPEB Cost	OPEB Cost Contributed	Net OPEB Obligation
6-30-09	\$ 53,701	76.5%	\$ 12,634

Funded Status and Funding Progress

As of July 1, 2008, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$540,601, and the actuarial value of assets was zero resulting in an unfunded actuarial accrued liability (UAAL) of \$540,601. The covered payroll (annual payroll of active employees covered by the plan) was \$2,153,962, and the ratio of the UAAL to the covered payroll was 25.1 percent.

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

Actuarial Methods and Assumptions

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

In the July 1, 2008, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a seven percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan assets of the valuation date, and an annual healthcare cost trend of eight percent initially, reduced by decrements to an ultimate rate of five percent after three years. The actuarial value of assets was determined using a standard balanced portfolio expectation for retirement plan asset returns. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at July 1, 2008, was 30 years.

VII. OTHER NOTES - DISCRETELY PRESENTED BENTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

A. Significant Accounting Policies

1. Reporting Entity

The Benton County Emergency Communications District was created on August 4, 1988, by a referendum of voters in Benton County, Tennessee, to be an emergency communications district as defined by Tennessee state law. As such, it is considered to be a municipality or public corporation in perpetuity under its corporate name and shall be a body politic and corporate with power of perpetual succession, but without power to levy or collect taxes. All Tennessee emergency communications districts are required to follow the Accounting and Financial Reporting Manual for Tennessee Emergency Communications Districts developed by the Office of the Comptroller of the Treasury, Division of County Audit, pursuant to Section 7-86-304, Tennessee Code Annotated.

In evaluating how to define the Benton County Emergency Communications District for financial reporting purposes, management has considered whether the district is a primary government or a

component unit of another primary government. The decision to be included as a component unit of another reporting entity is made by applying the criteria set forth in Governmental Accounting Standards Board Statement No. 14, The Financial Reporting Entity. The board of directors of the district are appointed by the County Commission. The County Commission has the authority to adjust the rates charged by the district, and the district must obtain the approval of the commission before issuance of most debt instruments. The county has determined that this constitutes fiscal dependency by the district, and has, therefore, included the district as a component unit of Benton County in its financial statements.

Since the district is deemed to be a municipality under Tennessee state law, it is exempt from federal income taxes.

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

The district accounts for its financial position and results of operations in accordance with generally accepted accounting principles as defined in the statements of the Governmental Accounting Standards Board (GASB) for proprietary funds. Generally accepted accounting principles for proprietary fund types are those applicable to similar businesses in the private sector, and the measurement focus is on the determination of net income, financial position, and cash flows. Proprietary fund types are accounted for on the accrual basis, whereby income is recognized as it is earned, and expenses are recognized as they are incurred, whether or not cash is received or paid out at that time.

GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB Statement No. 20 gives governments the option of applying all Financial Accounting Standards Board (FASB) statements and interpretations issued after November 30, 1989, to its proprietary funds, unless they conflict with or contradict GASB pronouncements. The Office of the Comptroller of the Treasury requires Tennessee emergency communications districts not to implement FASB statements and interpretations issued thereafter, unless they are adopted by GASB.

3. Budgetary Information

The district is required by Section 7-86-120, Tennessee Code Annotated, to adopt an annual budget. The legal level of control is at each line item of expense; therefore, each line item must be amended prior to expending funds. The budget prepared for the year ended June 30, 2009, did not report revenue and expenses using the Uniform Chart of Accounts required by the state. When the budgeted amounts

were incorporated into the budgetary comparison schedule presented in this report, several line items of expenditures exceeded their budgeted amounts.

The district's budget is prepared on a basis which differs from generally accepted accounting principles (GAAP) pertaining to proprietary funds, in that capital expenditures are budgeted as operating expenses, depreciation on capital assets is not budgeted, and expenses are on the cash basis rather than the accrual basis. A reconciliation of the material differences between budgetary basis and GAAP basis for the year ended June 30, 2009, is presented below.

Net Income - budgetary basis	\$ 110,106
Depreciation expense	<u>(15,970)</u>
Net Income - GAAP basis	<u>\$ 94,136</u>

4. Assets, Liabilities, and Net Assets

a. Deposits and Investments

The district'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 inception. State statutes authorize the district to invest in certificates of deposit, obligations of the U.S. Treasury, agencies and instrumentalities, obligations by the U.S. government or its agencies, repurchase agreements as approved by the state director of Local Finance, and the state's local government investment pool.

b. Capital Assets

Capital assets are stated at cost. Assets consist of communications equipment, furniture and fixtures, building improvements, and other equipment, which are depreciated using the straight-line method over the estimated useful lives ranging from five to 15 years.

c. Net Assets

Equity is reported as net assets, which are classified into the following components as applicable:

- Invested in capital assets – consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any payables that are attributable to the acquisition, construction, or improvement of those assets.

- Restricted – consists of net assets when constraints are placed on their use by external third parties or imposed by law.
- Unrestricted – consists of all other net assets that do not meet the definition of the other categories.

The district elects to use restricted assets before unrestricted assets when the situation arises where either can be used.

d. Occupancy In-Kind

Benton County provides the district with personnel, facilities, and related utilities for the district's operations. No provision has been made in these financial statements to recognize any amounts incurred by the county on the district's behalf.

e. Personnel

The district has no employees. All dispatch functions are conducted by employees of Benton County.

B. Detailed Notes on Accounts

1. Deposits and Investments

As of June 30, 2009, the district had demand deposits at financial institutions in checking accounts, money market accounts, and certificates of deposit.

Custodial Credit Risk - The district's policies limit deposits and investments to those instruments allowed by applicable state laws and described in Note VII.A.4.a. 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 district's agent in the district's name, or by the Federal Reserve banks acting as third-party agents. State statutes also authorize the district 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, the state pooled investment fund, and mutual funds. Statutes also require that securities underlying repurchase agreements must have a market value of at least equal to the amount of funds invested in the repurchase transaction. As of

June 30, 2009, all of the district's deposits were insured and collateralized.

2. Revenues and Receivables

The district receives its revenue from monthly fees paid by service users in the county. AT&T, the major service supplier in Benton County, and other telephone companies collect the service fees and remit the funds to the district, after retaining an administrative fee ranging from one to three percent of collections. Accounts receivable represent amounts due from the telephone companies. The district also receives a portion of the wireless phone surcharge collected by the Tennessee Emergency Communications Board (TECB). The receivable from TECB represents amounts collected by the state prior to year end, but not remitted to the district until after June 30.

3. Capital Assets

Capital assets activity during the year was as follows:

	Balance 7-1-08	Increases	Balance 6-30-09
Capital Assets Depreciated:			
Communications equipment	\$ 80,102	\$ 0	\$ 80,102
Leasehold improvements	19,962	0	19,962
Other equipment	52,714	20,323	73,037
Furniture and fixtures	396	0	396
Total Capital Assets Depreciated	\$ 153,174	\$ 20,323	\$ 173,497
Less Accumulated Depreciation:			
Communications equipment	\$ 31,148	\$ 8,716	\$ 39,864
Leasehold improvements	1,643	1,378	3,021
Other equipment	20,035	5,819	25,854
Furniture and fixtures	81	57	138
Total Accumulated Depreciation	\$ 52,907	\$ 15,970	\$ 68,877
Total Capital Assets, Net	\$ 100,267	\$ 4,353	\$ 104,620

C. Other Information

1. Risk Management

The district is exposed to various risks related to general and public officials liability, officers/directors errors and omissions liability, and property and casualty losses. It is the district's policy to purchase commercial insurance for these risks. Settlements have not exceeded insurance coverage in any of the prior three years.

2. Commitments

During the year ended June 30, 2007, the district entered into a five-year service contract with AT&T in conjunction with the purchase of equipment. The monthly service fee as of June 30, 2009, is \$3,847. If terminated, the service contract calls for a termination charge equal to the number of months remaining in the contract term multiplied by 60 percent of the monthly service fee. The district does not anticipate terminating the service contract.

Each year the district enters into a contract for mapping and address maintenance services. The contract is cancelable on 30-days notice by either party. In July 2008, the fee was increased from \$1,300 to \$1,500 per month.

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**REQUIRED SUPPLEMENTARY
INFORMATION**

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Exhibit F-1

Benton County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2009

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 2,447,997	\$ 0	\$ 2,447,997	\$ 2,454,674	\$ 2,454,674	\$ (6,677)
Licenses and Permits	7,242	0	7,242	4,700	6,035	1,207
Fines, Forfeitures, and Penalties	142,503	0	142,503	131,475	138,713	3,790
Charges for Current Services	740,165	0	740,165	816,360	816,960	(76,795)
Other Local Revenues	306,746	0	306,746	342,500	356,686	(49,940)
Fees Received from County Officials	729,560	0	729,560	789,200	789,200	(59,640)
State of Tennessee	2,188,414	0	2,188,414	2,151,437	2,221,366	(32,952)
Federal Government	14,311	0	14,311	100,000	100,000	(85,689)
Other Governments and Citizens Groups	55,694	0	55,694	57,000	88,963	(33,269)
Total Revenues	\$ 6,632,632	\$ 0	\$ 6,632,632	\$ 6,847,346	\$ 6,972,597	\$ (339,965)
<u>Expenditures</u>						
<u>General Government</u>						
County Commission	\$ 44,488	\$ 0	\$ 44,488	\$ 43,711	\$ 45,711	\$ 1,223
Board of Equalization	2,100	0	2,100	2,100	2,100	0
Beer Board	775	0	775	1,000	1,000	225
Other Boards and Committees	188	0	188	900	900	712
County Mayor/Executive	253,279	1,606	254,885	228,769	259,256	4,371
County Attorney	44,644	0	44,644	7,500	47,575	2,931
Election Commission	157,786	0	157,786	149,051	163,962	6,176
Register of Deeds	130,813	0	130,813	133,901	138,169	7,356
County Buildings	335,001	0	335,001	285,845	355,848	20,847
<u>Finance</u>						
Property Assessor's Office	138,946	0	138,946	151,993	151,993	13,047
Reappraisal Program	19,803	0	19,803	20,206	20,206	403

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Finance (Cont.)</u>						
County Trustee's Office	\$ 132,950	\$ 0	\$ 132,950	\$ 143,341	\$ 143,341	\$ 10,391
County Clerk's Office	185,618	0	185,618	204,701	205,101	19,483
<u>Administration of Justice</u>						
Circuit Court	208,226	0	208,226	213,501	215,501	7,275
General Sessions Judge	110,369	0	110,369	110,012	117,512	7,143
Drug Court	11,249	0	11,249	72,550	72,200	60,951
Chancery Court	122,898	0	122,898	123,534	124,274	1,376
Juvenile Court	41,585	0	41,585	39,955	45,597	4,012
<u>Public Safety</u>						
Sheriff's Department	1,215,182	30,727	1,245,909	1,233,082	1,283,433	37,524
Administration of the Sexual Offender Registry	998	0	998	1,200	2,800	1,802
Jail	751,578	0	751,578	790,964	841,319	89,741
Juvenile Services	84,378	0	84,378	94,900	94,900	10,522
Fire Prevention and Control	2,000	0	2,000	2,000	2,000	0
Rural Fire Protection	125,000	0	125,000	125,000	125,000	0
Rescue Squad	10,000	0	10,000	10,000	10,000	0
Other Emergency Management	46,838	0	46,838	131,500	132,560	85,722
Inspection and Regulation	0	0	0	1,000	1,000	1,000
County Coroner/Medical Examiner	10,188	0	10,188	13,000	13,000	2,812
Other Public Safety	313,739	0	313,739	310,014	315,240	1,501
<u>Public Health and Welfare</u>						
Local Health Center	38,110	0	38,110	33,007	57,879	19,769
Rabies and Animal Control	60,989	332	61,321	46,540	62,174	853
Ambulance/Emergency Medical Services	415,000	0	415,000	415,000	415,000	0

(Continued)

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Public Health and Welfare (Cont.)</u>						
Alcohol and Drug Programs	\$ 0	\$ 0	0 \$	11,990 \$	11,990 \$	11,990
Crippled Children Services	900	0	900	900	900	0
Other Local Health Services	5	0	5	500	500	495
Appropriation to State	15,506	0	15,506	15,506	15,506	0
Sanitation Management	44,662	0	44,662	44,500	45,100	438
Sanitation Education/Information	45,692	600	46,292	45,237	48,237	1,945
Other Public Health and Welfare	0	0	0	400	400	400
<u>Social, Cultural, and Recreational Services</u>						
Senior Citizens Assistance	135,166	0	135,166	142,369	144,334	9,168
Libraries	0	0	0	223,470	0	0
Parks and Fair Boards	32,349	7,553	39,902	44,000	44,000	4,098
<u>Agriculture and Natural Resources</u>						
Agriculture Extension Service	33,416	0	33,416	43,070	43,070	9,654
Soil Conservation	25,740	0	25,740	25,740	25,740	0
<u>Other Operations</u>						
Tourism	187,971	0	187,971	161,000	215,500	27,529
Airport	258,387	0	258,387	191,810	285,910	27,523
Veterans' Services	10,590	0	10,590	10,808	10,958	368
Other Charges	145,126	0	145,126	151,521	152,671	7,545
Contributions to Other Agencies	125,450	0	125,450	131,197	131,197	5,747
Employee Benefits	1,018,077	0	1,018,077	977,000	1,023,000	4,923
<u>Principal on Debt</u>						
General Government	23,894	0	23,894	0	23,894	0

(Continued)

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
Interest on Debt	\$ 2,751	\$ 0	\$ 2,751	\$ 0	\$ 2,751	\$ 0
General Government	\$ 7,120,400	\$ 40,818	\$ 7,161,218	\$ 7,360,795	\$ 7,692,209	\$ 530,991
Total Expenditures	\$ (487,768)	\$ (40,818)	\$ (528,586)	\$ (513,449)	\$ (719,612)	\$ 191,026
<u>Excess (Deficiency) of Revenues</u> <u>Over Expenditures</u>						
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 41,988	\$ 0	\$ 41,988	\$ 5,000	\$ 40,662	\$ 1,326
Transfers In	167,702	0	167,702	153,000	153,000	14,702
Transfers Out	(299,810)	0	(299,810)	(75,000)	(298,470)	(1,340)
Total Other Financing Sources (Uses)	\$ (90,120)	\$ 0	\$ (90,120)	\$ 83,000	\$ (104,808)	\$ 14,688
Net Change in Fund Balance	\$ (577,888)	\$ (40,818)	\$ (618,706)	\$ (430,449)	\$ (824,420)	\$ 205,714
Fund Balance, July 1, 2008	1,608,185	0	1,608,185	1,620,558	1,620,558	(12,373)
Fund Balance, June 30, 2009	\$ 1,030,297	\$ (40,818)	\$ 989,479	\$ 1,190,109	\$ 796,138	\$ 193,341

Exhibit F-2

Benton County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Special Purpose Fund
For the Year Ended June 30, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 260,901	\$ 250,000	\$ 250,000	\$ 10,901
Total Revenues	\$ 260,901	\$ 250,000	\$ 250,000	\$ 10,901
<u>Expenditures</u>				
<u>Other Operations</u>				
Miscellaneous	\$ 2,543	\$ 2,500	\$ 2,500	\$ (43)
<u>Instruction</u>				
Regular Instruction Program	258,358	227,500	227,500	(30,858)
Total Expenditures	\$ 260,901	\$ 230,000	\$ 230,000	\$ (30,901)
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ 20,000	\$ 20,000	\$ (20,000)
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ 0	\$ (20,000)	\$ (20,000)	\$ 20,000
Total Other Financing Sources (Uses)	\$ 0	\$ (20,000)	\$ (20,000)	\$ 20,000
Net Change in Fund Balance	\$ 0	\$ 0	\$ 0	\$ 0
Fund Balance, July 1, 2008	7,200,000	7,200,000	7,200,000	0
Fund Balance, June 30, 2009	\$ 7,200,000	\$ 7,200,000	\$ 7,200,000	\$ 0

Exhibit F-3

Benton County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 350,574	\$ 370,845	\$ 370,845	\$ (20,271)
Other Local Revenues	53,967	10,000	47,530	6,437
State of Tennessee	1,717,270	1,889,270	2,041,877	(324,607)
Federal Government	26,537	0	26,537	0
Total Revenues	<u>\$ 2,148,348</u>	<u>\$ 2,270,115</u>	<u>\$ 2,486,789</u>	<u>\$ (338,441)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 153,886	\$ 163,773	\$ 160,223	\$ 6,337
Highway and Bridge Maintenance	925,914	1,474,071	1,505,177	579,263
Operation and Maintenance of Equipment	260,224	387,329	389,214	128,990
Other Charges	57,251	70,000	75,869	18,618
Employee Benefits	250,978	329,914	329,914	78,936
Capital Outlay	215,238	510,000	695,396	480,158
Total Expenditures	<u>\$ 1,863,491</u>	<u>\$ 2,935,087</u>	<u>\$ 3,155,793</u>	<u>\$ 1,292,302</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 284,857</u>	<u>\$ (664,972)</u>	<u>\$ (669,004)</u>	<u>\$ 953,861</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 6,032	\$ 0	\$ 6,032	\$ 0
Transfers In	17,206	0	17,205	1
Total Other Financing Sources (Uses)	<u>\$ 23,238</u>	<u>\$ 0</u>	<u>\$ 23,237</u>	<u>\$ 1</u>
Net Change in Fund Balance	\$ 308,095	\$ (664,972)	\$ (645,767)	\$ 953,862
Fund Balance, July 1, 2008	828,148	1,020,648	1,020,648	(192,500)
Fund Balance, June 30, 2009	<u>\$ 1,136,243</u>	<u>\$ 355,676</u>	<u>\$ 374,881</u>	<u>\$ 761,362</u>

Exhibit F-4

Benton County, Tennessee
Schedule of Funding Progress – Pension Plans
Primary Government and Discretely Presented Benton County School Department
June 30, 2009

(Dollar amounts in thousands)

Primary Government (excluding the Public Utility Fund, enterprise fund) and
the Discretely Presented Benton County School Department

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-09	7-1-07	\$ 9,933	\$ 10,792	\$ 859	92.04 %	\$ 5,742	14.96 %
6-30-08	7-1-07	9,933	10,792	859	92.04	5,742	14.96

The Governmental Accounting Standards Board requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the entry age actuarial cost method was a change made during the 2007-08 year; therefore, data is only presented for two years.

Primary Government Public Utility Fund, enterprise fund

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-09	10-1-08	\$ 3,120	\$ 5,979	\$ (2,860)	52.18 %	\$ 1,075	266.12 %
6-30-08	10-1-07	3,300	5,285	(1,985)	62.43	1,058	187.72
6-30-07	10-1-06	3,120	5,439	(2,319)	57.36	1,202	192.89

Exhibit F-5

Benton County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Benton County School Department
June 30, 2009

(Dollar amounts in thousands)

Plans	Fiscal Year Ended*	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>PRIMARY GOVERNMENT</u>								
Local Government Group	6-30-08	7-1-07	\$ 0	\$ 41	41	0%	\$ 745	6%
"	6-30-09	7-1-07	0	41	41	0	745	6
<u>DISCRETELY PRESENTED BENTON COUNTY SCHOOL DEPARTMENT</u>								
Local Education Group	6-30-08	7-1-07	0	2,884	2,884	0	10,937	26
"	6-30-09	7-1-07	0	2,884	2,884	0	10,937	26

*Data only available for two years.

BENTON COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2009

A. BUDGETARY INFORMATION

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 Benton 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, County Mayor, etc.). Management may make revisions within major categories, but only the Benton 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 generally accepted accounting principles (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.

B. EXPENDITURES EXCEEDED APPROPRIATIONS

Expenditures exceeded appropriations approved by the County Commission in the Transfers Out major appropriation category (the legal level of control) of the General Fund by \$1,340. Also, total expenditures and other uses exceeded the total appropriations approved by the County Commission in the Special Purpose Fund by \$30,901. Such overexpenditures are a violation of state statutes. These overexpenditures were funded by available fund balance in the General Fund and by greater than anticipated revenues in the Special Purpose Fund.

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

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Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

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

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

Capital Projects Funds

Capital Projects Funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities.

Highway Capital Projects Fund – The Highway Capital Projects Fund is used to account for the acquisition of road signs due to the creation of the Benton County Emergency Communications District.

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.

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Benton County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2009

Exhibit G-1

	Special Revenue Funds		Capital Projects Funds			Total Nonmajor Governmental Funds
	Drug Control	Constituti- onal Officers - Fees	Total	Highway Capital Projects	Other Capital Projects	
\$	0 \$	1,157 \$	1,157 \$	0 \$	0 \$	0 \$
	27,331	0	27,331	406	233,575	233,981
	0	860	860	0	0	0
	0	0	0	0	190,561	190,561
\$	27,331 \$	2,017 \$	29,348 \$	406 \$	424,136 \$	424,542 \$

ASSETS

Cash	1,157
Equity in Pooled Cash and Investments	261,312
Accounts Receivable	860
Due from Other Governments	190,561
Total Assets	453,890

LIABILITIES AND FUND BALANCES

	Special Revenue Funds		Capital Projects Funds			Total Nonmajor Governmental Funds
	Drug Control	Constituti- onal Officers - Fees	Total	Highway Capital Projects	Other Capital Projects	
\$	326 \$	0 \$	326 \$	0 \$	0 \$	0 \$
	0	0	0	0	181,178	181,178
	0	0	0	0	99,008	99,008
	0	2,017	2,017	0	0	2,017
\$	326 \$	2,017 \$	2,343 \$	0 \$	280,186 \$	282,529 \$
\$	0 \$	0 \$	0 \$	0 \$	331,112 \$	331,112 \$
	27,005	0	27,005	406	(187,162)	(159,751)
\$	27,005 \$	0 \$	27,005 \$	406 \$	143,950 \$	171,361 \$
\$	27,331 \$	2,017 \$	29,348 \$	406 \$	424,136 \$	453,890 \$

Fund Balances

Reserved for Encumbrances	331,112
Unreserved (Deficit)	(159,751)
Total Fund Balances	171,361

Total Liabilities and Fund Balances

Exhibit G-2

Benton County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2009

	Special Revenue Funds			Capital Projects Funds			Total Nonmajor Governmental Funds
	Drug Control	Constitu- tional Officers - Fees	Total	Highway Capital Projects	Other Capital Projects	Total	
<u>Revenues</u>							
Fines, Forfeitures, and Penalties	\$ 15,129	\$ 0	\$ 15,129	\$ 0	\$ 0	\$ 0	\$ 15,129
Charges for Current Services	0	108	108	0	0	0	108
Other Local Revenues	250	0	250	0	594	594	844
State of Tennessee	0	0	0	0	237,141	237,141	237,141
Total Revenues	\$ 15,379	\$ 108	\$ 15,487	\$ 0	\$ 237,735	\$ 237,735	\$ 253,222
<u>Expenditures</u>							
Current:							
General Government	\$ 0	\$ 108	\$ 108	\$ 0	\$ 0	\$ 0	\$ 108
Public Safety	36,517	0	36,517	0	0	0	36,517
Other Operations	0	0	0	0	601	601	601
Highways	0	0	0	4,826	0	4,826	4,826
Capital Projects	0	0	0	0	237,333	237,333	237,333
Total Expenditures	\$ 36,517	\$ 108	\$ 36,625	\$ 4,826	\$ 237,934	\$ 242,760	\$ 279,385
Excess (Deficiency) of Revenues Over Expenditures	\$ (21,138)	\$ 0	\$ (21,138)	\$ (4,826)	\$ (199)	\$ (5,025)	\$ (26,163)
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 0	\$ 0	\$ 0	\$ 3,350	\$ 0	\$ 3,350	\$ 3,350
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 3,350	\$ 0	\$ 3,350	\$ 3,350
Net Change in Fund Balances Fund Balance, July 1, 2008	\$ (21,138)	\$ 0	\$ (21,138)	\$ (1,476)	\$ (199)	\$ (1,675)	\$ (22,813)
Fund Balance, June 30, 2009	48,143	0	48,143	1,882	144,149	146,031	194,174
Fund Balance, June 30, 2009	\$ 27,005	\$ 0	\$ 27,005	\$ 406	\$ 143,950	\$ 144,356	\$ 171,361

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, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 15,129	\$ 17,200	\$ 18,500	\$ (3,371)
Other Local Revenues	250	8,140	12,415	(12,165)
Total Revenues	<u>\$ 15,379</u>	<u>\$ 25,340</u>	<u>\$ 30,915</u>	<u>\$ (15,536)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 36,517	\$ 56,100	\$ 61,675	\$ 25,158
Total Expenditures	<u>\$ 36,517</u>	<u>\$ 56,100</u>	<u>\$ 61,675</u>	<u>\$ 25,158</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (21,138)</u>	<u>\$ (30,760)</u>	<u>\$ (30,760)</u>	<u>\$ 9,622</u>
Net Change in Fund Balance	\$ (21,138)	\$ (30,760)	\$ (30,760)	\$ 9,622
Fund Balance, July 1, 2008	<u>48,143</u>	<u>60,871</u>	<u>60,871</u>	<u>(12,728)</u>
Fund Balance, June 30, 2009	<u>\$ 27,005</u>	<u>\$ 30,111</u>	<u>\$ 30,111</u>	<u>\$ (3,106)</u>

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Major Governmental Fund

General Debt Service Fund

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

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Exhibit H

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, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 640,396	\$ 623,513	\$ 623,513	\$ 16,883
Other Local Revenues	79,820	96,315	99,597	(19,777)
Other Governments and Citizens Groups	663,734	725,000	725,000	(61,266)
Total Revenues	<u>\$ 1,383,950</u>	<u>\$ 1,444,828</u>	<u>\$ 1,448,110</u>	<u>\$ (64,160)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 628,176	\$ 628,176	\$ 628,176	\$ 0
Education	513,600	510,483	513,765	165
<u>Interest on Debt</u>				
General Government	242,334	257,372	256,229	13,895
Education	309,145	309,145	309,145	0
<u>Other Debt Service</u>				
General Government	16,304	16,000	17,143	839
Education	950	2,000	2,000	1,050
Total Expenditures	<u>\$ 1,710,509</u>	<u>\$ 1,723,176</u>	<u>\$ 1,726,458</u>	<u>\$ 15,949</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (326,559)</u>	<u>\$ (278,348)</u>	<u>\$ (278,348)</u>	<u>\$ (48,211)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 93,990	\$ 28,531	\$ 28,531	\$ 65,459
Total Other Financing Sources (Uses)	<u>\$ 93,990</u>	<u>\$ 28,531</u>	<u>\$ 28,531</u>	<u>\$ 65,459</u>
Net Change in Fund Balance	\$ (232,569)	\$ (249,817)	\$ (249,817)	\$ 17,248
Fund Balance, July 1, 2008	<u>1,412,678</u>	<u>1,206,478</u>	<u>1,206,478</u>	<u>206,200</u>
Fund Balance, June 30, 2009	<u>\$ 1,180,109</u>	<u>\$ 956,661</u>	<u>\$ 956,661</u>	<u>\$ 223,448</u>

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Fiduciary Funds

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

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

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

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Exhibit I-1

Benton County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2009

	<u>Agency Funds</u>		
	<u>Cities -</u>	<u>Constitutional</u>	
	<u>Sales</u>	<u>Officers -</u>	
	<u>Tax</u>	<u>Agency</u>	<u>Total</u>
<u>ASSETS</u>			
Cash	\$ 0	\$ 573,200	\$ 573,200
Due from Other Governments	246,151	0	246,151
Total Assets	<u>\$ 246,151</u>	<u>\$ 573,200</u>	<u>\$ 819,351</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 246,151	\$ 0	\$ 246,151
Due to Litigants, Heirs, and Others	0	573,200	573,200
Total Liabilities	<u>\$ 246,151</u>	<u>\$ 573,200</u>	<u>\$ 819,351</u>

Exhibit I-2

Benton County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2009

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,214,540	\$ 1,214,540	\$ 0
Due from Other Governments	255,880	246,151	255,880	246,151
Total Assets	\$ 255,880	\$ 1,460,691	\$ 1,470,420	\$ 246,151
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 255,880	\$ 1,460,691	\$ 1,470,420	\$ 246,151
Total Liabilities	\$ 255,880	\$ 1,460,691	\$ 1,470,420	\$ 246,151
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 579,634	\$ 3,226,876	\$ 3,233,310	\$ 573,200
Cash Shortage	693	0	693	0
Total Assets	\$ 580,327	\$ 3,226,876	\$ 3,234,003	\$ 573,200
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 580,327	\$ 3,226,876	\$ 3,234,003	\$ 573,200
Total Liabilities	\$ 580,327	\$ 3,226,876	\$ 3,234,003	\$ 573,200
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 579,634	\$ 3,226,876	\$ 3,233,310	\$ 573,200
Equity in Pooled Cash and Investments	0	1,214,540	1,214,540	0
Due from Other Governments	255,880	246,151	255,880	246,151
Cash Shortage	693	0	693	0
Total Assets	\$ 836,207	\$ 4,687,567	\$ 4,704,423	\$ 819,351
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 255,880	\$ 1,460,691	\$ 1,470,420	\$ 246,151
Due to Litigants, Heirs, and Others	580,327	3,226,876	3,234,003	573,200
Total Liabilities	\$ 836,207	\$ 4,687,567	\$ 4,704,423	\$ 819,351

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, two Special Revenue Funds, and a Capital Projects Fund.

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.

Education Capital Projects Fund – The Education Capital Projects Fund is used to account for building construction and renovations of certain school projects.

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Exhibit J-1

Benton County, Tennessee
Statement of Activities
Discretely Presented Benton County School Department
For the Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 12,727,754	\$ 1,125	\$ 1,057,909	\$ (11,668,720)
Support Services	6,283,052	41,943	414,262	(5,826,847)
Operation of Non-Instructional Services	1,753,353	362,523	1,272,256	(118,574)
Interest on Long-term Debt	15,098	0	0	(15,098)
Other Debt Service	402,169	0	0	(402,169)
Total Governmental Activities	\$ 21,181,426	\$ 405,591	\$ 2,744,427	\$ (18,031,408)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 3,539,869
Local Option Sales Taxes				1,836,809
Other Local Taxes				1,929
Grants and Contributions Not Restricted to Specific Programs				12,723,695
Miscellaneous				69,880
Total General Revenues				\$ 18,172,182
Change in Net Assets				\$ 140,774
Net Assets, July 1, 2008				14,975,466
Prior-period Adjustment				516,073
Net Assets, June 30, 2009				\$ 15,632,313

Exhibit J-2

Benton County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Benton County School Department
June 30, 2009

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	<u>Total</u>
	<u>General</u>	<u>Other</u>	<u>Govern-</u>
	<u>Purpose</u>	<u>mental</u>	<u>mental</u>
	<u>School</u>	<u>Funds</u>	<u>Funds</u>
<u>ASSETS</u>			
Cash	\$ 0	\$ 988	\$ 988
Equity in Pooled Cash and Investments	1,643,053	440,882	2,083,935
Accounts Receivable	286	0	286
Due from Other Governments	443,563	0	443,563
Due from Primary Government	4,149	0	4,149
Property Taxes Receivable	3,793,853	0	3,793,853
Allowance for Uncollectible Property Taxes	(141,301)	0	(141,301)
Total Assets	\$ 5,743,603	\$ 441,870	\$ 6,185,473
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 79,099	\$ 0	\$ 79,099
Contracts Payable	26,413	0	26,413
Retainage Payable	8,732	0	8,732
Due to Primary Government	56,949	0	56,949
Deferred Revenue - Current Property Taxes	3,479,850	0	3,479,850
Deferred Revenue - Delinquent Property Taxes	150,825	0	150,825
Other Deferred Revenues	134,608	0	134,608
Total Liabilities	\$ 3,936,476	\$ 0	\$ 3,936,476
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 211,743	\$ 163,671	\$ 375,414
Reserved for Career Ladder Program	2,083	0	2,083
Reserved for Title I Grants to Local Education Agencies	0	1,982	1,982
Reserved for Innovative Education Program Strategies	0	1,647	1,647
Reserved for Special Education - Grants to States	0	44	44
Other Federal Reserves	0	503	503
Unreserved, Reported In:			
General Fund	1,593,301	0	1,593,301
Special Revenue Funds	0	260,716	260,716
Capital Projects Funds	0	13,307	13,307
Total Fund Balances	\$ 1,807,127	\$ 441,870	\$ 2,248,997
Total Liabilities and Fund Balances	\$ 5,743,603	\$ 441,870	\$ 6,185,473

Exhibit J-3

Benton County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
Discretely Presented Benton County School Department
June 30, 2009

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

Total fund balances - balance sheet - governmental funds (Exhibit J-2)		\$ 2,248,997
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 474,060	
Add: buildings and improvements net of accumulated depreciation	12,630,746	
Add: other capital assets net of accumulated depreciation	<u>579,420</u>	13,684,226
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		285,433
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: note payable	\$ (95,185)	
Less: capital lease payable	(159,816)	
Less: other postemployment benefits liability	(328,962)	
Less: accrued interest on notes	<u>(2,380)</u>	<u>(586,343)</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 15,632,313</u>

Exhibit J-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, 2009

	Major Fund	Nonmajor Funds	
	General	Other	Total
	Purpose	Govern- mental	Governmental
	School	Funds	Funds
<u>Revenues</u>			
Local Taxes	\$ 5,622,844	\$ 0	\$ 5,622,844
Licenses and Permits	1,626	0	1,626
Charges for Current Services	39,182	366,409	405,591
Other Local Revenues	60,620	9,260	69,880
State of Tennessee	12,128,182	15,348	12,143,530
Federal Government	110,493	2,563,754	2,674,247
Other Governments and Citizens Groups	258,358	0	258,358
Total Revenues	<u>\$ 18,221,305</u>	<u>\$ 2,954,771</u>	<u>\$ 21,176,076</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 10,832,071	\$ 1,169,851	\$ 12,001,922
Support Services	5,763,712	354,203	6,117,915
Operation of Non-Instructional Services	305,934	1,255,883	1,561,817
Capital Outlay	860,368	0	860,368
Debt Service:			
Principal on Debt	63,910	0	63,910
Interest on Debt	15,803	0	15,803
Other Debt Service	402,169	0	402,169
Total Expenditures	<u>\$ 18,243,967</u>	<u>\$ 2,779,937</u>	<u>\$ 21,023,904</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (22,662)</u>	<u>\$ 174,834</u>	<u>\$ 152,172</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 34,120	\$ 0	\$ 34,120
Transfers In	86,172	0	86,172
Transfers Out	0	(86,172)	(86,172)
Total Other Financing Sources (Uses)	<u>\$ 120,292</u>	<u>\$ (86,172)</u>	<u>\$ 34,120</u>
Net Change in Fund Balances	\$ 97,630	\$ 88,662	\$ 186,292
Fund Balance, July 1, 2008	<u>1,709,497</u>	<u>353,208</u>	<u>2,062,705</u>
Fund Balance, June 30, 2009	<u>\$ 1,807,127</u>	<u>\$ 441,870</u>	<u>\$ 2,248,997</u>

Exhibit J-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, 2009

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

Net change in fund balances - total governmental funds (Exhibit J-4)		\$ 186,292
(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	\$ 640,826	
Less: current year depreciation expense	<u>(594,191)</u>	46,635
(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, 2009	\$ 285,433	
Less: deferred delinquent property taxes and other deferred June 30, 2008	<u>(267,504)</u>	17,929
(3) The issuance of long-term debt (e.g. notes, capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.		
Add: principal payments on notes	\$ 28,206	
Add: principal payments on capital lease	<u>35,704</u>	63,910
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in other postemployment benefits liability	\$ (174,697)	
Change in accrued interest payable	<u>705</u>	<u>(173,992)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 140,774</u>

Exhibit J-6

Benton County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Benton County School Department
June 30, 2009

	<u>Special Revenue Funds</u>		<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>School Federal Projects</u>	<u>Central Cafeteria</u>	<u>Education Capital Projects</u>	
<u>ASSETS</u>				
Cash	\$ 0	\$ 988	\$ 0	\$ 988
Equity in Pooled Cash and Investments	4,176	423,399	13,307	440,882
Total Assets	<u>\$ 4,176</u>	<u>\$ 424,387</u>	<u>\$ 13,307</u>	<u>\$ 441,870</u>
<u>FUND BALANCES</u>				
Reserved for Encumbrances	\$ 163,671	\$ 0	\$ 0	\$ 163,671
Reserved for Title I Grants to Local Education Agencies	1,982	0	0	1,982
Reserved for Innovative Education Program Strategies	1,647	0	0	1,647
Reserved for Special Education - Grants to States	44	0	0	44
Other Federal Reserves	503	0	0	503
Unreserved (Deficit)	(163,671)	424,387	13,307	274,023
Total Fund Balances	<u>\$ 4,176</u>	<u>\$ 424,387</u>	<u>\$ 13,307</u>	<u>\$ 441,870</u>

Exhibit J-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, 2009

	<u>Special Revenue Funds</u>		<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Total</u> <u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>
	<u>School</u> <u>Federal</u> <u>Projects</u>	<u>Central</u> <u>Cafeteria</u>	<u>Education</u> <u>Capital</u> <u>Projects</u>	
<u>Revenues</u>				
Charges for Current Services	\$ 0	\$ 366,409	\$ 0	\$ 366,409
Other Local Revenues	0	9,260	0	9,260
State of Tennessee	0	15,348	0	15,348
Federal Government	1,609,821	953,933	0	2,563,754
Total Revenues	<u>\$ 1,609,821</u>	<u>\$ 1,344,950</u>	<u>\$ 0</u>	<u>\$ 2,954,771</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 1,169,851	\$ 0	\$ 0	\$ 1,169,851
Support Services	354,203	0	0	354,203
Operation of Non-Instructional Services	0	1,255,883	0	1,255,883
Total Expenditures	<u>\$ 1,524,054</u>	<u>\$ 1,255,883</u>	<u>\$ 0</u>	<u>\$ 2,779,937</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 85,767</u>	<u>\$ 89,067</u>	<u>\$ 0</u>	<u>\$ 174,834</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (86,172)	\$ 0	\$ 0	\$ (86,172)
Total Other Financing Sources (Uses)	<u>\$ (86,172)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (86,172)</u>
Net Change in Fund Balances	\$ (405)	\$ 89,067	\$ 0	\$ 88,662
Fund Balance, July 1, 2008	4,581	335,320	13,307	353,208
Fund Balance, June 30, 2009	<u>\$ 4,176</u>	<u>\$ 424,387</u>	<u>\$ 13,307</u>	<u>\$ 441,870</u>

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, 2009

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 5,622,844	\$ 0	\$ 5,622,844	\$ 5,412,929	\$ 5,412,929	\$ 209,915
Licenses and Permits	1,626	0	1,626	1,300	1,300	326
Charges for Current Services	39,182	0	39,182	63,500	65,500	(26,318)
Other Local Revenues	60,620	0	60,620	278,500	57,085	3,535
State of Tennessee	12,128,182	0	12,128,182	12,047,388	12,215,397	(87,215)
Federal Government	110,493	0	110,493	126,612	135,212	(24,719)
Other Governments and Citizens Groups	258,358	0	258,358	0	275,000	(16,642)
<u>Total Revenues</u>	<u>\$ 18,221,305</u>	<u>\$ 0</u>	<u>\$ 18,221,305</u>	<u>\$ 17,930,229</u>	<u>\$ 18,162,423</u>	<u>\$ 58,882</u>
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 8,944,997	\$ 95,146	\$ 9,040,143	\$ 8,955,075	\$ 9,157,371	\$ 117,228
Special Education Program	1,074,991	0	1,074,991	1,107,969	1,114,228	39,237
Vocational Education Program	665,193	0	665,193	669,817	679,440	14,247
Adult Education Program	146,890	0	146,890	154,269	156,598	9,708
<u>Support Services</u>						
Attendance	79,507	0	79,507	79,518	79,847	340
Health Services	196,285	0	196,285	206,448	207,459	11,174
Other Student Support	320,990	0	320,990	329,493	331,140	10,150
Regular Instruction Program	556,330	0	556,330	566,564	569,199	12,869
Special Education Program	91,859	0	91,859	92,528	92,857	998
Vocational Education Program	129,457	0	129,457	131,852	132,181	2,724
Adult Programs	83,063	0	83,063	82,384	84,714	1,651
Other Programs	80,864	0	80,864	0	80,864	0

(Continued)

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)	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Support Services (Cont.)</u>						
Board of Education	\$ 347,237	\$ 0	\$ 347,237	\$ 493,754	\$ 493,754	\$ 146,517
Director of Schools	118,278	0	118,278	123,822	124,152	5,874
Office of the Principal	895,137	0	895,137	897,810	900,775	5,638
Fiscal Services	134,186	0	134,186	135,221	135,221	1,035
Operation of Plant	1,275,120	0	1,275,120	1,324,978	1,326,978	51,858
Maintenance of Plant	516,162	1,640	517,802	508,253	523,088	5,286
Transportation	875,077	0	875,077	938,582	940,909	65,832
Central and Other	64,160	0	64,160	91,881	91,881	27,721
<u>Operation of Non-Instructional Services</u>						
Food Service	85,883	0	85,883	88,881	88,881	2,998
Community Services	5,500	0	5,500	5,500	5,500	0
Early Childhood Education	214,551	0	214,551	218,845	219,504	4,953
<u>Capital Outlay</u>						
Regular Capital Outlay	860,368	114,957	975,325	302,068	983,331	8,006
<u>Principal on Debt</u>						
Education	63,910	0	63,910	63,911	63,911	1
<u>Interest on Debt</u>						
Education	15,803	0	15,803	15,806	15,806	3
<u>Other Debt Service</u>						
Education	402,169	0	402,169	0	417,614	15,445
Total Expenditures	\$ 18,243,967	\$ 211,743	\$ 18,455,710	\$ 17,585,229	\$ 19,017,203	\$ 561,493
Excess (Deficiency) of Revenues Over Expenditures	\$ (22,662)	\$ (211,743)	\$ (234,405)	\$ 345,000	\$ (854,780)	\$ 620,375

(Continued)

Exhibit J-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)	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 34,120	\$ 0	\$ 34,120	\$ 0	\$ 34,102	\$ 18
Transfers In	86,172	0	86,172	5,000	84,213	1,959
Transfers Out	0	0	0	(350,000)	0	0
Total Other Financing Sources (Uses)	\$ 120,292	\$ 0	\$ 120,292	\$ (345,000)	\$ 118,315	\$ 1,977
Net Change in Fund Balance	\$ 97,630	\$ (211,743)	\$ (114,113)	\$ 0	\$ (736,465)	\$ 622,352
Fund Balance, July 1, 2008	1,709,497	0	1,709,497	1,600,666	1,600,666	108,831
Fund Balance, June 30, 2009	\$ 1,807,127	\$ (211,743)	\$ 1,595,384	\$ 1,600,666	\$ 864,201	\$ 731,183

Exhibit J-9

Benton County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Benton County School Department
School Federal Projects Fund
For the Year Ended June 30, 2009

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Other Local Revenues	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,500	\$ (2,500)
Federal Government	1,609,821	0	1,609,821	1,548,465	1,940,079	(330,258)
Total Revenues	\$ 1,609,821	\$ 0	\$ 1,609,821	\$ 1,548,465	\$ 1,942,579	\$ (332,758)
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 633,052	\$ 0	\$ 633,052	\$ 662,654	\$ 674,553	\$ 41,501
Special Education Program	504,007	0	504,007	474,078	571,910	67,903
Vocational Education Program	32,792	0	32,792	26,295	32,792	0
<u>Support Services</u>						
Health Services	46,538	0	46,538	48,590	48,764	2,226
Other Student Support	123,603	0	123,603	147,042	131,605	8,002
Regular Instruction Program	111,820	0	111,820	108,405	135,353	23,533
Special Education Program	69,788	0	69,788	70,215	73,192	3,404
Vocational Education Program	2,454	0	2,454	3,626	2,454	0
Transportation	0	163,671	163,671	0	190,000	26,329
Total Expenditures	\$ 1,524,054	\$ 163,671	\$ 1,687,725	\$ 1,540,905	\$ 1,860,623	\$ 172,898
Excess (Deficiency) of Revenues Over Expenditures	\$ 85,767	\$ (163,671)	\$ (77,904)	\$ 7,560	\$ 81,956	\$ (159,860)
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 0	\$ 0	\$ 0	\$ 48,590	\$ 48,590	\$ (48,590)
Transfers Out	(86,172)	0	(86,172)	(56,150)	(135,127)	48,955
Total Other Financing Sources (Uses)	\$ (86,172)	\$ 0	\$ (86,172)	\$ (7,560)	\$ (86,537)	\$ 365
Net Change in Fund Balance Fund Balance, July 1, 2008	\$ (405)	\$ (163,671)	\$ (164,076)	\$ 0	\$ (4,581)	\$ (159,495)
Fund Balance, June 30, 2009	4,581	0	4,581	0	4,581	0
	\$ 4,176	\$ (163,671)	\$ (159,495)	\$ 0	\$ 0	\$ (159,495)

Exhibit J-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, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 366,409	\$ 747,500	\$ 390,360	\$ (23,951)
Other Local Revenues	9,260	2,800	10,330	(1,070)
State of Tennessee	15,348	16,000	16,033	(685)
Federal Government	953,933	919,000	973,560	(19,627)
Total Revenues	<u>\$ 1,344,950</u>	<u>\$ 1,685,300</u>	<u>\$ 1,390,283</u>	<u>\$ (45,333)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,255,883	\$ 1,685,300	\$ 1,760,283	\$ 504,400
Total Expenditures	<u>\$ 1,255,883</u>	<u>\$ 1,685,300</u>	<u>\$ 1,760,283</u>	<u>\$ 504,400</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 89,067</u>	<u>\$ 0</u>	<u>\$ (370,000)</u>	<u>\$ 459,067</u>
Net Change in Fund Balance	\$ 89,067	\$ 0	\$ (370,000)	\$ 459,067
Fund Balance, July 1, 2008	335,320	0	370,000	(34,680)
Fund Balance, June 30, 2009	<u>\$ 424,387</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 424,387</u>

MISCELLANEOUS SCHEDULES

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Exhibit K-1

Benton County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, Capital Leases, and Bonds
Primary Government and Discretely Presented Benton County School Department
For the Year Ended June 30, 2009

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-08	Paid and/or		
						Matured During Period	Outstanding 6-30-09	
<u>PRIMARY GOVERNMENT</u>								
<u>NOTES PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Vocational Rehabilitation Center	\$ 725,000	5.1	% 12-30-1999	12-1-11	\$ 293,000	\$ 68,000	\$ 225,000	
Runway Extension	350,000	3.41	8-9-05	8-9-08	120,572	120,572	0	
Central Dispatch Building and Equipment	260,600	4.3	9-1-06	8-29-09	177,345	86,770	90,575	
Runway Extension	450,000	4.3	9-1-06	8-29-09	306,236	149,834	156,402	
Total Notes Payable					\$ 897,153	\$ 425,176	\$ 471,977	
<u>OTHER LOANS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Jail Construction and Renovation	1,100,000	Variable	1-8-1997	5-25-12	\$ 383,000	\$ 88,000	\$ 295,000	
Qualified Zone Academy Bonds								
County Career and Technical Center	204,000	0	7-7-06	12-28-20	176,800	13,600	163,200	
Total Other Loans Payable					\$ 559,800	\$ 101,600	\$ 458,200	
<u>CAPITAL LEASE PAYABLE</u>								
<u>Payable through General Fund</u>								
Sheriff Patrol Cars	75,773	5.6	9-17-07	9-17-09	\$ 49,127	\$ 23,894	\$ 25,233	
<u>BONDS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
School Bonds Series 1996	8,000,000	4.55 to 5.5	12-1-1996	6-1-09	\$ 280,000	\$ 280,000	\$ 0	
School Bonds Series 1998	3,600,000	4.35 to 4.875	5-1-1998	6-1-09	130,000	130,000	0	
School Bonds Series 2003 Refunding	9,020,000	3.5	6-12-03	12-1-21	8,600,000	90,000	8,510,000	
Jail Bonds, Series 2007	5,000,000	4	10-1-07	10-1-32	5,000,000	115,000	4,885,000	
Total Bonds Payable					\$ 14,010,000	\$ 615,000	\$ 13,395,000	

(Continued)

Exhibit K-1

Benton County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, Capital Leases, and Bonds
Primary Government and Discretely Presented Benton County School Department (Cont.)

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-08	Paid and/or Matured During Period	Outstanding 6-30-09
<u>DISCRETELY PRESENTED BENTON COUNTY</u>							
<u>SCHOOL DEPARTMENT</u>							
<u>NOTE PAYABLE</u>							
<u>Payable through General Purpose School Fund</u>	\$ 150,000	6	1-16-07	1-16-12	\$ 123,391	\$ 28,206	\$ 95,185
Land		%					
<u>CAPITAL LEASE PAYABLE</u>							
<u>Payable through General Purpose School Fund</u>	352,035	4.5	7-23-03	6-30-13	\$ 195,520	\$ 35,704	\$ 159,816
Energy Efficient Lighting Equipment							

Exhibit K-2

Benton County, Tennessee
Schedule of Long-term Debt Requirements by Year
Primary Government and Discretely Presented Benton County School Department

PRIMARY GOVERNMENT

Year Ending June 30	Notes		
	Principal	Interest	Total
2010	\$ 317,977	\$ 20,432	\$ 338,409
2011	75,000	5,942	80,942
2012	79,000	2,015	81,015
Total	\$ 471,977	\$ 28,389	\$ 500,366

Year Ending June 30	Other Loans			Total
	Principal	Interest	Other Fees	
2010	\$ 106,600	\$ 1,711	\$ 2,206	\$ 110,517
2011	111,600	1,172	1,853	114,625
2012	117,600	603	1,480	119,683
2013	13,600	0	65	13,665
2014	13,600	0	65	13,665
2015	13,600	0	65	13,665
2016	13,600	0	65	13,665
2017	13,600	0	65	13,665
2018	13,600	0	65	13,665
2019	13,600	0	65	13,665
2020	13,600	0	65	13,665
2021	13,600	0	65	13,665
Total	\$ 458,200	\$ 3,486	\$ 6,124	\$ 467,810

Year Ending June 30	Capital Lease		
	Principal	Interest	Total
2010	\$ 25,233	\$ 1,413	\$ 26,646
Total	\$ 25,233	\$ 1,413	\$ 26,646

(Continued)

Exhibit K-2

Benton County, Tennessee
Schedule of Long-term Debt Requirements by Year
Primary Government and Discretely Presented Benton County School Department (Cont.)

PRIMARY GOVERNMENT (CONT.)

Year Ending June 30	Bonds		
	Principal	Interest	Total
2010	\$ 645,000	\$ 481,663	\$ 1,126,663
2011	670,000	458,038	1,128,038
2012	695,000	433,513	1,128,513
2013	720,000	408,088	1,128,088
2014	745,000	381,763	1,126,763
2015	770,000	354,538	1,124,538
2016	800,000	326,313	1,126,313
2017	835,000	296,913	1,131,913
2018	860,000	266,438	1,126,438
2019	900,000	234,788	1,134,788
2020	925,000	201,963	1,126,963
2021	965,000	167,963	1,132,963
2022	995,000	132,700	1,127,700
2023	205,000	110,700	315,700
2024	215,000	102,300	317,300
2025	225,000	93,500	318,500
2026	235,000	84,300	319,300
2027	245,000	74,700	319,700
2028	260,000	64,600	324,600
2029	270,000	54,000	324,000
2030	285,000	42,900	327,900
2031	295,000	31,300	326,300
2032	310,000	19,200	329,200
2033	325,000	6,500	331,500
Total	\$ 13,395,000	\$ 4,828,681	\$ 18,223,681

DISCRETELY PRESENTED BENTON
COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Note		
	Principal	Interest	Total
2010	\$ 29,898	\$ 5,711	\$ 35,609
2011	31,693	3,917	35,610
2012	33,594	2,016	35,610
Total	\$ 95,185	\$ 11,644	\$ 106,829

Exhibit K-2

Benton County, Tennessee
Schedule of Long-term Debt Requirements by Year
Primary Government and Discretely Presented Benton County School Department (Cont.)

DISCRETELY PRESENTED BENTON
COUNTY SCHOOL DEPARTMENT (CONT.)

Year Ending June 30	Capital Lease		
	Principal	Interest	Total
2010	\$ 37,328	\$ 6,776	\$ 44,104
2011	39,027	5,078	44,105
2012	40,803	3,302	44,105
2013	42,658	1,445	44,103
Total	\$ 159,816	\$ 16,601	\$ 176,417

Exhibit K-3

Benton County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Benton County School Department
For the Year Ended June 30, 2009

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	Public Library	Operations	\$ 223,470
General	General Debt Service	Debt retirement	72,990
General	Highway Capital Projects	Operations	3,350
Public Utility	General	Payments in-lieu-of taxes	167,702
Public Utility	Highway/Public Works	Payments in-lieu-of taxes	17,206
Public Utility	General Debt Service	Payments in-lieu-of taxes	<u>21,000</u>
Total Transfers Primary Government			<u>\$ 505,718</u>
<u>DISCRETELY PRESENTED BENTON COUNTY</u>			
<u>SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Early intervening services	\$ 79,213
School Federal Projects	General Purpose School	Indirect costs	<u>6,959</u>
Total Transfers Discretely Presented Benton County School Department			<u>\$ 86,172</u>

Exhibit K-4

Benton County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Benton County School Department
For the Year Ended June 30, 2009

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u>	\$ 66,702	\$ 50,000	RLI Insurance Company
Road Supervisor	Section 8-24-102, <u>TCA</u>	63,527	100,000	"
Director of Schools	State Board of Education and Benton County Board of Education	85,033 (1)	50,000	"
Trustee	Board of Education			
Assessor of Property	Section 8-24-102, <u>TCA</u>	57,751	700,000	"
County Clerk	Section 8-24-102, <u>TCA</u>	57,751	10,000	"
Circuit Court Clerk	Section 8-24-102, <u>TCA</u>	57,751	25,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u>	57,751	30,000	"
Register	Section 8-24-102, <u>TCA</u>	57,751	50,000	"
Sheriff	Section 8-24-102, <u>TCA</u>	57,751	25,000	"
	Section 8-24-102, <u>TCA</u>	63,527 (2)	25,000	"
Employee Blanket Bond:				
County Mayor and Road Supervisor:				
All Employees			150,000	Tennessee Risk Management Trust
Schools Employees' Blanket Bond			150,000	"

(1) Includes a chief executive officer training supplement of \$1,000.

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

Exhibit K-5

Benton County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2009

	Special Revenue Funds						Debt Service Fund			Capital Projects Funds			Total
	General	Special Purpose	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Community Development/		Other Capital Projects	Total			
							Industrial Park						
<u>Local Taxes</u>													
<u>County Property Taxes</u>													
Current Property Tax	\$ 1,427,706	\$ 0	\$ 0	\$ 0	\$ 206,640	\$ 597,415	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,231,761	
Trustee's Collections - Prior Year	50,033	0	0	0	7,241	24,789	0	0	0	0	0	82,063	
Circuit/Clerk & Master Collections - Prior Years	33,005	0	0	0	4,777	13,897	0	0	0	0	0	51,679	
Interest and Penalty	9,761	0	0	0	1,413	4,109	0	0	0	0	0	15,283	
Payments in-Lieu-of Taxes - T.V.A.	7,201	0	0	0	0	0	0	0	0	0	0	7,201	
Payments in-Lieu-of Taxes - Other	402	0	0	0	58	186	0	0	0	0	0	646	
<u>County Local Option Taxes</u>													
Local Option Sales Tax	405,504	0	0	0	0	0	0	0	0	0	0	405,504	
Hotel/Motel Tax	42,077	0	0	0	0	0	0	0	0	0	0	42,077	
Litigation Tax - General	57,006	0	0	0	0	0	0	0	0	0	0	57,006	
Litigation Tax - Special Purpose	18,497	0	0	0	0	0	0	0	0	0	0	18,497	
Litigation Tax - Jail, Workhouse, or Courthouse	66,458	0	0	0	0	0	0	0	0	0	0	66,458	
Business Tax	88,493	0	0	0	0	0	0	0	0	0	0	88,493	
Mineral Severance Tax	53,099	0	0	0	130,445	0	0	0	0	0	0	183,544	
Other County Local Option Taxes	1,444	0	0	0	0	0	0	0	0	0	0	1,444	
<u>Statutory Local Taxes</u>													
Bank Excise Tax	78,623	0	0	0	0	0	0	0	0	0	0	78,623	
Wholesale Beer Tax	105,507	0	0	0	0	0	0	0	0	0	0	105,507	
Beer Privilege Tax	1,700	0	0	0	0	0	0	0	0	0	0	1,700	
Interstate Telecommunications Tax	1,481	0	0	0	0	0	0	0	0	0	0	1,481	
Total Local Taxes	\$ 2,447,997	\$ 0	\$ 0	\$ 0	\$ 350,574	\$ 640,396	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,438,967	
<u>Licenses and Permits</u>													
<u>Licenses</u>													
Cable TV Franchise	\$ 3,157	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,157	
<u>Permits</u>													
Beer Permits	2,000	0	0	0	0	0	0	0	0	0	0	2,000	
Other Permits	2,085	0	0	0	0	0	0	0	0	0	0	2,085	
Total Licenses and Permits	\$ 7,242	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,242	

(Continued)

Exhibit K-5

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

	Special Revenue Funds										Debt Service Fund			Total
	General	Special Purpose	Drug Control	Constitutional Officers - Fees	Highway / Public Works	Capital Projects Funds			General Debt Service	Community Development/ Industrial Park	Other Capital Projects			
						General	Debt	Service						
<u>Fines, Forfeitures, and Penalties</u>														
<u>Circuit Court</u>														
Fines	\$ 12,539	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	12,539
Officers Costs	2,890	0	0	0	0	0	0	0	0	0	0	0	0	2,890
Drug Control Fines	0	0	9,203	0	0	0	0	0	0	0	0	0	0	9,203
Drug Court Fees	943	0	0	0	0	0	0	0	0	0	0	0	0	943
Jail Fees	1,359	0	0	0	0	0	0	0	0	0	0	0	0	1,359
DUI Treatment Fines	285	0	0	0	0	0	0	0	0	0	0	0	0	285
Data Entry Fee - Circuit Court	431	0	0	0	0	0	0	0	0	0	0	0	0	431
Victims Assistance Assessments	546	0	0	0	0	0	0	0	0	0	0	0	0	546
<u>General Sessions Court</u>														
Fines	37,140	0	0	0	0	0	0	0	0	0	0	0	0	37,140
Officers Costs	28,315	0	0	0	0	0	0	0	0	0	0	0	0	28,315
Drug Control Fines	0	0	4,626	0	0	0	0	0	0	0	0	0	0	4,626
Drug Court Fees	6,107	0	0	0	0	0	0	0	0	0	0	0	0	6,107
Jail Fees	33,153	0	0	0	0	0	0	0	0	0	0	0	0	33,153
DUI Treatment Fines	7,383	0	0	0	0	0	0	0	0	0	0	0	0	7,383
Data Entry Fee - General Sessions Court	3,155	0	0	0	0	0	0	0	0	0	0	0	0	3,155
Courtroom Security Fee	439	0	0	0	0	0	0	0	0	0	0	0	0	439
<u>Juvenile Court</u>														
Fines	5,430	0	0	0	0	0	0	0	0	0	0	0	0	5,430
<u>Chancery Court</u>														
Officers Costs	1,146	0	0	0	0	0	0	0	0	0	0	0	0	1,146
Data Entry Fee - Chancery Court	542	0	0	0	0	0	0	0	0	0	0	0	0	542
<u>Other Fines, Forfeitures, and Penalties</u>														
Proceeds from Confiscated Property	700	0	1,300	0	0	0	0	0	0	0	0	0	0	2,000
Total Fines, Forfeitures, and Penalties	\$ 142,503	\$ 0	\$ 15,129	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 157,632

(Continued)

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

	Special Revenue Funds					Debt Service Fund		Capital Projects Funds			Total
	General	Special Purpose	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Community Development/ Industrial Park	Other Capital Projects			
<u>Charges for Current Services</u>											
<u>General Service Charges</u>											
Surcharge - Host Agency Fees	\$ 717,929	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 717,929
Copy Fees	2,090	0	0	0	0	0	0	0	0	0	2,090
Telephone Commissions	9,460	0	0	0	0	0	0	0	0	0	9,460
Vending Machine Collections	500	0	0	0	0	0	0	0	0	0	500
Constitutional Officers' Fees and Commissions	0	0	0	108	0	0	0	0	0	0	108
Data Processing Fee - Register	6,432	0	0	0	0	0	0	0	0	0	6,432
Sexual Offender Registration Fees - Sheriff	2,700	0	0	0	0	0	0	0	0	0	2,700
Data Processing Fee - County Clerk	1,054	0	0	0	0	0	0	0	0	0	1,054
<u>Total Charges for Current Services</u>	\$ 740,165	\$ 0	\$ 0	\$ 108	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 740,273
<u>Other Local Revenues</u>											
<u>Recurring Items</u>											
Investment Income	\$ 139,050	\$ 260,901	\$ 0	\$ 0	\$ 0	\$ 3,282	\$ 169,919	\$ 0	\$ 0	\$ 0	\$ 573,152
Lease/Rentals	25,306	0	0	0	0	76,315	0	0	0	0	101,621
Sale of Materials and Supplies	3,670	0	0	0	12,549	0	0	0	0	0	16,219
Commissary Sales	7,151	0	0	0	0	0	0	0	0	0	7,151
Sale of Gasoline	92,089	0	0	0	6,863	0	0	0	0	0	98,952
Sale of Recycled Materials	1,764	0	0	0	0	0	0	0	0	0	1,764
Miscellaneous Refunds	11,751	0	250	0	44	223	0	594	0	0	12,862
<u>Nonrecurring Items</u>											
Sale of Equipment	0	0	0	0	34,511	0	0	0	0	0	34,511
Sale of Property	18,304	0	0	0	0	0	0	0	0	0	18,304
Damages Recovered from Individuals	701	0	0	0	0	0	0	0	0	0	701
Contributions and Gifts	4,138	0	0	0	0	0	0	0	0	0	4,138
<u>Other Local Revenues</u>											
Other Local Revenues	2,822	0	0	0	0	0	0	0	0	0	2,822
<u>Total Other Local Revenues</u>	\$ 306,746	\$ 260,901	\$ 250	\$ 0	\$ 53,967	\$ 79,820	\$ 169,919	\$ 594	\$ 0	\$ 0	\$ 872,197

(Continued)

Exhibit K-5

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

	Special Revenue Funds					Debt Service Fund			Capital Projects Funds			Total
	General	Special Purpose	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Community Development/ Industrial Park		Other Capital Projects			
<u>Fees Received from County Officials</u>												
<u>Fees in-Lieu-of Salary</u>												
County Clerk	\$ 153,483	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 153,483
Circuit Court Clerk	31,347	0	0	0	0	0	0	0	0	0	0	31,347
General Sessions Court Clerk	125,517	0	0	0	0	0	0	0	0	0	0	125,517
Clerk and Master	97,911	0	0	0	0	0	0	0	0	0	0	97,911
Register	64,650	0	0	0	0	0	0	0	0	0	0	64,650
Sheriff	7,268	0	0	0	0	0	0	0	0	0	0	7,268
Trustee	249,384	0	0	0	0	0	0	0	0	0	0	249,384
Total Fees Received from County Officials	\$ 729,560	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 729,560
<u>State of Tennessee</u>												
<u>General Government Grants</u>												
Juvenile Services Program	\$ 98,370	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 98,370
Airport Maintenance Program	85,206	0	0	0	0	0	0	0	0	237,141	0	322,347
Aging Programs	58,516	0	0	0	0	0	0	0	0	0	0	58,516
State Reappraisal Grant	10,103	0	0	0	0	0	0	0	0	0	0	10,103
Solid Waste Grants	12,000	0	0	0	0	0	0	0	0	0	0	12,000
<u>Public Safety Grants</u>												
Law Enforcement Training Programs	9,000	0	0	0	0	0	0	0	0	0	0	9,000
Drug Control Grants	7,083	0	0	0	0	0	0	0	0	0	0	7,083
<u>Health and Welfare Grants</u>												
Health Department Programs	8,363	0	0	0	0	0	0	0	0	0	0	8,363
<u>Public Works Grants</u>												
State Aid Program	0	0	0	0	152,607	0	0	0	0	0	0	152,607
Litter Program	25,742	0	0	0	0	0	0	0	0	0	0	25,742
<u>Other State Revenues</u>												
Income Tax	25,443	0	0	0	0	0	0	0	0	0	0	25,443
Resort District Sales Tax	332,655	0	0	0	0	0	0	0	0	0	0	332,655
Beer Tax	18,701	0	0	0	0	0	0	0	0	0	0	18,701
Alcoholic Beverage Tax	33,620	0	0	0	0	0	0	0	0	0	0	33,620
Mixed Drink Tax	4,562	0	0	0	0	0	0	0	0	0	0	4,562
State Revenue Sharing - T.V.A.	1,201,209	0	0	0	50,000	0	0	0	0	0	0	1,251,209

(Continued)

Exhibit K-5

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

	Special Revenue Funds					Debt Service Fund			Capital Projects Funds			Total
	General	Special Purpose	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Community Development/		Other Capital Projects			
							Industrial Park					
<u>State of Tennessee (Cont.)</u>												
<u>Other State Revenues (Cont.)</u>												
Emergency Hospital - Prisoners	\$ 1,698	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,698
Contracted Prisoner Boarding	234,703	0	0	0	0	0	0	0	0	0	0	234,703
Gasoline and Motor Fuel Tax	0	0	0	0	1,501,382	0	0	0	0	0	0	1,501,382
Petroleum Special Tax	0	0	0	0	13,281	0	0	0	0	0	0	13,281
Registrar's Salary Supplement	14,912	0	0	0	0	0	0	0	0	0	0	14,912
Other State Grants	3,528	0	0	0	0	0	0	0	0	0	0	3,528
Other State Revenues	3,000	0	0	0	0	0	0	0	0	0	0	3,000
Total State of Tennessee	\$ 2,188,414	\$ 0	\$ 0	\$ 0	\$ 1,717,270	\$ 0	\$ 0	\$ 0	\$ 237,141	\$ 0	\$ 0	\$ 4,142,825
<u>Federal Government</u>												
<u>Federal Through State</u>												
Disaster Relief	\$ 0	\$ 0	\$ 0	\$ 0	\$ 26,537	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 26,537
Homeland Security Grants	14,311	0	0	0	0	0	0	0	0	0	0	14,311
Total Federal Government	\$ 14,311	\$ 0	\$ 0	\$ 0	\$ 26,537	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 40,848
<u>Other Governments and Citizens Groups</u>												
<u>Other Governments</u>												
Contributions	\$ 30,612	\$ 0	\$ 0	\$ 0	\$ 0	\$ 663,734	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 694,346
Citizens Groups	25,082	0	0	0	0	0	0	0	0	0	0	25,082
Donations	55,694	0	0	0	0	663,734	0	0	0	0	0	719,428
Total Other Governments and Citizens Groups	\$ 6,632,632	\$ 260,901	\$ 15,379	\$ 108	\$ 2,148,348	\$ 1,383,950	\$ 169,919	\$ 237,735	\$ 10,848,972			
Total												

Exhibit K-6

Benton County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Benton County School Department
For the Year Ended June 30, 2009

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 3,283,158	\$ 0	\$ 0	\$ 3,283,158
Trustee's Collections - Prior Year	119,539	0	0	119,539
Circuit/Clerk & Master Collections - Prior Years	75,997	0	0	75,997
Interest and Penalty	22,475	0	0	22,475
Payments in-Lieu-of Taxes - Local Utilities	259,876	0	0	259,876
Payments in-Lieu-of Taxes - Other	1,149	0	0	1,149
<u>County Local Option Taxes</u>				
Local Option Sales Tax	1,858,641	0	0	1,858,641
<u>Statutory Local Taxes</u>				
Interstate Telecommunications Tax	2,009	0	0	2,009
Total Local Taxes	\$ 5,622,844	\$ 0	\$ 0	\$ 5,622,844
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 1,335	\$ 0	\$ 0	\$ 1,335
<u>Permits</u>				
Other Permits	291	0	0	291
Total Licenses and Permits	\$ 1,626	\$ 0	\$ 0	\$ 1,626
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Summer School	\$ 1,125	\$ 0	\$ 0	\$ 1,125
Lunch Payments - Children	0	0	232,005	232,005
Lunch Payments - Adults	0	0	52,256	52,256
Income from Breakfast	0	0	22	22
Special Milk Sales	0	0	384	384
A la carte Sales	0	0	77,856	77,856
Receipts from Individual Schools	38,057	0	0	38,057
<u>Other Charges for Services</u>				
Other Charges for Services	0	0	3,886	3,886
Total Charges for Current Services	\$ 39,182	\$ 0	\$ 366,409	\$ 405,591
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 8,880	\$ 8,880
Sale of Materials and Supplies	2,090	0	0	2,090
Miscellaneous Refunds	57,523	0	130	57,653
<u>Nonrecurring Items</u>				
Damages Recovered from Individuals	1,007	0	0	1,007
Contributions and Gifts	0	0	250	250
Total Other Local Revenues	\$ 60,620	\$ 0	\$ 9,260	\$ 69,880
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 80,864	\$ 0	\$ 0	\$ 80,864
<u>State Education Funds</u>				
Basic Education Program	11,364,000	0	0	11,364,000
Early Childhood Education	174,780	0	0	174,780

(Continued)

Exhibit K-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>State of Tennessee (Cont.)</u>				
<u>State Education Funds (Cont.)</u>				
School Food Service	\$ 0	\$ 0	\$ 15,348	\$ 15,348
Other State Education Funds	108,647	0	0	108,647
Career Ladder Program	105,518	0	0	105,518
Career Ladder - Extended Contract	49,700	0	0	49,700
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	150,000	0	0	150,000
Other State Grants	94,673	0	0	94,673
Total State of Tennessee	\$ 12,128,182	\$ 0	\$ 15,348	\$ 12,143,530
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 584,207	\$ 584,207
Breakfast	0	0	369,726	369,726
Vocational Education - Basic Grants to States	0	53,862	0	53,862
Title I Grants to Local Education Agencies	0	688,686	0	688,686
Special Education - Grants to States	0	637,089	0	637,089
Special Education Preschool Grants	0	17,973	0	17,973
Safe and Drug-free Schools - State Grants	0	8,122	0	8,122
Rural Education	0	41,231	0	41,231
Eisenhower Professional Development State Grants	0	153,434	0	153,434
Job Training Partnership Act	43,169	0	0	43,169
Other Federal through State	67,324	9,424	0	76,748
Total Federal Government	\$ 110,493	\$ 1,609,821	\$ 953,933	\$ 2,674,247
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 258,358	\$ 0	\$ 0	\$ 258,358
Total Other Governments and Citizens Groups	\$ 258,358	\$ 0	\$ 0	\$ 258,358
Total	\$ 18,221,305	\$ 1,609,821	\$ 1,344,950	\$ 21,176,076

Exhibit K-7

Benton County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2009

General Fund

General Government

County Commission

Board and Committee Members Fees	\$ 31,725	
In-Service Training	1,445	
Accounting Services	1,250	
Audit Services	4,961	
Travel	5,107	
Total County Commission		\$ 44,488

Board of Equalization

Board and Committee Members Fees	\$ 2,100	
Total Board of Equalization		2,100

Beer Board

Board and Committee Members Fees	\$ 775	
Total Beer Board		775

Other Boards and Committees

Board and Committee Members Fees	\$ 188	
Total Other Boards and Committees		188

County Mayor/Executive

County Official/Administrative Officer	\$ 66,702	
Accountants/Bookkeepers	24,477	
Salary Supplements	7,337	
Secretary(ies)	25,343	
Clerical Personnel	21,457	
Advertising	3,920	
Communication	7,346	
Data Processing Services	6,007	
Dues and Memberships	25,038	
Operating Lease Payments	2,855	
Maintenance and Repair Services - Office Equipment	1,301	
Postal Charges	22,549	
Printing, Stationery, and Forms	1,959	
Travel	1,791	
Data Processing Supplies	918	
Duplicating Supplies	259	
Office Supplies	1,695	
Other Charges	31,866	
Furniture and Fixtures	79	
Office Equipment	380	
Total County Mayor/Executive		253,279

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

County Attorney

Legal Services	\$ 44,644	
Total County Attorney		\$ 44,644

Election Commission

County Official/Administrative Officer	\$ 51,976	
Deputy(ies)	43,896	
Salary Supplements	13,578	
Election Commission	3,100	
Election Workers	9,193	
In-Service Training	1,620	
Advertising	1,886	
Communication	3,578	
Data Processing Services	16,623	
Dues and Memberships	75	
Postal Charges	4,450	
Printing, Stationery, and Forms	3,424	
Travel	1,053	
Other Contracted Services	1,000	
Data Processing Supplies	519	
Duplicating Supplies	292	
Office Supplies	479	
Other Supplies and Materials	219	
Other Charges	636	
Office Equipment	189	
Total Election Commission		157,786

Register of Deeds

County Official/Administrative Officer	\$ 57,751
Deputy(ies)	48,000
Salary Supplements	2,600
In-Service Training	200
Communication	3,704
Data Processing Services	6,185
Dues and Memberships	115
Operating Lease Payments	1,909
Maintenance and Repair Services - Office Equipment	769
Printing, Stationery, and Forms	99
Travel	792
Other Contracted Services	3,350
Data Processing Supplies	1,125

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds (Cont.)

Duplicating Supplies	\$	120	
Office Supplies		204	
Other Supplies and Materials		1,865	
Other Charges		545	
Data Processing Equipment		1,480	
Total Register of Deeds			\$ 130,813

County Buildings

Salary Supplements	\$	4,926	
Custodial Personnel		23,977	
Part-time Personnel		16,356	
Maintenance and Repair Services - Buildings		43,115	
Pest Control		1,826	
Custodial Supplies		4,734	
Electricity		67,729	
Natural Gas		15,191	
Water and Sewer		4,972	
Liability Insurance		140,894	
Other Charges		4,510	
Building Improvements		800	
Furniture and Fixtures		152	
Heating and Air Conditioning Equipment		419	
Other Equipment		5,400	
Total County Buildings			335,001

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		24,000	
Salary Supplements		2,800	
Clerical Personnel		37,794	
Audit Services		3,710	
Communication		819	
Data Processing Services		8,358	
Dues and Memberships		1,173	
Legal Notices, Recording, and Court Costs		64	
Printing, Stationery, and Forms		103	
Travel		781	
Data Processing Supplies		313	
Office Supplies		292	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Premiums on Corporate Surety Bonds	\$	355	
Other Charges		633	
Total Property Assessor's Office			\$ 138,946

Reappraisal Program

Data Processing Services	\$	3,108	
Other Contracted Services		16,300	
Other Charges		395	
Total Reappraisal Program			19,803

County Trustee's Office

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		62,853	
Salary Supplements		2,200	
Advertising		548	
Communication		1,552	
Data Processing Services		5,509	
Dues and Memberships		200	
Printing, Stationery, and Forms		352	
Travel		449	
Data Processing Supplies		989	
Office Supplies		412	
Other Charges		35	
Data Processing Equipment		100	
Total County Trustee's Office			132,950

County Clerk's Office

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		104,164	
Salary Supplements		3,200	
In-Service Training		20	
Communication		2,800	
Data Processing Services		11,621	
Dues and Memberships		100	
Operating Lease Payments		2,855	
Printing, Stationery, and Forms		917	
Travel		396	
Data Processing Supplies		391	
Office Supplies		1,403	
Total County Clerk's Office			185,618

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		110,930	
Salary Supplements		5,842	
Part-time Personnel		1,615	
Board and Committee Members Fees		100	
Jury and Witness Fees		6,934	
In-Service Training		175	
Communication		3,054	
Data Processing Services		9,955	
Dues and Memberships		65	
Operating Lease Payments		2,613	
Legal Notices, Recording, and Court Costs		128	
Maintenance and Repair Services - Office Equipment		890	
Printing, Stationery, and Forms		1,551	
Travel		1,688	
Data Processing Supplies		1,047	
Office Supplies		2,347	
Other Charges		618	
Furniture and Fixtures		815	
Office Equipment		108	
Total Circuit Court			\$ 208,226

General Sessions Judge

Judge(s)	\$	74,906	
Assistant(s)		24,000	
Salary Supplements		600	
In-Service Training		335	
Other Per Diem and Fees		5,601	
Communication		1,436	
Dues and Memberships		70	
Operating Lease Payments		1,056	
Maintenance Agreements		579	
Printing, Stationery, and Forms		339	
Travel		1,243	
Office Supplies		204	
Total General Sessions Judge			110,369

Drug Court

Supervisor/Director	\$	1,062	
Part-time Personnel		1,200	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Drug Court (Cont.)

Other Salaries and Wages	\$	2,695	
In-Service Training		150	
Other Fringe Benefits		443	
Evaluation and Testing		4,328	
Travel		219	
Other Supplies and Materials		1,152	
Total Drug Court			\$ 11,249

Chancery Court

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		48,198	
Salary Supplements		4,900	
In-Service Training		175	
Communication		1,402	
Data Processing Services		5,024	
Dues and Memberships		65	
Printing, Stationery, and Forms		1,106	
Travel		1,115	
Data Processing Supplies		374	
Office Supplies		1,620	
Premiums on Corporate Surety Bonds		740	
Furniture and Fixtures		428	
Total Chancery Court			122,898

Juvenile Court

Guidance Personnel	\$	27,555	
Communication		2,139	
Travel		994	
Instructional Supplies and Materials		103	
Office Supplies		273	
Other Charges		10,521	
Total Juvenile Court			41,585

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	63,527	
Supervisor/Director		45,776	
Deputy(ies)		376,344	
Investigator(s)		39,718	
Lieutenant(s)		40,190	

(Continued)

Exhibit K-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)	\$ 113,229	
Accountants/Bookkeepers	23,447	
Paraprofessionals	25,667	
Salary Supplements	91,186	
Dispatchers/Radio Operators	94,987	
Part-time Personnel	5,566	
Other Salaries and Wages	85,224	
In-Service Training	695	
Communication	16,488	
Data Processing Services	20,272	
Dues and Memberships	1,488	
Operating Lease Payments	1,819	
Maintenance Agreements	576	
Maintenance and Repair Services - Equipment	190	
Maintenance and Repair Services - Vehicles	36,107	
Matching Share	6,527	
Postal Charges	1,000	
Printing, Stationery, and Forms	459	
Tow-in Services	1,960	
Travel	3,324	
Tuition	8,000	
Other Contracted Services	400	
Data Processing Supplies	2,102	
Duplicating Supplies	674	
Gasoline	56,825	
Law Enforcement Supplies	3,566	
Office Supplies	745	
Tires and Tubes	4,945	
Uniforms	5,141	
Other Supplies and Materials	973	
Premiums on Corporate Surety Bonds	1,875	
Other Charges	7,256	
Communication Equipment	2,611	
Data Processing Equipment	289	
Furniture and Fixtures	400	
Law Enforcement Equipment	5,573	
Motor Vehicles	16,151	
Office Equipment	348	
Other Equipment	1,542	
Total Sheriff's Department		\$ 1,215,182

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Administration of the Sexual Offender Registry

Other Charges	\$ 998	
Total Administration of the Sexual Offender Registry		\$ 998

Jail

Supervisor/Director	\$ 46,199	
Lieutenant(s)	32,425	
Sergeant(s)	56,712	
Salary Supplements	35,716	
Guards	260,942	
Cafeteria Personnel	56,722	
Contracts with Government Agencies	31,880	
Maintenance and Repair Services - Equipment	486	
Pest Control	600	
Printing, Stationery, and Forms	712	
Custodial Supplies	6,692	
Drugs and Medical Supplies	37,555	
Duplicating Supplies	135	
Electricity	23,764	
Food Preparation Supplies	1,302	
Food Supplies	48,931	
Natural Gas	5,586	
Office Supplies	150	
Prisoners Clothing	437	
Uniforms	499	
Water and Sewer	5,855	
Other Supplies and Materials	2,785	
Medical Claims	95,180	
Other Charges	313	
Total Jail		751,578

Juvenile Services

Supervisor/Director	\$ 8,324
Probation Officer(s)	1,400
Youth Service Officer(s)	28,372
Salary Supplements	1,200
Clerical Personnel	24,000
In-Service Training	890
Other Fringe Benefits	4,686
Communication	1,005
Postal Charges	420

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Juvenile Services (Cont.)

Travel	\$	2,870	
Data Processing Supplies		1,933	
Instructional Supplies and Materials		3,874	
Other Supplies and Materials		2,183	
Other Charges		2,365	
Data Processing Equipment		576	
Other Equipment		280	
Total Juvenile Services			\$ 84,378

Fire Prevention and Control

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

Rural Fire Protection

Contributions	\$	125,000	
Total Rural Fire Protection			125,000

Rescue Squad

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

Other Emergency Management

Supervisor/Director	\$	18,000	
In-Service Training		250	
Communication		2,788	
Data Processing Services		150	
Dues and Memberships		50	
Maintenance and Repair Services - Equipment		230	
Maintenance and Repair Services - Office Equipment		59	
Maintenance and Repair Services - Vehicles		389	
Printing, Stationery, and Forms		1,868	
Travel		476	
Data Processing Supplies		70	
Gasoline		1,206	
Other Charges		428	
Building Purchases		1,060	
Other Equipment		19,814	
Total Other Emergency Management			46,838

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

County Coroner/Medical Examiner

Other Per Diem and Fees	\$	750	
Contracts with Government Agencies		9,438	
Total County Coroner/Medical Examiner			\$ 10,188

Other Public Safety

Supervisor/Director	\$	30,348	
Salary Supplements		18,236	
Dispatchers/Radio Operators		185,713	
Part-time Personnel		61,144	
In-Service Training		5,130	
Communication		3,519	
Data Processing Services		1,473	
Dues and Memberships		120	
Maintenance and Repair Services - Office Equipment		95	
Postal Charges		58	
Travel		1,324	
Data Processing Supplies		202	
Duplicating Supplies		186	
Office Supplies		856	
Other Charges		5,085	
Data Processing Equipment		250	
Total Other Public Safety			313,739

Public Health and Welfare

Local Health Center

Custodial Personnel	\$	10,787	
Other Salaries and Wages		8,556	
Other Fringe Benefits		628	
Communication		2,177	
Dues and Memberships		150	
Maintenance and Repair Services - Buildings		1,250	
Maintenance and Repair Services - Office Equipment		668	
Pest Control		464	
Travel		57	
Custodial Supplies		1,492	
Drugs and Medical Supplies		2,136	
Office Supplies		537	
Utilities		7,632	
Other Supplies and Materials		1,576	
Total Local Health Center			38,110

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control

Part-time Personnel	\$	12,738	
Other Salaries and Wages		20,333	
In-Service Training		50	
Communication		2,121	
Maintenance and Repair Services - Vehicles		448	
Travel		1,454	
Veterinary Services		17,646	
Animal Food and Supplies		659	
Custodial Supplies		6	
Gasoline		2,254	
Office Supplies		244	
Tires and Tubes		440	
Utilities		2,557	
Other Charges		39	
Total Rabies and Animal Control			\$ 60,989

Ambulance/Emergency Medical Services

Contributions	\$	415,000	
Total Ambulance/Emergency Medical Services			415,000

Crippled Children Services

Contributions	\$	900	
Total Crippled Children Services			900

Other Local Health Services

Other Charges	\$	5	
Total Other Local Health Services			5

Appropriation to State

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

Sanitation Management

Laborers	\$	19,945	
Part-time Personnel		1,421	
Communication		527	
Other Contracted Services		19,480	
Gasoline		888	
Utilities		962	
Other Charges		1,439	
Total Sanitation Management			44,662

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Sanitation Education/Information

Laborers	\$	24,956	
Advertising		75	
Maintenance and Repair Services - Vehicles		2,338	
Gasoline		2,926	
Instructional Supplies and Materials		5,000	
Tires and Tubes		708	
Other Supplies and Materials		1,494	
Other Charges		2,355	
Maintenance Equipment		140	
Motor Vehicles		5,700	
Total Sanitation Education/Information			\$ 45,692

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Supervisor/Director	\$	20,145	
Deputy(ies)		21,592	
Social Workers		19,291	
Other Salaries and Wages		27,348	
State Retirement		3,107	
Medical Insurance		5,368	
Other Fringe Benefits		6,600	
Communication		3,970	
Contracts with Other Public Agencies		4,410	
Operating Lease Payments		1,156	
Licenses		810	
Postal Charges		322	
Travel		7,369	
Custodial Supplies		1,097	
Food Supplies		2,044	
Office Supplies		924	
Other Charges		7,641	
Data Processing Equipment		1,972	
Total Senior Citizens Assistance			135,166

Parks and Fair Boards

Part-time Personnel	\$	10,376	
Contributions		4,000	
Maintenance and Repair Services - Equipment		459	
Custodial Supplies		584	
Electricity		3,769	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Parks and Fair Boards (Cont.)

Gasoline	\$	427	
Other Supplies and Materials		880	
Heating and Air Conditioning Equipment		3,920	
Site Development		7,934	
Total Parks and Fair Boards			\$ 32,349

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$	24,328	
Clerical Personnel		6,257	
Communication		2,037	
Custodial Supplies		126	
Office Equipment		668	
Total Agriculture Extension Service			33,416

Soil Conservation

Salary Supplements	\$	900	
Clerical Personnel		24,000	
Contributions		840	
Total Soil Conservation			25,740

Other Operations

Tourism

Contributions	\$	187,971	
Total Tourism			187,971

Airport

Supervisor/Director	\$	27,110	
Salary Supplements		8,823	
In-Service Training		550	
Communication		1,580	
Maintenance Agreements		2,799	
Maintenance and Repair Services - Buildings		126	
Maintenance and Repair Services - Equipment		2,861	
Maintenance and Repair Services - Vehicles		160	
Travel		160	
Other Contracted Services		3,323	
Custodial Supplies		300	
Equipment and Machinery Parts		485	
Gasoline		79,000	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Airport (Cont.)

Lubricants	\$	671	
Office Supplies		22	
Utilities		15,489	
Other Supplies and Materials		1,554	
Other Charges		5,244	
Maintenance Equipment		79,568	
Site Development		28,562	
Total Airport			\$ 258,387

Veterans' Services

Supervisor/Director	\$	9,083	
Communication		1,030	
Dues and Memberships		25	
Travel		452	
Total Veterans' Services			10,590

Other Charges

Contracts with Government Agencies	\$	9,250	
Maintenance Agreements		9,086	
Rentals		3,600	
Electricity		3,519	
Tires and Tubes		1,041	
Trustee's Commission		73,841	
Workers' Compensation Insurance		44,789	
Total Other Charges			145,126

Contributions to Other Agencies

Contributions	\$	125,450	
Total Contributions to Other Agencies			125,450

Employee Benefits

Social Security	\$	247,785	
State Retirement		191,349	
Medical Insurance		561,818	
Unemployment Compensation		17,125	
Total Employee Benefits			1,018,077

Principal on Debt

General Government

Principal on Capital Leases	\$	23,894	
Total General Government			23,894

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Interest on Debt

General Government

Interest on Capital Leases	\$ 2,751	
Total General Government	<u>2,751</u>	\$ 2,751

Total General Fund		\$ 7,120,400
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Special Purpose Fund

Other Operations

Miscellaneous

Trustee's Commission	\$ 2,543	
Total Miscellaneous	<u>2,543</u>	\$ 2,543

Instruction

Regular Instruction Program

Contributions	\$ 258,358	
Total Regular Instruction Program	<u>258,358</u>	

Total Special Purpose Fund		260,901
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Drug Control Fund

Public Safety

Drug Enforcement

Maintenance and Repair Services - Vehicles	\$ 16,431	
Printing, Stationery, and Forms	249	
Tow-in Services	475	
Gasoline	2,377	
Instructional Supplies and Materials	575	
Law Enforcement Supplies	587	
Uniforms	223	
Trustee's Commission	146	
Other Charges	416	
Communication Equipment	620	
Law Enforcement Equipment	8,668	
Motor Vehicles	<u>5,750</u>	
Total Drug Enforcement		\$ <u>36,517</u>

Total Drug Control Fund		36,517
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(Continued)

Exhibit K-7

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

Constitutional Officers - Fees Fund

General Government

Register of Deeds

Constitutional Officers' Operating Expenses	\$ 108	
Total Register of Deeds		\$ 108

Total Constitutional Officers - Fees Fund \$ 108

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 63,527	
Accountants/Bookkeepers	28,267	
Secretary(ies)	28,267	
Other Salaries and Wages	894	
Advertising	87	
Communication	6,692	
Data Processing Services	6,000	
Dues and Memberships	2,423	
Maintenance and Repair Services - Equipment	3,600	
Maintenance and Repair Services - Office Equipment	1,354	
Pest Control	160	
Postal Charges	467	
Printing, Stationery, and Forms	51	
Travel	1,105	
Data Processing Supplies	873	
Electricity	4,729	
Natural Gas	1,745	
Office Supplies	304	
Water and Sewer	498	
Other Supplies and Materials	568	
Office Equipment	2,275	
Total Administration		\$ 153,886

Highway and Bridge Maintenance

Equipment Operators	\$ 308,702
Truck Drivers	250,456
Other Salaries and Wages	7,159
Medical and Dental Services	939
Permits	1,050
Other Contracted Services	11,716
Asphalt	165,275
Concrete	5,610

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Crushed Stone	\$	95,890	
Pipe - Metal		49,334	
Road Signs		1,962	
Salt		300	
Sand		401	
Wood Products		2,238	
Other Supplies and Materials		3,130	
Other Charges		449	
Other Equipment		21,303	
Total Highway and Bridge Maintenance			\$ 925,914

Operation and Maintenance of Equipment

Mechanic(s)	\$	69,750	
Other Salaries and Wages		772	
Diesel Fuel		68,303	
Equipment and Machinery Parts		60,134	
Garage Supplies		950	
Gasoline		36,324	
Lubricants		5,062	
Small Tools		1,197	
Tires and Tubes		16,890	
Other Supplies and Materials		72	
Other Charges		770	
Total Operation and Maintenance of Equipment			260,224

Other Charges

Trustee's Commission	\$	21,200	
Workers' Compensation Insurance		36,051	
Total Other Charges			57,251

Employee Benefits

Social Security	\$	57,500	
State Retirement		42,200	
Employee and Dependent Insurance		144,969	
Unemployment Compensation		6,309	
Total Employee Benefits			250,978

Capital Outlay

Highway Equipment	\$	215,238	
Total Capital Outlay			215,238

Total Highway/Public Works Fund \$ 1,863,491

(Continued)

Exhibit K-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	\$ 115,000	
Principal on Notes	425,176	
Principal on Other Loans	88,000	
Total General Government		\$ 628,176

Education

Principal on Bonds	\$ 500,000	
Principal on Other Loans	13,600	
Total Education		513,600

Interest on Debt

General Government

Interest on Bonds	\$ 197,700	
Interest on Notes	38,530	
Interest on Other Loans	6,104	
Total General Government		242,334

Education

Interest on Bonds	\$ 309,145	
Total Education		309,145

Other Debt Service

General Government

Bank Charges	\$ 2,712	
Trustee's Commission	13,592	
Total General Government		16,304

Education

Bank Charges	\$ 950	
Total Education		950

Total General Debt Service Fund \$ 1,710,509

Community Development/Industrial Park Fund

Other Operations

Other Charges

Trustee's Commission	\$ 1,714	
Total Other Charges		\$ 1,714

(Continued)

Exhibit K-7

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

Community Development/Industrial Park Fund (Cont.)

Capital Projects

General Administration Projects

Architects	\$ 338,249	
Other Charges	12,885	
Total General Administration Projects		\$ 351,134

Total Community Development/Industrial Park Fund \$ 352,848

Highway Capital Projects Fund

Highways

Highway and Bridge Maintenance

Road Signs	\$ 4,824	
Total Highway and Bridge Maintenance		\$ 4,824

Other Charges

Trustee's Commission	\$ 2	
Total Other Charges		2

Total Highway Capital Projects Fund 4,826

Other Capital Projects Fund

Other Operations

Other Charges

Trustee's Commission	\$ 601	
Total Other Charges		\$ 601

Capital Projects

General Administration Projects

Advertising	\$ 192	
Engineering Services	49,480	
Building Construction	187,661	
Total General Administration Projects		237,333

Total Other Capital Projects Fund 237,934

Total Governmental Funds - Primary Government \$ 11,587,534

Exhibit K-8

Benton County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Benton County School Department
For the Year Ended June 30, 2009

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 5,849,988	
Career Ladder Program	72,975	
Career Ladder Extended Contracts	49,441	
Homebound Teachers	6,160	
Clerical Personnel	21,636	
Educational Assistants	248,660	
Other Salaries and Wages	7,245	
Non-certified Substitute Teachers	64,765	
Social Security	372,249	
State Retirement	394,910	
Medical Insurance	994,131	
Unemployment Compensation	6,065	
Employer Medicare	88,220	
Other Fringe Benefits	228	
Communication	43,206	
Other Contracted Services	97,417	
Instructional Supplies and Materials	227,292	
Textbooks	202,744	
Fee Waivers	11,368	
Other Charges	1,196	
Regular Instruction Equipment	185,101	
Total Regular Instruction Program		\$ 8,944,997

Special Education Program

Teachers	\$ 628,100	
Career Ladder Program	8,000	
Homebound Teachers	17,373	
Educational Assistants	51,881	
Speech Pathologist	84,994	
Non-certified Substitute Teachers	7,500	
Social Security	47,295	
State Retirement	50,338	
Medical Insurance	133,142	
Unemployment Compensation	735	
Employer Medicare	11,061	
Communication	1,000	
Postal Charges	500	
Other Contracted Services	32,997	
Other Charges	75	
Total Special Education Program		1,074,991

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Vocational Education Program

Teachers	\$	431,660	
Career Ladder Program		5,000	
Guidance Personnel		43,880	
Non-certified Substitute Teachers		7,128	
Social Security		28,346	
State Retirement		30,857	
Medical Insurance		76,781	
Unemployment Compensation		362	
Employer Medicare		6,632	
Maintenance and Repair Services - Equipment		2,712	
Instructional Supplies and Materials		17,231	
Vocational Instruction Equipment		14,604	
Total Vocational Education Program			\$ 665,193

Adult Education Program

Teachers	\$	90,008	
Career Ladder Program		1,000	
Paraprofessionals		13,781	
Social Security		5,789	
State Retirement		6,185	
Medical Insurance		11,053	
Unemployment Compensation		138	
Employer Medicare		1,480	
Communication		1,922	
Evaluation and Testing		721	
Maintenance and Repair Services - Equipment		662	
Postal Charges		240	
Other Contracted Services		4,252	
Instructional Supplies and Materials		8,340	
Other Charges		25	
Regular Instruction Equipment		1,294	
Total Adult Education Program			146,890

Support Services

Attendance

Supervisor/Director	\$	61,239	
Career Ladder Program		1,000	
Social Security		3,720	
State Retirement		3,990	

(Continued)

Exhibit K-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.)

Attendance (Cont.)

Medical Insurance	\$	7,577	
Unemployment Compensation		33	
Employer Medicare		870	
Travel		1,078	
Total Attendance			\$ 79,507

Health Services

Medical Personnel	\$	84,339	
Paraprofessionals		56,246	
Social Security		8,594	
State Retirement		7,681	
Medical Insurance		20,876	
Unemployment Compensation		164	
Employer Medicare		2,119	
Postal Charges		250	
Travel		6,681	
Drugs and Medical Supplies		984	
Instructional Supplies and Materials		8,069	
Other Supplies and Materials		282	
Total Health Services			196,285

Other Student Support

Career Ladder Program	\$	4,000	
Guidance Personnel		233,136	
Social Security		14,157	
State Retirement		15,224	
Medical Insurance		30,584	
Unemployment Compensation		164	
Employer Medicare		3,202	
Evaluation and Testing		20,017	
Travel		506	
Total Other Student Support			320,990

Regular Instruction Program

Supervisor/Director	\$	123,872	
Career Ladder Program		8,500	
Librarians		222,714	
Instructional Computer Personnel		51,974	
Social Security		21,177	

(Continued)

Exhibit K-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.)

Regular Instruction Program (Cont.)

State Retirement	\$	24,012	
Medical Insurance		56,023	
Unemployment Compensation		280	
Employer Medicare		5,425	
Legal Notices, Recording, and Court Costs		266	
Postal Charges		1,000	
Travel		5,013	
Library Books/Media		34,830	
In Service/Staff Development		800	
Other Charges		444	
Total Regular Instruction Program			\$ 556,330

Special Education Program

Supervisor/Director	\$	28,249	
Career Ladder Program		1,000	
Psychological Personnel		41,991	
Social Security		4,166	
State Retirement		4,564	
Medical Insurance		8,290	
Unemployment Compensation		49	
Employer Medicare		974	
Travel		2,576	
Total Special Education Program			91,859

Vocational Education Program

Supervisor/Director	\$	65,854	
Career Ladder Program		1,000	
Secretary(ies)		21,586	
Social Security		5,414	
State Retirement		5,683	
Medical Insurance		10,130	
Unemployment Compensation		66	
Employer Medicare		1,266	
Travel		15,637	
Custodial Supplies		2,471	
Gasoline		350	
Total Vocational Education Program			129,457

(Continued)

Exhibit K-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.)

Adult Programs

Supervisor/Director	\$	58,124	
Career Ladder Program		1,000	
Social Security		3,320	
State Retirement		3,790	
Medical Insurance		9,247	
Unemployment Compensation		33	
Employer Medicare		776	
Travel		6,773	
Total Adult Programs			\$ 83,063

Other Programs

On-Behalf Payments to OPEB	\$	80,864	
Total Other Programs			80,864

Board of Education

Secretary to Board	\$	825	
Board and Committee Members Fees		13,612	
Social Security		895	
State Retirement		53	
Employer Medicare		209	
Audit Services		31,180	
Dues and Memberships		4,646	
Legal Services		1,008	
Legal Notices, Recording, and Court Costs		510	
Travel		2,263	
Building and Contents Insurance		97,009	
Trustee's Commission		120,422	
Workers' Compensation Insurance		70,184	
In Service/Staff Development		2,280	
Criminal Investigation of Applicants - TBI		336	
Refund to Applicant for Criminal Investigation		672	
Other Charges		1,133	
Total Board of Education			347,237

Director of Schools

County Official/Administrative Officer	\$	84,033	
Career Ladder Program		1,000	
Social Security		5,166	
State Retirement		5,459	

(Continued)

Exhibit K-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	\$	802	
Medical Insurance		8,267	
Unemployment Compensation		33	
Employer Medicare		1,208	
Communication		4,513	
Dues and Memberships		1,537	
Postal Charges		3,000	
Travel		3,260	
Total Director of Schools			\$ 118,278

Office of the Principal

Principals	\$	350,185	
Career Ladder Program		11,000	
Assistant Principals		219,651	
Secretary(ies)		104,824	
Social Security		41,211	
State Retirement		43,562	
Medical Insurance		92,379	
Unemployment Compensation		526	
Employer Medicare		9,638	
Communication		19,720	
Postal Charges		2,441	
Total Office of the Principal			895,137

Fiscal Services

Accountants/Bookkeepers	\$	28,772	
Clerical Personnel		60,942	
Social Security		5,469	
State Retirement		5,804	
Medical Insurance		18,805	
Unemployment Compensation		115	
Employer Medicare		1,279	
Data Processing Services		5,629	
Travel		60	
Office Supplies		3,314	
Administration Equipment		3,997	
Total Fiscal Services			134,186

(Continued)

Exhibit K-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

Custodial Personnel	\$	271,972	
Social Security		16,664	
State Retirement		14,772	
Medical Insurance		114,856	
Unemployment Compensation		862	
Employer Medicare		3,897	
Other Fringe Benefits		91	
Janitorial Services		16,684	
Rentals		515	
Disposal Fees		14,089	
Permits		200	
Custodial Supplies		71,514	
Electricity		516,758	
Natural Gas		162,376	
Water and Sewer		45,685	
Other Supplies and Materials		9,109	
Other Charges		849	
Plant Operation Equipment		14,227	
Total Operation of Plant			\$ 1,275,120

Maintenance of Plant

Supervisor/Director	\$	37,930	
Maintenance Personnel		247,783	
Social Security		17,719	
State Retirement		18,384	
Medical Insurance		65,398	
Unemployment Compensation		402	
Employer Medicare		4,144	
Maintenance and Repair Services - Equipment		28,220	
Maintenance and Repair Services - Vehicles		5,249	
Other Contracted Services		2,199	
Diesel Fuel		1,254	
Equipment and Machinery Parts		15,822	
Gasoline		6,593	
Other Supplies and Materials		34,606	
Other Charges		14	
Maintenance Equipment		30,445	
Total Maintenance of Plant			516,162

(Continued)

Exhibit K-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.)

Transportation

Other Fringe Benefits	\$	2,274	
Communication		5,971	
Contracts with Vehicle Owners		753,526	
Maintenance and Repair Services - Vehicles		17,533	
Travel		301	
Other Contracted Services		22,572	
Diesel Fuel		16,351	
Other Charges		27,845	
Transportation Equipment		28,704	
Total Transportation			\$ 875,077

Central and Other

Computer Programmer(s)	\$	48,421	
Social Security		2,995	
State Retirement		3,133	
Medical Insurance		6,447	
Unemployment Compensation		66	
Employer Medicare		700	
Travel		2,398	
Total Central and Other			64,160

Operation of Non-Instructional Services

Food Service

Medical Insurance	\$	85,883	
Total Food Service			85,883

Community Services

Contributions	\$	5,500	
Total Community Services			5,500

Early Childhood Education

Teachers	\$	76,319	
Educational Assistants		40,024	
Non-certified Substitute Teachers		1,034	
Other Per Diem and Fees		500	
Social Security		6,929	
State Retirement		7,367	
Medical Insurance		33,800	
Unemployment Compensation		197	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education (Cont.)

Employer Medicare	\$	1,621	
Maintenance and Repair Services - Equipment		476	
Postal Charges		1,350	
Travel		1,512	
Instructional Supplies and Materials		18,650	
Other Charges		656	
Regular Instruction Equipment		24,116	
Total Early Childhood Education			\$ 214,551

Capital Outlay

Regular Capital Outlay

Other Contracted Services	\$	5,494	
Building Improvements		573,974	
Heating and Air Conditioning Equipment		186,756	
Site Development		94,144	
Total Regular Capital Outlay			860,368

Principal on Debt

Education

Principal on Notes	\$	28,206	
Principal on Capital Leases		35,704	
Total Education			63,910

Interest on Debt

Education

Interest on Notes	\$	7,403	
Interest on Capital Leases		8,400	
Total Education			15,803

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	402,169	
Total Education			402,169

Total General Purpose School Fund \$ 18,243,967

(Continued)

Exhibit K-8

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

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	378,281	
Educational Assistants		77,731	
Non-certified Substitute Teachers		7,417	
Social Security		27,209	
State Retirement		28,792	
Medical Insurance		94,274	
Unemployment Compensation		330	
Employer Medicare		6,367	
Instructional Supplies and Materials		12,651	
Total Regular Instruction Program			\$ 633,052

Special Education Program

Teachers	\$	64,626	
Educational Assistants		178,992	
Non-certified Substitute Teachers		874	
Social Security		14,691	
State Retirement		14,972	
Medical Insurance		105,876	
Unemployment Compensation		381	
Employer Medicare		3,436	
Instructional Supplies and Materials		21,926	
Special Education Equipment		98,233	
Total Special Education Program			504,007

Vocational Education Program

Instructional Supplies and Materials	\$	8,000	
Vocational Instruction Equipment		24,792	
Total Vocational Education Program			32,792

Support Services

Health Services

Medical Personnel	\$	36,326	
Social Security		2,252	
State Retirement		2,350	
Medical Insurance		5,065	
Unemployment Compensation		18	
Employer Medicare		527	
Total Health Services			46,538

(Continued)

Exhibit K-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.)

Other Student Support

Secretary(ies)	\$	20,898	
Other Salaries and Wages		54,710	
Social Security		4,661	
State Retirement		4,604	
Medical Insurance		11,053	
Unemployment Compensation		48	
Employer Medicare		1,090	
Postal Charges		56	
Travel		4,593	
Other Contracted Services		4,138	
Other Supplies and Materials		2,682	
In Service/Staff Development		10,125	
Other Charges		4,604	
Other Equipment		341	
Total Other Student Support			\$ 123,603

Regular Instruction Program

Supervisor/Director	\$	30,630	
Clerical Personnel		13,483	
Other Salaries and Wages		14,064	
In-Service Training		2,700	
Social Security		3,773	
State Retirement		3,912	
Medical Insurance		5,296	
Unemployment Compensation		18	
Employer Medicare		882	
Operating Lease Payments		3,677	
Postal Charges		42	
Travel		4,028	
Other Contracted Services		16,162	
Other Supplies and Materials		1,254	
In Service/Staff Development		11,707	
Criminal Investigation of Applicants - TBI		192	
Total Regular Instruction Program			111,820

Special Education Program

Supervisor/Director	\$	27,960
Secretary(ies)		16,575
Social Security		2,729

(Continued)

Exhibit K-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.)

Special Education Program (Cont.)

State Retirement	\$	2,867	
Medical Insurance		8,290	
Unemployment Compensation		27	
Employer Medicare		638	
Postal Charges		338	
Travel		7,307	
Other Contracted Services		2,959	
Other Charges		98	
Total Special Education Program			\$ 69,788

Vocational Education Program

Travel	\$	1,460	
Other Charges		994	
Total Vocational Education Program			2,454

Total School Federal Projects Fund \$ 1,524,054

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Cafeteria Personnel	\$	420,654	
In-Service Training		2,000	
Social Security		25,649	
State Retirement		22,070	
Medical Insurance		85,881	
Unemployment Compensation		1,408	
Employer Medicare		6,014	
Other Fringe Benefits		185	
Communication		5,411	
Laundry Service		730	
Maintenance and Repair Services - Equipment		4,533	
Postal Charges		100	
Travel		459	
Food Preparation Supplies		35,798	
Food Supplies		626,143	
Office Supplies		3,635	
Uniforms		516	
Other Supplies and Materials		488	
In Service/Staff Development		800	
Other Charges		1,189	
Food Service Equipment		12,220	
Total Food Service			\$ 1,255,883

Total Central Cafeteria Fund 1,255,883

Total Governmental Funds - Benton County School Department \$ 21,023,904

Exhibit K-9

Benton County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2009

	<u>Cities - Sales Tax Fund</u>
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 1,460,691
Total Cash Receipts	<u>\$ 1,460,691</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,183,160
Trustee's Commission	14,607
Contributions	262,924
Total Cash Disbursements	<u>\$ 1,460,691</u>
Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2008	<u>0</u>
Cash Balance, June 30, 2009	<u><u>\$ 0</u></u>

SINGLE AUDIT SECTION

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STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402

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

March 10, 2010

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

To the County Mayor and Board of County Commissioners:

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, 2009, which collectively comprise Benton County's basic financial statements and have issued our report thereon dated March 10, 2010. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Industrial Development Board of the County of Benton, which were not available from other auditors as of the date of this report. Also, our report on the aggregate remaining fund information was qualified due to not including the financial statements of the Benton County Library, a nonmajor special revenue fund, which were not available from other auditors as of the date of this report. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Benton County Electric System (a major fund and the entire business-type activities) and the discretely presented Benton County Emergency Communications District 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, we considered Benton County's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Benton County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting: 09.01, 09.02, 09.05, 09.07, 09.10, and 09.12.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Benton County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 09.01, 09.02, and 09.10 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Benton County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required

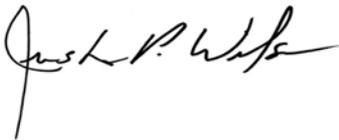
to be reported under Government Auditing Standards and are described in the accompanying Schedule of Findings and Questioned Costs as items 09.03, 09.04, 09.06, 09.08, and 09.09.

We consider item 09.11 described in the accompanying Schedule of Findings and Questioned Costs to be a noteworthy control deficiency over financial operations. We also noted certain matters that we reported to management of Benton County in separate communications.

Benton County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Benton County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, county mayor, director of schools, road supervisor, Board of County Commissioners, Board of Education, others within Benton County, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/sb

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

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

March 10, 2010

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited the compliance of Benton County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2009. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Benton County's management. Our responsibility is to express an opinion on Benton County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Benton County's compliance with those requirements and

performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Benton County's compliance with those requirements.

In our opinion, Benton County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of Benton County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Benton County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

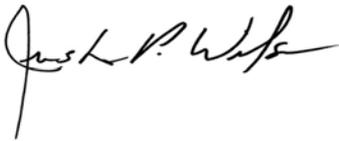
We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Benton County as of and for the year ended June 30, 2009, and have issued our report thereon dated March 10, 2010. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Industrial Development Board of the County of Benton, which were not available from other auditors as of the date of this report. Also, our report on the

aggregate remaining fund information was qualified due to not including the financial statements of the Benton County Library, a nonmajor special revenue fund, which were not available from other auditors as of the date of this report. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Benton County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Benton County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Benton County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, county mayor, director of schools, road supervisor, Board of County Commissioners, Board of Education, others within Benton County, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a long vertical stroke extending downwards from the end.

Justin P. Wilson
Comptroller of the Treasury

JPW/sb

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Benton County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year-Ended June 30, 2009

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:			
Nutrition Cluster:			
School Breakfast Program	10.553	N/A	\$ 369,726
National School Lunch Program	10.555	N/A	584,207 (8)
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	128,195 (8)
Total U.S. Department of Agriculture			<u>\$ 1,082,128</u>
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	Z-09-022827-00	\$ 9,000
Total U.S. Department of Justice			<u>\$ 9,000</u>
U.S. Department of Labor:			
Passed-through Southwest Human Resources Agency:			
WIA Youth Activities	17.259	(2)	\$ 43,169
Passed-through State Department of Labor and Workforce Development:			
Incentive Grants - WIA Section 503	17.267	(2)	4,000
Total U.S. Department of Labor			<u>\$ 47,169</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Airport Improvement Program	20.106	Z-08-200638-00	\$ 213,427
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	Z-08-023796-00	1,033
Total U.S. Department of Transportation			<u>\$ 214,460</u>
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - Basic Grants to States	84.002	Z-09-213441-00	\$ 63,324
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	687,932
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	637,900
Special Education - Preschool Grants	84.173	N/A	17,963
Career and Technical Education - Basic Grants to States	84.048	N/A	53,862
Safe and Drug-free Schools and Communities - State Grants	84.186	(2)	8,122
State Grants for Innovative Programs	84.298	N/A	46,539
Education Technology State Grants	84.318	(2)	6,104
Rural Education	84.358	N/A	41,834
English Language Acquisition Grants	84.365	N/A	4,050
Improving Teacher Quality State Grants	84.367	N/A	105,920
Total U.S. Department of Education			<u>\$ 1,673,550</u>
U.S. Elections Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	Z-09-217231-00	\$ 1,000
Total U.S. Elections Assistance Commission			<u>\$ 1,000</u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Health and Human Services:			
Passed-through Northwest Tennessee Development District:			
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043	(2)	\$ 1,740
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Citizens	93.044	(2)	37,300
National Family Caregiver Support, Title III, Part E	93.052	(2)	7,812
Total U.S. Department of Health and Human Services			<u>\$ 46,852</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	(3)	\$ 26,537
Emergency Management Performance Grants	97.042	(4)	14,311
Total U.S. Department of Homeland Security			<u>\$ 40,848</u>
Total Expenditures of Federal Awards			<u>\$ 3,115,007</u>
<u>State Grants</u>		<u>Contract Number</u>	
Safe Schools Act - State Department of Education	N/A	(2)	\$ 14,900
Adult Basic Education - State Department of Education	N/A	Z-09-213441-00	21,107
Coordinated School Health - State Department of Education	N/A	(2)	94,673
Airport Maintenance Program - State Department of Transportation	N/A	(5)	6,106
Juvenile Justice and Delinquency Prevention - State Commission on Children and Youth	N/A	(6)	89,370
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	10,103
Waste Tire Option Grant - State Department of Environment and Conservation	N/A	Z-08-212978-00	12,000
Drug Court Treatment Resources Fund Grant - State Department of Finance and Administration	N/A	Z-05-025539-00	7,083
Local Health Services - State Department of Health	N/A	(7)	8,363
Litter Program - State Department of Transportation	N/A	Z-09-212721-00	25,742
Grounds Maintenance Equipment Grant - State Department of Transportation	N/A	Z-09-213979-00	59,325
Total State Grants			<u>\$ 348,772</u>

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

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
(2) Information not available.
(3) Z-08-212815-00: \$18,240; information not available: \$8,297.
(4) GG-08-25939-00: \$9,000; information not available: \$5,311.
(5) Z-08-0821563: \$1,280; Z-09-213362-00: \$4,826.
(6) GG-08-21639-00: \$4,993; GG-09-26258-00: \$84,377.
(7) Z-08-020409-00: \$615; Z-09-213788-01: \$7,748.
(8) Total for CFDA No. 10.555 is \$712,402.

Benton County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2009

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report of Benton County, Tennessee, for the year ended June 30, 2008, which have not been corrected.

BENTON COUNTY AND BENTON COUNTY SCHOOL DEPARTMENT

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
08.01	194	Benton County and the Benton County School Department do not have the resources to produce financial statements and notes to the financial statements
08.02	195	The General, Highway/Public Works, General Debt Service, and Other Capital Projects funds required material audit adjustments for proper financial statement presentation

OFFICE OF COUNTY MAYOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
08.03	195	Requisitions and purchase orders were not issued for some purchases
08.04	196	The office had deficiencies in budget operations
08.05	196	Accounting deficiencies were noted in funds administered by the county mayor

OFFICE OF GENERAL SESSIONS COURT CLERK

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
08.15	203	The general sessions court clerk's bank statements were not reconciled with general ledger accounts, and outstanding check lists were not prepared currently
08.16	204	The execution docket trial balance in general sessions court did not reconcile with cash journal accounts

OFFICE OF CLERK AND MASTER

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
08.19	205	Prenumbered receipts were not issued for all collections

OTHER FINDINGS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
08.26	212	A central system of accounting, budgeting, and purchasing had not been adopted
08.27	212	Duties were not segregated adequately in the Offices of Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff

BENTON COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2009

PART I, SUMMARY OF AUDITOR'S RESULTS

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

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The written responses of the circuit and general sessions courts clerk, clerk and master, and probation office management are paraphrased in this report.

BENTON COUNTY AND BENTON COUNTY SCHOOL DEPARTMENT

FINDING 09.01 **BENTON COUNTY AND THE BENTON COUNTY SCHOOL DEPARTMENT DO NOT HAVE THE RESOURCES TO PRODUCE FINANCIAL STATEMENTS AND NOTES TO THE FINANCIAL STATEMENTS**

(Internal Control – Material Weakness Under Government Auditing Standards)

Generally accepted auditing standards require that Benton County's and the Benton County School Department's financial statements be the product of financial reporting systems that offer reasonable assurance that management is able to produce financial statements and notes to the financial statements that comply with generally accepted accounting principles (GAAP). The preparation of financial statements in accordance with GAAP requires that the county and the School Department have internal controls over reporting government-wide and fund financial information and preparing the related notes. It is permissible for us, as the external auditors, to assist the county and the School Department in preparing their financial statements and notes as a matter of convenience as long as the county and the School Department have the skills needed to prepare their financial statements and notes. However, management, including the accounting staff, does not have the technical skills to prepare GAAP financial statements and disclosures. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report. The inability to prepare financial statements and notes is an indication of a lack of controls, or ineffective controls, because material misstatements may not be detected.

RECOMMENDATION

Benton County and the Benton County School Department should develop the ability to produce financial statements and notes to the financial statements that comply with GAAP. This could include having at least one staff member trained in financial statement preparation. This staff member should have sufficient skills necessary to prepare a complete set of year-end financial statements even though the external auditors prepare the county's and the School Department's financial statements as a matter of convenience. If we, as the external auditors, continue to prepare the county's and the School Department's financial statements, this individual must have sufficient knowledge to determine the completeness of financial statement information and disclosures.

FINDING 09.02

THE GENERAL, HIGHWAY/PUBLIC WORKS, GENERAL DEBT SERVICE, SCHOOL FEDERAL PROJECTS, AND OTHER CAPITAL PROJECTS FUNDS REQUIRED MATERIAL AUDIT ADJUSTMENTS FOR PROPER FINANCIAL STATEMENT PRESENTATION

(Internal Control – Material Weakness Under Government Auditing Standards)

At June 30, 2009, certain general ledger account balances in the General, Highway/Public Works, General Debt Service, School Federal Projects, and Other Capital Projects funds were not materially correct, and audit adjustments were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require Benton County and the Benton County School Department to have adequate internal controls over the maintenance of their accounting records. Material audit adjustments were required because the county's and the School Department's financial reporting systems did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the county and the School Department have ineffective controls over the maintenance of their accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

Benton County and the Benton County School Department should have appropriate processes in place to ensure that their general ledgers are materially correct.

OFFICE OF COUNTY MAYOR

FINDING 09.03

THE COUNTY MAYOR'S OFFICE HAD PURCHASING DEFICIENCIES

(Noncompliance Under Government Auditing Standards)

Our review of purchasing procedures revealed the following deficiencies:

- A. The office did not issue requisitions and purchase orders for some purchases. Requisitions and purchase orders are necessary to control who has purchasing authority for the county and to document purchasing commitments. Chapter 541, Private Acts of 1939, as amended, provides for the issuance of requisitions and purchase orders for all general county purchases of equipment, supplies, and materials. This deficiency can be attributed to the failure of management to correct the finding noted in the prior-year audit report.

- B. Competitive bids were solicited through public advertisement for airport mowing equipment. However, the bid specifications listed a particular brand and make/model. Using bid specifications that apply only to a particular brand violates the intent of Section 5-14-201, et seq., Tennessee Code Annotated. County personnel advised that they were specific in the listing of the bid specifications because of the reliability of previously owned equipment used at the airport.

RECOMMENDATION

Requisitions and purchase orders should be issued for all applicable purchases in accordance with Chapter 541, Private Acts of 1939. The office should develop bid specifications that are not brand specific. Bids should then be evaluated on the basis of several criteria, including price, quality, availability, warranty, maintenance costs, experience, etc.

FINDING 09.04 **THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS** (Noncompliance Under Government Auditing Standards)

Our examination of budget operations revealed the following deficiencies:

- A. Special Purpose Fund expenditures exceeded total appropriations approved by the County Commission by \$10,901. This deficiency occurred because the Office of County Mayor does not maintain accounting records for this fund, and management failed to correct the finding noted in the prior-year audit report. The only records maintained for this fund were the trustee's records, which involved the investment of funds from the sale of the county's hospital and transfers to other funds. During the 2009-10 year, the county mayor's office began maintaining records for this fund.
- B. Expenditures exceeded appropriations approved by the County Commission in the Transfers Out major appropriation category (the legal level of control) of the General Fund by \$1,340. This deficiency exists because management failed to properly monitor budget operations during the year and failed to correct the finding noted in the prior-year audit report.

Section 5-9-401, Tennessee Code Annotated, states that "All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices, and agencies of county government shall be appropriated to such use by the county legislative bodies."

RECOMMENDATION

The Office of County Mayor should maintain accounting records for the Special Purpose Fund. Expenditures should be held within appropriations approved by the County Commission.

FINDING 09.05 **GENERAL LEDGER PAYROLL DEDUCTION ACCOUNTS WERE NOT RECONCILED WITH PAYROLL REPORTS AND PAYMENTS IN THE GENERAL FUND**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

General ledger payroll deduction accounts were not reconciled with payroll reports and payments in the General Fund. The failure to regularly reconcile payroll deduction accounts allowed errors to remain undiscovered and uncorrected. During the audit period, the payroll clerk paid \$8,830 to credit union accounts of three employees without deducting the funds from their paychecks. Management has indicated the county will collect the funds, and a receivable has been reflected in the financial statements of this report. This deficiency exists because management failed to correct the finding noted in the prior-year audit report.

RECOMMENDATION

General ledger payroll liability accounts should be reconciled monthly with payroll reports and payments, and any errors discovered should be corrected promptly. Officials should ensure that the \$8,830 is collected from the three employees.

OFFICE OF ROAD SUPERVISOR

FINDING 09.06 **GENERAL LEDGER CASH ACCOUNTS WERE NOT RECONCILED WITH COUNTY TRUSTEE REPORTS**
(Noncompliance Under Government Auditing Standards)

The office did not reconcile general ledger cash accounts with county trustee reports for funds administered by the road supervisor. Section 9-2-138, Tennessee Code Annotated, requires officials to reconcile their respective fund accounts with the county trustee reports monthly. Office personnel did prepare a monthly reconciliation; however, the ending cash balance was never compared to the general ledger. As a result, an error in voiding a \$238,854 warrant in the Highway/Public Works Fund, and errors in recording journal entries and cash receipts in the Highway Capital Projects Fund were never detected and corrected. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

The office should reconcile the cash balances of its funds with the trustee's reports monthly as required by state statute, and any errors discovered should be corrected promptly.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

FINDING 09.07 **BANK STATEMENTS WERE NOT RECONCILED WITH GENERAL LEDGER ACCOUNTS CURRENTLY**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

We noted the following deficiencies in the courts' reconciliation processes:

- A. Circuit Court bank statements were not reconciled with the general ledger in a timely manner. The bank statements for September 2008 through June 2009 were not reconciled until October 2009. This deficiency occurred because the official did not complete the reconciliations on a current basis.

- B. General Sessions Court bank statements were not reconciled with the general ledger in a timely manner. In addition, errors identified from the reconciliation process were not corrected. After receipt of the bank statements, up to four months elapsed before the bank statements were reconciled with the general ledger. The employee responsible for reconciling the bank statements was not aware she needed to post journal entries for the identified errors until she was informed after June 30. Subsequent to June 30, management made adjusting entries for several identified errors, and audit adjustments were provided for errors that remained uncorrected. The failure to correct identified errors allows incorrect account balances to remain on the general ledger.

Sound business practices require the reconciliation of bank statements with general ledger accounts currently to ensure that all cash collections and disbursements are recorded in the accounting records accurately. The failure to currently reconcile bank statements with the general ledger allows errors to remain undiscovered and uncorrected.

RECOMMENDATION

Bank statements should be reconciled with the general ledger monthly, and any errors discovered should be corrected promptly.

MANAGEMENT'S RESPONSE – CIRCUIT AND GENERAL SESSIONS COURTS CLERK

Statements have been reconciled, and all differences have been adjusted for both Circuit and General Sessions Courts.

FINDING 9.08 THE EXECUTION DOCKET TRIAL BALANCE IN GENERAL SESSIONS COURT DID NOT RECONCILE WITH CASH JOURNAL ACCOUNTS
(Noncompliance Under Government Auditing Standards)

At June 30, 2009, the General Sessions Court clerk had prepared a trial balance of execution docket cause balances as required by Section 18-2-103, Tennessee Code Annotated (TCA). However, the trial balance did not reconcile with cash journal accounts. Therefore, we were unable to determine if the clerk had complied with provisions of the Unclaimed Property Act, Section 66-29-110, TCA. This statute provides that any funds held by the court for one year and unclaimed by the owner are considered abandoned. Section 66-29-113, TCA, further requires these funds to be reported and paid to the state Treasurer's Office. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

The clerk should reconcile the execution docket trial balances with cash journal accounts. Any funds held by the court for one year and unclaimed by the owner are considered abandoned and should be reported and paid to the state Treasurer's Office in compliance with state statutes.

MANAGEMENT'S RESPONSE – CIRCUIT AND GENERAL SESSIONS COURTS CLERK

This has been a continuing problem related to the changing of our software program three years ago. We are still working with our current software provider and are close to having all problems resolved.

OFFICE OF CLERK AND MASTER

FINDING 09.09 PRENUMBERED RECEIPTS WERE NOT ISSUED FOR SOME COLLECTIONS
(Noncompliance Under Government Auditing Standards)

The Office of Clerk and Master did not issue prenumbered receipts for some collections as required by Section 9-2-103, Tennessee Code Annotated. The office manually issued receipts that are not prenumbered for child support collections that are remitted to the state. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

Prenumbered receipts should be issued for all collections as required by state statute.

MANAGEMENT'S RESPONSE – CLERK AND MASTER

Prenumbered receipts are being used on all transactions at this time.

OTHER FINDINGS AND RECOMMENDATIONS

Finding 09.10

A REVIEW OF THE OFFICE OF TENNESSEE JUDICIAL COURT SUPPORT, INC., REVEALED DEFICIENCIES IN CASH COLLECTION AND DEPOSIT PROCEDURES

(Internal Control – Material Weakness Under Government Auditing Standards)

We conducted a review of the Office of Tennessee Judicial Court Support, Inc., (Probation Office), which provides probation services for Benton County. We noted that in some instances, probationers paid their fines and costs to the Probation Office in-lieu-of the Benton County Office of Circuit and General Sessions Courts Clerk. We obtained receipt books and other records from the Probation Office for the period April 27, 2007, through October 20, 2008, and attempted to reconcile the receipts issued with remittances to the court. The Probation Office had cash on hand of \$2,706.47 that they had not remitted to the proper court or probationer and was unidentified. These unaccounted funds include receipts from 45 individuals. For three of the 45 individuals, the receipts totaled the remaining balance due on their cases according to court records. We were unable to determine if these individuals had been detained on probation due to a purported unpaid balance of court costs and fines.

The following deficiencies were noted in the Probation Office's cash collection and deposit procedures:

- A. Receipts were not always issued sequentially. For example, receipts were sometimes skipped, and the skipped receipts might be used as much as two months later instead of being voided. Also, probation personnel did not ensure that they had the correct receipt book before issuing a receipt to the defendant. For example, Probation Office employees occasionally receipted court fines and costs in the probation fees receipt book and receipted probation fees in the court fines and cost receipt book. Sometime receipts were torn from the book and then stapled to the front cover of the applicable receipt book. We were unable to find 127 receipts that had been torn from the books. Also, although the manual receipt books used were prenumbered; consecutively numbered books were not used. Due to these deficiencies, we were unable to account for all receipts issued. Sound business practice requires the issuance of sequentially prenumbered receipts and receipt books and the accountability of all receipts.
- B. Probation Office receipts were not always legible or complete. In addition, probation employees did not complete all information on the receipts or ensure the cardboard separator was used between receipts. As a result, several receipts could not be read. Nine receipts were noted without dates.

Sound business practices dictate that handwritten receipts be legible, and all applicable information be completed. Due to these practices, we were unable to account for all receipts issued.

- C. Probation Office receipts for fines and court costs were not always receipted using the defendant's name as it appeared in the court records, and the receipts did not contain the case number of the defendant. As a result, we could not match all receipts issued by the Probation Office with cases on file in the court. Sound business practices require sufficient and accurate information to be on receipts to ensure that the proper court case is credited.
- D. The Probation Office did not maintain adequate supporting documentation identifying the payments it deposited with the court on behalf of probationers. According to employees in the Office of General Sessions Court, Probation Office personnel typically brought money to the court with the probationers' names and amounts written on a post-it note or a piece of paper. General Sessions Court deputies would issue receipts in the defendant's name, which were given to the probation employee. Sound business practices would prescribe that the receipts from General Sessions Court be filed in the probationers' case files or attached to the applicable Probation Office's receipts as evidence of the disposition of the Probation Office's receipt of funds. As a result, we cannot determine if all receipts collected by the Probation Office for court fines and costs had been remitted to the court.
- E. Probation Office receipts were not always deposited with the court on a timely basis. During the period under examination, as many as 29 days lapsed between the date funds were received by probation personnel and the date funds were deposited with the court. In addition, it was noted that two receipts issued by probation personnel were not remitted to the court until 56 days later. Both of these receipts were for the remaining balance due from two individuals on their respective court cases. Due to the length of time involved and the lack of supporting records documenting payments made by probation personnel to the court, we were unable to determine if the amounts received by the court were actually paid by the Probation Office or were paid again by the probationers directly to court to settle their cases. An additional receipt for \$438.57 dated July 7, 2008, was not remitted to court until March 9, 2009, or 245 days later. This was remitted by Tennessee Judicial Court Support after we had previously brought this receipt to their attention.
- F. Although only a limited number of Probation Office case files were available for our review, we noted that probation receipts were not always posted in the defendant's probation case file. Also, in some instances there were postings of payments in the defendant's probation case files that were not receipted. In addition, the posting in the defendant's case files did not always agree with receipt amounts, receipt dates, and did not correctly add to the totals shown. In some instances, more than one case per probationer was commingled on a single payment sheet in the case file. On occasion, payments were posted in the wrong probationer case file. Although case files

reflected a balance due column, these amounts did not appear to be accurate in many instances. Sound business practices require an accurate accounting of receipts and payments. The probation employees did not ensure the probationer's payment was receipted on the probation file payment summary sheet. In addition, probation employees did not ensure receipts were written for all payments that were logged in the case file.

- G. Procedures for the payment of court fines and costs by individuals to the Probation Office are not clear. We were initially advised by court and probation personnel that the Probation Office collected fines and costs when the courthouse was closed. Typically, probationers were requested to pay their fines at the court offices and bring their receipts to the Probation Office as proof of payment. We were later told by probation employees that they also accepted payments in their office to assist their clients and this was done at the discretion of the probation officer. However, according to documentation we acquired, it appears in some instances, that probationers were requested to make payments of fines and costs at the Probation Office instead of to the court.

Due to the above-noted deficiencies we could not account for all court fines and costs collected by the Probation Office. In addition to the unaccounted funds discussed above, we also could not determine if additional funds had been received by the Probation Office and not deposited with the court.

After bringing these findings to the attention of the Probation Office and county officials, the Probation Office determined that the unidentified funds of \$2,706.47 that they held were due to individuals and other counties as well as Benton County. Defendants were refunded \$1,007.50 due to overpayments, and the courts of Benton, McNairy and Perry counties received \$861.97, \$470, and \$187, respectively. A balance of \$180 in unidentified funds remains unpaid; however, it appears this amount could not be resolved due to the problems with receipting and depositing procedures noted above. The Probation Office felt that some of these funds had already been received by the county but were difficult to identify due to errors in recording the name and the batching of receipts by the court. Also, some of these funds could apparently not be traced to a court case and could not be identified by the Probation Office.

We have also been advised by officials that the Probation Office no longer collects court fines and costs. We reviewed this finding with the general sessions judge and county mayor.

RECOMMENDATION

To strengthen internal controls over cash collections and deposits, prenumbered sequential receipts and receipt books should be issued for all collections. These receipts should be maintained intact, should be legible, and should contain all pertinent information such as the probationer's name as reflected in court documents and the case number. Funds remitted by the Probation Office to the court should be adequately documented and deposited on a timely basis. Case files should be adequately maintained and include all

transactions. Procedures should be established by probation and court personnel detailing the collection of court fines and costs.

MANAGEMENT'S RESPONSE – PROBATION OFFICE

Employee receipting practices have been modified and continue to be monitored for correctness. Fines and costs have not been collected by this office since approximately late third quarter or early fourth quarter of 2008. Procedures were changed requiring probationers to make court payments directly to the court clerk's office. The Probation Office has changed supervisory personnel as well as business practices to better serve the probationer. In-service training each year will include the aforementioned with regard to the probationer and business practice. Fines and court costs are not collected by anyone within the Probation Office, and all employees have strict instructions to adhere to this policy.

FINDING 09.11 **A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING HAD NOT BEEN ADOPTED**
(Internal Control – Control Deficiency Under Government Auditing Standards)

County officials had not adopted 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. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report. 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.

RECOMMENDATION

County officials should consider adopting the County Financial Management System of 1981 or a private act, which would provide for a system of central accounting, budgeting, and purchasing covering all county departments.

FINDING 09.12 **DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, REGISTER, AND SHERIFF**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

Duties were not segregated adequately among the official and employees in the Offices of Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff. Officials and employees responsible for maintaining accounting records in these offices were also involved in receipting, depositing, disbursing funds, posting receipts, reconciling bank statements, and/or preparing bank deposits. These same employees also performed the

daily reconciliation of receipts with cash. Accounting standards provide that internal controls be designed to provide reasonable assurance of the reliability in financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions. Also, this deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – CLERK AND MASTER

I agree with this finding, however, because of the limited number of employees it is not feasible to segregate duties and run this office efficiently.

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

There were no findings and questioned costs for federal awards.

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BENTON COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2009

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