



**ANNUAL FINANCIAL REPORT  
BENTON COUNTY, TENNESSEE**



**FOR THE YEAR ENDED JUNE 30, 2010**



**ANNUAL FINANCIAL REPORT  
BENTON COUNTY, TENNESSEE  
FOR THE YEAR ENDED JUNE 30, 2010**

*DEPARTMENT OF AUDIT  
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Comptroller of the Treasury*

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State Auditors*

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

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## BENTON COUNTY, TENNESSEE TABLE OF CONTENTS

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	Exhibit	Page(s)
Audit Highlights		6-7
<u>INTRODUCTORY SECTION</u>		8
Benton County Officials		9
<u>FINANCIAL SECTION</u>		10
Independent Auditor's Report		11-13
BASIC FINANCIAL STATEMENTS:		14
Government-wide Financial Statements:		
Statement of Net Assets	A	15-16
Statement of Activities	B	17-18
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C-1	19-20
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	C-2	21
Statement of Revenues, Expenditures, and Changes in Fund Balances	C-3	22-23
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-4	24
Proprietary Fund:		
Statement of Net Assets	D-1	25-26
Statement of Revenues, Expenses, and Changes in Net Assets	D-2	27-28
Statement of Cash Flows	D-3	29-30
Fiduciary Funds:		
Statement of Fiduciary Assets and Liabilities	E	31
Notes to the Financial Statements		32-75
REQUIRED SUPPLEMENTARY INFORMATION:		76
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Fund	F-1	77-80
Highway/Public Works Fund	F-2	81

	Exhibit	Page(s)
Schedule of Funding Progress – Pension Plan – Primary Government and Discretely Presented Benton County School Department	F-3	82
Schedule of Funding Progress – Other Postemployment Benefits Plans – Primary Government and Discretely Presented Benton County School Department	F-4	83
Notes to the Required Supplementary Information		84
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		85
Nonmajor Governmental Funds:		86
Combining Balance Sheet	G-1	87
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	G-2	88
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
Special Purpose Fund	G-3	89
Drug Control Fund	G-4	90
Major Governmental Fund:		91
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget:		
General Debt Service Fund	H	92
Fiduciary Funds:		93
Combining Statement of Fiduciary Assets and Liabilities	I-1	94
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	I-2	95
Component Unit:		
Discretely Presented Benton County School Department:		96
Statement of Activities	J-1	97
Balance Sheet – Governmental Funds	J-2	98
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	J-3	99
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	J-4	100
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	J-5	101
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	J-6	102
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Purpose School Fund	J-7	103-105
School Federal Projects Fund	J-8	106
Central Cafeteria Fund	J-9	107

	Exhibit	Page(s)
Miscellaneous Schedules:		108
Schedule of Changes in Long-term Notes, Other Loans, Capital Leases, and Bonds – Primary Government and Discretely Presented Benton County School Department	K-1	109-110
Schedule of Long-term Debt Requirements by Year – Primary Government and Discretely Presented Benton County School Department	K-2	111
Schedule of Transfers – Primary Government and Discretely Presented Benton County School Department	K-3	112
Schedule of Salaries and Official Bonds of Principal Officials – Primary Government and Discretely Presented Benton County School Department	K-4	113
Schedule of Detailed Revenues – All Governmental Fund Types	K-5	114-123
Schedule of Detailed Revenues – All Governmental Fund Types – Discretely Presented Benton County School Department	K-6	124-125
Schedule of Detailed Expenditures – All Governmental Fund Types	K-7	126-145
Schedule of Detailed Expenditures – All Governmental Fund Types – Discretely Presented Benton County School Department	K-8	146-158
Schedule of Detailed Receipts, Disbursements, and Changes in Cash Balance – City Agency Fund	K-9	159
 <u>SINGLE AUDIT SECTION</u>		 160
Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <u>Government Auditing Standards</u>		161-163
Auditor’s Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With <u>OMB Circular A-133</u>		164-166
Schedule of Expenditures of Federal Awards and State Grants		167-168
Schedule of Audit Findings Not Corrected		169-170
Schedule of Findings and Questioned Costs		171-180
Auditee Reporting Responsibilities		181

***Audit Highlights***  
Annual Financial Report  
Benton County, Tennessee  
For the Year Ended June 30, 2010

***Scope***

We have audited the basic financial statements of Benton County as of and for the year ended June 30, 2010.

***Results***

Our report on the aggregate discretely presented component units is qualified because the financial statements do not include two component units 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 ten findings and recommendations, which we have reviewed with Benton County management. Detailed findings and recommendations are included in the Single Audit section of this report.

***Findings and Best Practice***

The following are summaries of the audit findings and best practice:

**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.

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**BENTON COUNTY**

- ◆ The Highway/Public Works, General Debt Service, and Community Development/Industrial Park funds required material audit adjustments for proper financial statement presentation.
-

## **OFFICE OF COUNTY MAYOR**

- ◆ Requisitions and purchase orders were not issued in some instances.
  - ◆ Expenditures exceeded appropriations.
  - ◆ Deficiencies were noted in the bid process for ambulance services.
  - ◆ General ledger payroll deduction accounts were not reconciled with payroll reports and payments in the General Fund.
  - ◆ The Parks and Fair Board entered into a lease for the sports complex without approval of the County Commission.
- 

## **OFFICE OF GENERAL SESSIONS COURTS CLERK**

- ◆ The execution docket trial balance did not reconcile with cash journal accounts.
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## **OTHER FINDINGS**

- ◆ Benton County has material recurring audit findings.
  - ◆ 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.
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## **BEST PRACTICE**

Benton County does not have a central system of accounting, budgeting, and purchasing. The Division of County Audit strongly believes that a central system of accounting, budgeting, and purchasing is a best practice that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Benton County.

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# INTRODUCTORY SECTION

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# Benton County Officials

## June 30, 2010

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### **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  
James Akers  
Lawrence Atkins  
Barry Barnett  
Randall Clark  
Anthony Dillon  
Gary Evans  
Eddie Griggs  
Sonny Hall  
Vickie Howe

Jo Jones  
Robert Pace  
Roger Pafford  
Don Patton  
Randy Patton  
Sam Rainwaters  
Tommy Spence  
Mureleane Steinbuck  
Stephen Stokes

### **Board of Education**

Joey Cooper, Chairman  
Judy Arnold  
Keith Arnold  
Betty Jo Douglas  
Ruby Evans  
Mark Hargis

Brent Hedge  
Tim Hyatt  
Robert Livingston  
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  
PHONE (615) 401-7841**

**INDEPENDENT AUDITOR'S REPORT**

January 4, 2011

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, 2010, 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. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinions, insofar as they relate to the amounts included for the Benton County Electric System are based on the report of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the 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 report of other auditors provide a reasonable basis for our opinions.

The financial statements of the Benton County Emergency Communications District and the Industrial Development Board of the County of Benton, component units requiring discrete presentation, and the Benton County Library, a nonmajor special revenue fund of the primary government, had not been made available by other auditors as of the date of this report. Accordingly, the aggregate discretely presented component units financial statements and the aggregate remaining fund information financial statements referred to above do not include amounts for the Benton County Emergency Communications District, the Industrial Development Board of the County of Benton, and the Benton County Library, respectively, 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 and aggregate remaining fund information are not reasonably determinable.

In our opinion, except for the effects of not including the financial statements of the Benton County Emergency Communications District and the Industrial Development Board of the County of Benton, discretely presented component units, and the Benton County Library, a nonmajor special revenue fund, as discussed in the preceding paragraph, 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, 2010, 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, 2010, 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 January 4, 2011, 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 adopted the provisions of Governmental Accounting Standards Board Statement No. 51, Accounting and Financial Reporting for Intangible Assets; and Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, which became effective for the year ended June 30, 2010.

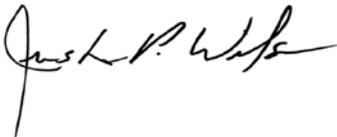
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part

of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison, pension, and other postemployment benefits information on pages 77 through 84 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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, 2010

	Primary Government			Component Unit
	Governmental Activities	Business- type Activities	Total	Benton County School Department
<u>ASSETS</u>				
Cash	\$ 918	\$ 798,854	\$ 799,772	\$ 300
Equity in Pooled Cash and Investments	12,005,629	0	12,005,629	2,611,304
Inventories	0	238,406	238,406	0
Accounts Receivable	70,954	1,439,418	1,510,372	0
Allowance for Uncollectibles	0	(9,373)	(9,373)	0
Due from Other Governments	605,181	0	605,181	497,336
Due from Component Units	63,012	0	63,012	0
Property Taxes Receivable	3,120,598	0	3,120,598	3,969,529
Allowance for Uncollectible Property Taxes	(149,123)	0	(149,123)	(202,164)
Prepaid Items	41,613	1,176,699	1,218,312	0
Other Restricted Assets	0	579,150	579,150	0
Deferred Charges - Debt Issuance Costs	107,800	111,591	219,391	0
Notes Receivable	0	435,459	435,459	0
Capital Assets Not Depreciated:				
Land	1,202,058	178,328	1,380,386	479,205
Construction in Progress	2,451,152	556,789	3,007,941	0
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	2,645,338	0	2,645,338	12,184,353
Infrastructure	11,182,187	0	11,182,187	0
Other Capital Assets	808,772	16,161,059	16,969,831	660,497
Total Assets	\$ 34,156,089	\$ 21,666,380	\$ 55,822,469	\$ 20,200,360
<u>LIABILITIES</u>				
Accounts Payable	\$ 55,159	\$ 2,759,284	\$ 2,814,443	\$ 40,439
Accrued Payroll	0	18,846	18,846	0
Payroll Deductions Payable	43,132	0	43,132	0
Contracts Payable	322,256	0	322,256	0
Retainage Payable	14,068	0	14,068	0
Due to Primary Government	0	0	0	61,115
Matured Bonds Payable	10,000	0	10,000	0
Matured Interest on Bonds	1,913	0	1,913	0
Accrued Interest Payable	75,214	10,623	85,837	0
Customer Deposits Payable	0	566,998	566,998	0
Other Payables from Restricted Assets	5,880	0	5,880	0
Deferred Revenue - Current Property Taxes	2,881,853	0	2,881,853	3,635,568
Noncurrent Liabilities:				
Due Within One Year	1,094,862	290,000	1,384,862	0
Due in More Than One Year	12,523,860	4,133,379	16,657,239	331,663
Total Liabilities	\$ 17,028,197	\$ 7,779,130	\$ 24,807,327	\$ 4,068,785

(Continued)

Exhibit A

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

	Primary Government			Component Unit
	Governmental Activities	Business- type Activities	Total	Benton County School Department
<u>NET ASSETS</u>				
Invested in Capital Assets, net of related debt	\$ 13,121,361	\$ 14,025,264	\$ 27,146,625	\$ 0
Invested in Capital Assets	0	0	0	13,324,055
Restricted for:				
Highway/Public Works	1,350,188	0	1,350,188	0
Debt Service	1,100,053	568,527	1,668,580	0
Capital Projects	2,513,664	0	2,513,664	0
Other Purposes	447,250	0	447,250	5,347
School Federal Projects	0	0	0	9,299
Central Cafeteria	0	0	0	500,134
Unrestricted	(1,404,624)	(706,541)	(2,111,165)	2,292,740
Total Net Assets	<u>\$ 17,127,892</u>	<u>\$ 13,887,250</u>	<u>\$ 31,015,142</u>	<u>\$ 16,131,575</u>

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

Exhibit B

Benton County, Tennessee  
Statement of Activities  
For the Year Ended June 30, 2010

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Assets			Component Unit
	Expenses	Operating		Capital Grants and Contributions	Total	Governmental Activities	Business-type Activities	Total	
		Charges for Services	Grants and Contributions						
<b>Primary Government:</b>									
Governmental Activities:									
General Government	\$ 939,287	\$ 71,639	\$ 16,380	\$ 0	\$ (851,268)	\$ 0	\$ (851,268)	\$ 0	0
Finance	654,999	414,896	8,028	0	(232,075)	0	(232,075)	0	0
Administration of Justice	672,315	399,154	86,838	0	(186,323)	0	(186,323)	0	0
Public Safety	3,619,486	267,512	86,673	58,316	(3,206,985)	0	(3,206,985)	0	0
Public Health and Welfare	968,317	708,200	72,401	0	(187,716)	0	(187,716)	0	0
Social, Cultural, and Recreational Services	590,802	0	65,982	0	(524,820)	0	(524,820)	0	0
Agriculture and Natural Resources	74,388	0	0	0	(74,388)	0	(74,388)	0	0
Other Operations	1,055,932	101,018	183,382	355,509	(416,023)	0	(416,023)	0	0
Highways/Public Works	2,509,911	15,724	1,576,770	0	(917,417)	0	(917,417)	0	0
Education	200,000	0	0	0	(200,000)	0	(200,000)	0	0
Interest on Long-term Debt	505,051	722,175	0	0	217,124	0	217,124	0	0
Other Debt Service	21,964	0	0	0	(21,964)	0	(21,964)	0	0
<b>Total Governmental Activities</b>	<b>\$ 11,812,452</b>	<b>\$ 2,700,318</b>	<b>\$ 2,096,454</b>	<b>\$ 413,825</b>	<b>\$ (6,601,855)</b>	<b>\$ 0</b>	<b>\$ (6,601,855)</b>	<b>\$ 0</b>	<b>0</b>
<b>Business-type Activities:</b>									
Benton County Electric System	\$ 18,873,915	\$ 19,970,415	\$ 0	\$ 0	\$ 1,096,500	\$ 1,096,500	\$ 1,096,500	\$ 0	0
<b>Total Primary Government</b>	<b>\$ 30,686,367</b>	<b>\$ 22,670,733</b>	<b>\$ 2,096,454</b>	<b>\$ 413,825</b>	<b>\$ (6,601,855)</b>	<b>\$ 1,096,500</b>	<b>\$ (5,505,355)</b>	<b>\$ 0</b>	<b>0</b>
<b>Component Unit:</b>									
Benton County School Department	\$ 21,365,552	\$ 412,505	\$ 4,087,203	\$ 0	\$ 0	\$ 0	\$ 0	\$ (16,865,844)	0
<b>Total Component Unit</b>	<b>\$ 21,365,552</b>	<b>\$ 412,505</b>	<b>\$ 4,087,203</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (16,865,844)</b>	<b>0</b>

(Continued)

Exhibit B

Benton County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit Benton County School Department
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business- type Activities	Total	
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes				\$ 1,769,829	\$ 0	\$ 1,769,829	\$ 3,560,017
Property Taxes Levied for Debt Service				650,973	0	650,973	0
Local Option Sales Taxes				355,373	0	355,373	1,786,799
Litigation Tax				167,088	0	167,088	0
Business Tax				91,319	0	91,319	0
Mineral Severance Tax				168,814	0	168,814	0
Wholesale Beer Tax				91,234	0	91,234	0
Other Local Taxes				43,041	0	43,041	1,435
Grants and Contributions Not Restricted to Specific Programs				1,698,421	0	1,698,421	12,002,783
Unrestricted Investment Income				293,828	21,338	315,166	0
Miscellaneous				45,397	0	45,397	14,072
Total General Revenues				\$ 5,375,317	\$ 21,338	\$ 5,396,655	\$ 17,365,106
Transfers				\$ 187,879	\$ (187,879)	\$ 0	\$ 0
Change in Net Assets				\$ (1,038,659)	\$ 929,959	\$ (108,700)	\$ 499,262
Net Assets, July 1, 2009				18,166,551	12,957,291	31,123,842	15,632,313
Net Assets, June 30, 2010				\$ 17,127,892	\$ 13,887,250	\$ 31,015,142	\$ 16,131,575

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, 2010

	Major Funds			Nonmajor Funds		Total Govern- mental Funds
	General	Highway / Public Works	General Debt Service	Community Development/ Industrial Park	Other Govern- mental Funds	
\$	100 \$	0 \$	0 \$	0 \$	818 \$	918
Equity in Pooled Cash and Investments	7,115,974	972,395	1,040,849	2,723,634	146,474	11,999,326
Accounts Receivable	69,749	0	0	0	1,205	70,954
Due from Other Governments	239,651	319,696	45,834	0	0	605,181
Due from Other Funds	2,023	6,303	15,282	0	2,141	25,749
Due from Component Units	0	1,897	61,115	0	0	63,012
Property Taxes Receivable	2,288,794	265,277	566,527	0	0	3,120,598
Allowance for Uncollectible Property Taxes	(103,418)	(13,144)	(32,561)	0	0	(149,123)
Prepaid Items	0	41,613	0	0	0	41,613
Total Assets	\$ 9,612,873	\$ 1,594,037	\$ 1,697,046	\$ 2,723,634	\$ 150,638	\$ 15,778,228

ASSETS

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

Total Assets

LIABILITIES AND FUND BALANCES

Liabilities	\$	52,526 \$	0 \$	0 \$	0 \$	2,633 \$	55,159
Accounts Payable	43,132	0	0	0	0	0	43,132
Payroll Deductions Payable	0	0	0	267,272	54,984	322,256	
Contracts Payable	0	0	0	14,068	0	14,068	
Retainage Payable	17,423	0	0	0	2,023	19,446	
Due to Other Funds	0	0	10,000	0	0	10,000	
Matured Bonds Payable	0	0	1,913	0	0	1,913	
Matured Interest on Bonds	0	0	0	0	0	0	
Current Liabilities Payable from Restricted Assets:							
Other Payables from Restricted Assets	5,880	0	0	0	0	5,880	
Deferred Revenue - Current Property Taxes	2,128,138	243,849	509,866	0	0	2,881,853	
Deferred Revenue - Delinquent Property Taxes	52,353	7,577	22,043	0	0	81,973	
Other Deferred Revenues	73,049	134,662	61,386	0	0	269,097	
Total Liabilities	\$ 2,372,501	\$ 386,088	\$ 605,208	\$ 281,340	\$ 59,640	\$ 3,704,777	

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor Funds		Total Govern- mental Funds
	General	Highway / Public Works	General Debt Service	Community Development/ Industrial Park	Other Govern- mental Funds		
\$	0	0	0	5,109,194	80,425	\$	5,189,619
Reserved for Encumbrances	112,745	0	0	0	0	\$	112,745
Reserved for Resort District	21,034	0	0	0	0		21,034
Reserved for Alcohol and Drug Treatment	270,182	0	0	0	0		270,182
Reserved for Litigation Tax - Jail, Workhouse, or Courthouse	1,275	0	0	0	0		1,275
Reserved for Drug Court	7,861	0	0	0	0		7,861
Reserved for Sexual Offender Registration							
Unreserved, Reported In:							
General Fund	6,827,275	0	0	0	0		6,827,275
Special Revenue Funds	0	1,207,949	0	0	19,628		1,227,577
Debt Service Fund	0	0	1,091,838	0	0		1,091,838
Capital Projects Funds (Deficit)	0	0	0	(2,666,900)	(9,055)		(2,675,955)
Total Fund Balances	\$ 7,240,372	\$ 1,207,949	\$ 1,091,838	\$ 2,442,294	\$ 90,998	\$	12,073,451
Total Liabilities and Fund Balances	\$ 9,612,873	\$ 1,594,037	\$ 1,697,046	\$ 2,723,634	\$ 150,638	\$	15,778,228

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, 2010

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)		\$ 12,073,451
(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	2,451,152	
Add: buildings and improvements net of accumulated depreciation	2,645,338	
Add: infrastructure net of accumulated depreciation	11,182,187	
Add: other capital assets net of accumulated depreciation	<u>808,772</u>	18,289,507
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	\$ (304,000)	
Less: other loans payable	(351,600)	
Less: bonds payable	(12,750,000)	
Add: deferred charges - debt issuance costs	107,800	
Less: compensated absences payable	(185,217)	
Less: other postemployment benefits liability	(27,905)	
Less: accrued interest on notes and bonds	<u>(75,214)</u>	(13,586,136)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>351,070</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 17,127,892</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, 2010

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Community Development/ Industrial Park	Other Governmental Funds		
<u>Revenues</u>							
Local Taxes	\$ 2,394,083	\$ 337,552	\$ 656,690	\$ 0	\$ 0	\$ 0	\$ 3,388,325
Licenses and Permits	6,946	0	0	0	0	0	6,946
Fines, Forfeitures, and Penalties	140,177	0	0	0	15,442	0	155,619
Charges for Current Services	698,270	0	0	0	5,680	0	703,950
Other Local Revenues	243,461	15,746	86,256	58,316	204,525	0	608,304
Fees Received from County Officials	717,301	0	0	0	0	0	717,301
State of Tennessee	2,343,733	1,586,041	0	0	355,509	0	4,285,283
Federal Government	49,616	40,404	0	0	0	0	90,020
Other Governments and Citizens Groups	61,700	6,303	645,860	0	150	0	714,013
<b>Total Revenues</b>	<b>\$ 6,655,287</b>	<b>\$ 1,986,046</b>	<b>\$ 1,388,806</b>	<b>\$ 58,316</b>	<b>\$ 581,306</b>	<b>\$ 0</b>	<b>\$ 10,669,761</b>
<u>Expenditures</u>							
Current:							
General Government	\$ 937,438	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 937,438
Finance	492,942	0	0	0	0	0	492,942
Administration of Justice	498,406	0	0	0	5,680	0	504,086
Public Safety	2,703,367	0	0	0	25,474	0	2,728,841
Public Health and Welfare	881,789	0	0	0	0	0	881,789
Social, Cultural, and Recreational Services	175,447	0	0	0	0	0	175,447
Agriculture and Natural Resources	62,176	0	0	0	0	0	62,176
Other Operations	1,672,706	0	0	583	7,456	1,680,745	1,939,938
Highways	0	1,939,377	0	0	561	0	1,939,938
Instruction	0	0	0	0	200,000	0	200,000
Debt Service:							
Principal on Debt	25,233	0	1,069,577	0	0	0	1,094,810
Interest on Debt	10,544	0	503,813	0	0	0	514,357
Other Debt Service	0	0	16,881	0	0	0	16,881
Capital Projects	0	0	0	2,460,182	574,769	0	3,034,951
<b>Total Expenditures</b>	<b>\$ 7,460,048</b>	<b>\$ 1,939,377</b>	<b>\$ 1,590,271</b>	<b>\$ 2,460,765</b>	<b>\$ 813,940</b>	<b>\$ 0</b>	<b>\$ 14,264,401</b>

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Community Development/ Industrial Park	Other Governmental Funds		
Excess (Deficiency) of Revenues Over Expenditures	\$ (804,761)	\$ 46,669	\$ (201,465)	\$ (2,402,449)	\$ (232,634)	\$	\$ (3,594,640)
Other Financing Sources (Uses)							
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 150,000	\$	\$ 150,000
Insurance Recovery	17,184	2,800	0	0	0	0	19,984
Transfers In	7,319,990	22,237	113,194	0	7,141	0	7,462,562
Transfers Out	(322,338)	0	0	0	(7,204,870)	0	(7,527,208)
Total Other Financing Sources (Uses)	\$ 7,014,836	\$ 25,037	\$ 113,194	\$ 0	\$ (7,047,729)	\$	\$ 105,338
Net Change in Fund Balances	\$ 6,210,075	\$ 71,706	\$ (88,271)	\$ (2,402,449)	\$ (7,280,363)	\$	\$ (3,489,302)
Fund Balance, July 1, 2009	1,030,297	1,136,243	1,180,109	4,844,743	7,371,361		15,562,753
Fund Balance, June 30, 2010	\$ 7,240,372	\$ 1,207,949	\$ 1,091,838	\$ 2,442,294	\$ 90,998	\$	\$ 12,073,451

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, 2010

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)		\$ (3,489,302)
(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	\$ 2,948,828	
Less: current-year depreciation expense	<u>(1,278,250)</u>	1,670,578
(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, 2010	\$ 351,070	
Less: deferred delinquent property taxes and other deferred June 30, 2009	<u>(434,917)</u>	(83,847)
(3) The issuance of long-term debt (e.g., notes) 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.		
Less: change in deferred debt issuance costs	\$ (5,083)	
Less: note proceeds	(150,000)	
Add: principal payments on notes	317,977	
Add: principal payments on other loans	106,600	
Add: principal payments on capital leases	25,233	
Add: principal payments on bonds	<u>645,000</u>	939,727
(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 accrued interest payable	\$ 9,306	
Change in compensated absences payable	(65,969)	
Change in other postemployment benefits liability	<u>(19,152)</u>	<u>(75,815)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ (1,038,659)</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, 2010

Business-type  
 Activities -  
Major Fund  
Benton County  
Electric System

ASSETS

Current Assets:	
Cash	\$ 798,854
Inventories	238,406
Accounts Receivable	1,439,418
Allowance for Uncollectibles	(9,373)
Prepayments and Other Current Assets	1,176,699
Total Current Assets	<u>\$ 3,644,004</u>
Noncurrent Assets:	
Restricted Cash, Cash Equivalents, and Investments on Deposit	\$ 579,150
Deferred Charges - Debt Issuance Costs	111,591
Notes Receivable	435,459
Capital Assets:	
Assets Not Depreciated:	
Land	178,328
Construction in Progress	556,789
Assets Net of Accumulated Depreciation:	
Other Capital Assets	16,161,059
Total Noncurrent Assets	<u>\$ 18,022,376</u>
Total Assets	<u>\$ 21,666,380</u>

LIABILITIES

Current Liabilities:	
Accounts Payable	\$ 2,759,284
Accrued Payroll	18,846
Customer Deposits Payable	566,998
Current Liabilities Payable from Restricted Assets:	
Accrued Interest Payable	10,623
Revenue Bonds Payable - Current	290,000
Total Current Liabilities	<u>\$ 3,645,751</u>

(Continued)

Exhibit D-1

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

Business-type  
 Activities -  
 Major Fund  
Benton County  
Electric System

LIABILITIES (CONT.)

Noncurrent Liabilities:

Advances from Home Insulation Program	\$ 440,174
Accrued Leave - Long-term	1,053,205
Revenue Bonds Payable - Long-term	<u>2,640,000</u>
Total Noncurrent Liabilities	<u>\$ 4,133,379</u>
Total Liabilities	<u>\$ 7,779,130</u>

NET ASSETS

Invested in Capital Assets, Net of Related Debt	\$ 14,025,264
Restricted for Debt Service	568,527
Unrestricted	<u>(706,541)</u>
Total Net Assets	<u>\$ 13,887,250</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, 2010

	Business-type Activities - Major Fund
	<u>Benton County Electric System</u>
<u>Operating Revenues</u>	
Sale of Electric Energy	\$ 19,568,136
Forfeited Discounts	135,352
Rent from Electric Property	148,445
Other Electric Revenue	51,462
Miscellaneous Service Revenue	67,020
Total Operating Revenues	<u>\$ 19,970,415</u>
<u>Operating Expenses</u>	
Purchased Power	\$ 13,947,884
Distribution Expense:	
Station Expense	21,339
Overhead Line Expense	179,719
Street Lighting and Signal System	1,959
Meter Expense	65,104
Security Lighting	11,192
Rents	11,374
Miscellaneous	150,362
Customer Accounts Expense:	
Meter Reading Expense	113,856
Customer Records and Collection	436,094
Sales Expenses:	
Demonstration and Selling Expense	9,002
Administrative Expenses:	
Salaries	333,208
Office Supplies and Expense	77,181
Outside Services Employed	136,819
Insurance	46,506
Injuries and Damages	131,121

(Continued)

Exhibit D-2

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

	<u>Business-type Activities - Major Fund</u>
	<u>Benton County Electric System</u>
<u>Operating Expenses (Cont.)</u>	
Administrative Expenses (Cont.):	
Employee Pension and Benefits	\$ 683,878
General Advertising	4,155
Miscellaneous	30,847
Maintenance Expenses:	
Station Equipment	16,476
Overhead Lines	853,265
Underground Lines	463
Line Transformers	17,268
Street Lights and Signal System	15,675
Meters	38,987
Security Lighting	41,418
General Plant and Equipment	20,607
Depreciation and Amortization	931,789
Taxes and Tax Equivalents	413,445
Total Operating Expenses	<u>\$ 18,740,993</u>
Operating Income	<u>\$ 1,229,422</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 21,338
Interest Expense	(116,158)
Amortization of Debt Expense	(16,764)
Total Nonoperating Revenues (Expenses)	<u>\$ (111,584)</u>
Income (Loss) Before Transfers	\$ 1,117,838
Transfers Out	<u>(187,879)</u>
Change in Net Assets	\$ 929,959
Net Assets, July 1, 2009	<u>12,957,291</u>
Net Assets, June 30, 2010	<u>\$ 13,887,250</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, 2010

	<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	\$ 19,682,449
Payments to Suppliers	(15,665,209)
Payments to Employees and for Employee Benefits	(1,017,086)
Payments for in-Lieu-of Tax Payments	(413,445)
Customer Deposits Received	100,305
Customer Deposits Refunded	(84,805)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 2,602,209</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Construction and Acquisition of Plant	\$ (1,301,708)
Plant Removal Cost	(53,550)
Materials Salvaged from Retirements	31,814
Principal Paid on Bonds	(285,000)
Interest Paid on Bonds	(114,755)
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (1,723,199)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Repayment of TVA Advances	\$ 85,730
Transfers to Other Funds	(187,879)
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ (102,149)</u>
<u>Cash Flows from Investing Activities</u>	
Collection of Notes Receivable	\$ (87,214)
Interest Earned	21,338
Net Cash Provided By (Used In) Investing Activities	<u>\$ (65,876)</u>
Net Increase (Decrease) in Cash	\$ 710,985
Cash, July 1, 2009	<u>667,019</u>
Cash, June 30, 2010	<u><u>\$ 1,378,004</u></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	\$ 1,229,422
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Depreciation Expense	931,789
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	(287,966)
(Increase) Decrease in Materials and Supplies	(11,963)
(Increase) Decrease in Prepayments and Other Current Assets	503,734
Increase (Decrease) in Accounts Payable and Accrued Expenses	221,693
Increase (Decrease) in Customer Deposits	<u>15,500</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 2,602,209</u>
<u>Reconciliation of Cash with Statement of Net Assets</u>	
Cash per Net Assets	\$ 798,854
Other Restricted Assets per Net Assets	<u>579,150</u>
Cash, June 30, 2010	<u>\$ 1,378,004</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, 2010

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 723,915
Equity in Pooled Cash and Investments	28,015
Due from Other Governments	<u>254,631</u>
Total Assets	<u>\$ 1,006,561</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 254,631
Due to Litigants, Heirs, and Others	<u>751,930</u>
Total Liabilities	<u>\$ 1,006,561</u>

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

**BENTON COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2010**

**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 financial statements of the Benton County Emergency Communications District were not available from other auditors in time for inclusion in this report.

The Industrial Development Board of the County of Benton was formed as an operating agency and instrumentality of Benton County for the purpose of

acquiring and developing land for industrial development in the county. The Benton County Commission appoints five members of the nine-member board. The other members are permanent members and consist of the county mayor, the chairman of the Chamber of Commerce, and the mayors of the cities of Big Sandy and Camden. The financial statements 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 Benton County Emergency Communications District and the Industrial Development Board of the County of Benton were not available in time for inclusion, as previously mentioned. Complete financial statements of the Benton County Emergency Communications District and the Industrial Development Board of the County of Benton can be obtained from their respective administrative offices at the following addresses:

Administrative Offices:

Benton County Emergency Communications District P.O. Box 755 Camden, TN 38320	Industrial Development Board of the County of Benton P.O. Box 292 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.

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.

**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 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 funds:

**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.

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

Additionally, the School Department reports the following fund type:

**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 2.77 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 Community Development/Industrial Park 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 major governmental fund.

**3. Prepaid Items**

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

**4. Capital Assets**

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column 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 \$10,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

**5. Compensated Absences**

It is the policy of the Benton County general government (excluding the Highway Department, which does not provide for employees to accumulate vacation or sick leave days beyond the end of the fiscal year and excluding the 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.

## 6. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net 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.

## 7. 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 \$5,411,155 of restricted net assets, in governmental activities for the primary government, of which \$112,745 is restricted by enabling legislation.

As of June 30, 2010, Benton County had \$8,134,600 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.

## **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 with 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 with 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 change 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, Other Boards and Committees, etc.). Management may make revisions within major categories, but only the County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

#### **B. Fund Deficit**

The Community Development/Industrial Park Fund had a deficit in unreserved fund balance of \$2,666,900 at June 30, 2010. This deficit resulted from the unperformed portions of the jail construction contracts totaling \$5,109,194 being reserved as encumbrances. These future expenditures should be funded by transfers from the General Fund.

The General Capital Projects Fund had a deficit in unreserved fund balance of \$90,750 at June 30, 2010. This deficit resulted from unfunded current-year expenditures and unperformed portions of the emergency management building construction contracts totaling \$80,425 being reserved as encumbrances. These expenditures should be funded by transfers from the General Fund or a Community Development Block Grant.

**C. Expenditures Exceeded Appropriations**

Expenditures exceeded appropriations approved by the County Commission in the Drug Enforcement and Interest on Debt – General Government major appropriation categories (the legal level of control) of the General Fund by \$2,995 and \$9,131, respectively. Expenditures exceed appropriations in the Special Purpose Fund by \$7,165. Such overexpenditures are a violation of state statutes. These overexpenditures were funded by available fund balances in the General and Special Purpose funds.

**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 Comptroller’s Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

**Investment Balances.** As of June 30, 2010, 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	\$ 388,191

**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, 2010, 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, 2010, was as follows:

**Primary Government**

**Governmental Activities:**

	Balance 7-1-09	Increases	Balance 6-30-10
Capital Assets Not Depreciated:			
Land	\$ 1,202,058	\$ 0	\$ 1,202,058
Construction in Progress	237,141	2,214,011	2,451,152
<b>Total Capital Assets Not Depreciated</b>	<b>\$ 1,439,199</b>	<b>\$ 2,214,011</b>	<b>\$ 3,653,210</b>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 4,985,216	\$ 150,971	\$ 5,136,187
Roads and Bridges	17,028,926	412,303	17,441,229
Other Capital Assets	3,943,210	171,543	4,114,753
<b>Total Capital Assets Depreciated</b>	<b>\$ 25,957,352</b>	<b>\$ 734,817</b>	<b>\$ 26,692,169</b>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 2,316,808	\$ 174,041	\$ 2,490,849
Roads and Bridges	5,510,329	748,713	6,259,042
Other Capital Assets	2,950,485	355,496	3,305,981
<b>Total Accumulated Depreciation</b>	<b>\$ 10,777,622</b>	<b>\$ 1,278,250</b>	<b>\$ 12,055,872</b>
<b>Total Capital Assets Depreciated, Net</b>	<b>\$ 15,179,730</b>	<b>\$ (543,433)</b>	<b>\$ 14,636,297</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 16,618,929</b>	<b>\$ 1,670,578</b>	<b>\$ 18,289,507</b>

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

**Governmental Activities:**

General Administration	\$ 40,985
Finance	2,240
Administration of Justice	5,060
Public Safety	178,043
Public Health and Welfare	33,792
Social, Cultural, and Recreational Services	91,459
Agriculture and Natural Resources	1,854
Other Operations	213,851
Highways/Public Works	<u>710,966</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 1,278,250</u></u>

**Discretely Presented Benton County School Department**

**Governmental Activities:**

	Balance 7-1-09	Increases	Balance 6-30-10
	<u>                    </u>		<u>                    </u>
Capital Assets Not Depreciated:			
Land	\$ 474,060	\$ 5,145	\$ 479,205
Total Capital Assets Not Depreciated	<u>\$ 474,060</u>	<u>\$ 5,145</u>	<u>\$ 479,205</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 20,345,168	\$ 49,349	\$ 20,394,517
Other Capital Assets	1,674,038	175,668	1,849,706
Total Capital Assets Depreciated	<u>\$ 22,019,206</u>	<u>\$ 225,017</u>	<u>\$ 22,244,223</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 7,714,422	\$ 495,742	\$ 8,210,164
Other Capital Assets	1,094,618	94,591	1,189,209
Total Accumulated Depreciation	<u>\$ 8,809,040</u>	<u>\$ 590,333</u>	<u>\$ 9,399,373</u>
Total Capital Assets Depreciated, Net	<u>\$ 13,210,166</u>	<u>\$ (365,316)</u>	<u>\$ 12,844,850</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 13,684,226</u></u>	<u><u>\$ (360,171)</u></u>	<u><u>\$ 13,324,055</u></u>

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

**Governmental Activities:**

Instruction	\$ 453,731
Support Services	101,771
Operation of Non-Instructional Services	<u>34,831</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 590,333</u></u>

**C. Construction Commitments**

At June 30, 2010, the county had uncompleted construction contracts of \$5,109,194 in the Community Development/Industrial Park Fund for jail construction. Funding for these future expenditures is expected to be provided by a transfer from the General Fund.

At June 30, 2010, the county had uncompleted construction contracts of \$80,425 in the General Capital Projects Fund for the emergency management building construction. Funding for these future expenditures is expected to be provided by a transfer from the General Fund or by a Community Development Block Grant.

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

The composition of interfund balances as of June 30, 2010, is as follows:

**Due to/from Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental	\$ 2,023
Highway/Public Works	General	6,303
General Debt Service	General	15,282
Nonmajor governmental	General	2,141

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 \$6,303 was in transit from the General Fund at June 30, 2010.

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

Receivable Fund	Payable Fund	Amount
	Component Unit:	
Primary Government:	School Department:	
Highway/Public Works	General Purpose School	\$ 1,897
General Debt Service	General Purpose School	61,115

The receivable in the Highway/Public Works Fund of \$1,897 was in transit from the General Purpose School Fund at June 30, 2010.

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2010, 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	\$ 62,672	\$ 259,666
Nonmajor government fund	7,200,000	4,870	0	0
Public Utility Fund	119,990	17,367	50,522	0
<b>Total</b>	<b>\$ 7,319,990</b>	<b>\$ 22,237</b>	<b>\$ 113,194</b>	<b>\$ 259,666</b>

The county made transfers of \$252,525 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 were not available from other auditors as of the date of this report.

**Discretely Presented Benton County School Department**

Transfer Out	Transfer In
	General Purpose School Fund
School Federal Projects	\$ 39,691

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

**E. Long-term Debt**

**Primary Government (Excluding the 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 11 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, 2010, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2010, for governmental activities are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-10
General Obligation Bonds	4 %	\$ 5,000,000	\$ 4,765,000
General Obligation Bond - Refunding	3.5	9,020,000	7,985,000
Capital Outlay Notes	3.4 to 5.1	875,000	304,000
Other Loans	0 to Variable	1,304,000	351,600

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, 2010, the variable interest rate was: .47 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, 2010, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2016-2020	4,320,000	1,326,415	5,646,415
2021-2025	2,605,000	607,163	3,212,163
2026-2030	1,295,000	320,500	1,615,500
2031-2033	930,000	57,000	987,000
Total	\$ 12,750,000	\$ 4,347,018	\$ 17,097,018

Year Ending June 30	Notes		
	Principal	Interest	Total
2011	\$ 304,000	\$ 9,098	\$ 313,098
Total	\$ 304,000	\$ 9,098	\$ 313,098

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
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
2016-2020	68,000	0	325	68,325
2021	13,600	0	65	13,665
Total	\$ 351,600	\$ 1,775	\$ 3,918	\$ 357,293

There is \$1,091,838 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$771, based on the 2000 federal census. Debt per capita, including bonds, notes, and other loans totaled \$811, 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, 2010, was as follows:

Governmental Activities:	Other		
	Bonds	Notes	Loans
Balance, July 1, 2009	\$ 13,395,000	\$ 471,977	\$ 458,200
Additions	0	150,000	0
Deductions	(645,000)	(317,977)	(106,600)
Balance, June 30, 2010	\$ 12,750,000	\$ 304,000	\$ 351,600
Balance Due Within One Year	\$ 670,000	\$ 304,000	\$ 111,600

	Other		
	Capital Lease	Compensated Absences	Postemployment Benefits
Balance, July 1, 2009	\$ 25,233	\$ 119,248	\$ 8,753
Additions	0	133,835	34,021
Deductions	(25,233)	(67,866)	(14,869)
Balance, June 30, 2010	\$ 0	\$ 185,217	\$ 27,905
Balance Due Within One Year	\$ 0	\$ 9,262	\$ 0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2010	\$ 13,618,722
Less: Balance Due Within One Year	<u>(1,094,862)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 12,523,860</u>

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

**Discretely Presented Benton County School Department**

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Benton County School Department for the year ended June 30, 2010, was as follows:

Governmental Activities:

	Note	Capital Lease	Other Postemployment Benefits
Balance, July 1, 2009	\$ 95,185	\$ 159,816	\$ 328,962
Additions	0	0	204,781
Deductions	<u>(95,185)</u>	<u>(159,816)</u>	<u>(202,080)</u>
Balance, June 30, 2010	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 331,663</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

**F. Pledges of Receivables and Future Revenues**

In November 1996, the citizens of Benton County voted by public referendum to increase the local sales tax by one-half percent. Benton County began collecting this tax in January 1997. The increase in sales tax was specifically designated for paying the debt service requirements for bonds issued to construct school facilities. Benton County, the School Department, the City of Camden, and the City of Big Sandy have pledged their portions of the sales tax increase to the county's General Debt Service Fund through December 1, 2021, for the retirement of this school debt. The amount of sales tax collections transferred (Benton County \$62,672), and contributed (General Purpose School Fund \$320,459, City of Camden \$242,580, and City

of Big Sandy \$15,208) to the General Debt Service Fund, as a result of this sales tax increase, totaled \$640,919 during the year.

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Benton County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state’s Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2010, were \$72,407 and \$13,759, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

**H. Short-term Debt**

Benton County issued tax anticipation notes in advance of property tax collections and deposited the proceeds in the General Fund. These notes were necessary because funds were not available for general operating expenses coming due before current tax collections and other revenue sources. Short-term debt activity for the year ended June 30, 2010, was as follows:

	Balance			Balance
	7-1-09	Issued	Paid	6-30-10
Tax Anticipation Notes	\$ 0	\$ 850,000	\$ (850,000)	\$ 0

**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 Benton County School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, TCA, all local education agencies are eligible to participate. The LEGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. Section 8-27-303, TCA, provides for the LEGIF to be self-sustaining through member premiums.

#### Liability, Property, Casualty, and Workers' Compensation Insurance

Benton County (excluding the 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. 51, Accounting and Financial Reporting for Intangible Assets; and Statement No. 53, Accounting and Financial Reporting for Derivative Instruments became effective for the year ended June 30, 2010.

GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets. Intangible assets have three characteristics: lack of physical substance; nonfinancial in nature; and a useful life that extends beyond a single reporting period. Assets that have these characteristics and are identifiable to the government should be recorded as capital assets and amortized over their useful lives. Easements, water rights, patents, and computer software are examples of intangible assets that should be recognized under GASB Statement No. 51. Benton County had no assets that met the definition of intangible assets at June 30, 2010. However, it is reasonably expected that Benton County may acquire intangible assets in subsequent years.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by county governments. Derivative instruments are financial arrangements used by governments as investments; hedges against identified financial

risks; or to lower the costs of borrowings. Interest rate swaps and locks, options, swaptions, forward contracts, and futures contracts are among the commonly used types of derivatives mentioned in GASB Statement No. 53. Derivative instruments associated with fluctuating financial and commodity prices result in changing cash flows and fair values that can be used as effective risk management or investment tools. For the same reasons, derivative instruments can expose governments to significant risks and liabilities. The requirements of GASB Statement No. 53 are intended to help users of financial information evaluate the effectiveness and associated risks involved with Benton County's derivative transactions. GASB Statement No. 53 requires most derivatives to be reported at fair value in the Statement of Net Assets. Changes in fair value for derivative instruments that are intended for investment purposes or that are reported like investment derivative instruments because of ineffectiveness are reported as investment revenues in the Statement of Activities. Alternatively, the changes in fair value of derivative instruments that are classified as hedging (i.e., effective) derivative instruments are reported in the Statement of Net Assets as deferrals. Benton County had not participated in derivative transactions as of June 30, 2010. However, it is reasonably expected that Benton County may enter into derivative transactions in subsequent years.

**C. Subsequent Event**

On August 31, 2010, Jimmy Wiseman left the Office of County Mayor and was succeeded by Barry Barnett, and Terry Hudson left the Office of Circuit and General Sessions Courts Clerk and was succeeded by Sam Rainwaters.

**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, 2010, future principal and interest requirements were \$1,031,093 and \$152,692, 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, 2010.

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/PS/](http://www.tn.gov/treasury/tcrs/PS/).

### **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, 2010, 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, 2010, Benton County's annual pension cost of \$442,894 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, 2009, which established contribution rates effective July 1, 2010.

### Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-10	\$442,894	100%	\$0
6-30-09	443,406	100	0
6-30-08	449,103	100	0

### Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 87.11 percent funded. The actuarial accrued liability for benefits was \$12.59 million, and the actuarial value of assets was \$10.96 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$1.62 million. The covered payroll (annual payroll of active employees covered by the plan) was \$6.6 million, and the ratio of the UAAL to the covered payroll was 24.6 percent.

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

The TCRS uses the frozen entry age cost method to calculate the annual required contribution. Effective July 1, 2009, the TCRS reestablished the unfunded accrued liabilities for all groups.

### School Teachers

#### Plan Description

The Benton County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining

the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

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

### **Funding Policy**

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the Benton County School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2010, 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, 2010, 2009, and 2008, were \$601,714, \$599,986, and \$573,508, 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 Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-207, Tennessee Code Annotated (TCA), for local governments and Section 8-27-302, TCA, for local education employees. Prior to reaching 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 a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. Retirees' contributions vary depending on the insurance options they select. During the year ended June 30, 2010, Benton County and the Benton County School Department contributed \$14,869 and \$202,080, respectively, for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Government Group Plan	Local Education Group Plan
ARC	\$ 34,000	\$ 204,000
Interest on the NPO	394	14,803
Adjustment to the ARC	(373)	(14,022)
Annual OPEB cost	\$ 34,021	\$ 204,781
Less: Amount of contribution	(14,869)	(202,080)
Increase/decrease in NPO	\$ 19,152	\$ 2,701
Net OPEB obligation, 7-1-09	8,753	328,962
Net OPEB obligation, 6-30-10	\$ 27,905	\$ 331,663

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
6-30-10	"	34,021	44	27,905
6-30-08	Local Education Group	303,749	49	154,265
6-30-09	"	301,711	42	328,962
6-30-10	"	204,781	99	331,663

## Funded Status and Funding Progress

The funded status of the plan as of June 30, 2010, was as follows:

	Local Government Group Plan	Local Education Group Plan
Actuarial valuation date	7-1-09	7-1-09
Actuarial accrued liability (AAL)	\$ 137,000	\$ 2,054,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 137,000	\$ 2,054,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 3,663,734	\$ 10,445,252
UAAL as a % of covered payroll	4%	20%

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

### Actuarial Methods and Assumptions

Calculations are based on the types of benefits provided under the 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, 2009, actuarial valuation for the Local Education Group Plan, the projected unit credit actuarial cost method was used and the actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of four percent for fiscal year 2010. The trend will rise to ten percent in fiscal year 2011 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. The annual healthcare cost trend rate for the Local Government Group Plan was three percent for fiscal year 2010. The trend will rise to ten percent in fiscal year 2011 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. Both

rates include a three percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with 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, Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins, 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, 2010.

**b. Accounts Receivable**

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

**c. Inventories and Prepaid Items**

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

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

**d. Restricted Assets**

Certain proceeds of the bond issues, as well as certain resources set aside for their repayment, are classified as restricted assets on the 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, 2010, 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, 2010, consisted of the following:

	<u>Receivables</u>
Billed Services for Utility Customers	\$ 1,400,791
Other Receivables from Utility Services	38,627
Allowance for Doubtful Accounts	<u>(9,373)</u>
 Total Accounts Receivable	 <u><u>\$ 1,430,045</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	\$ 178,491
Reserve Fund	<u>400,659</u>
 Total Restricted Assets	 <u><u>\$ 579,150</u></u>

The total of these funds is represented by:

Certificates of Deposit and Bank Accounts	<u><u>\$ 579,150</u></u>
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**4. Capital Assets**

Capital assets activity during the year was as follows:

	Balance			Balance
	7-1-09	Additions	Disposals	6-30-10
Capital Assets Not Depreciated:				
Land	\$ 178,328	\$ 0	\$ 0	\$ 178,328
Construction in Progress	281,573	275,216	0	556,789
Total Capital Assets Not Depreciated	\$ 459,901	\$ 275,216	\$ 0	\$ 735,117
Capital Assets Depreciated:				
Other Capital Assets	\$ 28,227,632	\$ 1,026,492	\$ 301,493	\$ 28,952,631
Total Capital Assets Depreciated	\$ 28,227,632	\$ 1,026,492	\$ 301,493	\$ 28,952,631
Less Accumulated Depreciation For:				
Other Capital Assets	\$ 12,183,013	\$ 946,912	\$ 338,353	\$ 12,791,572
Total Accumulated Depreciation	\$ 12,183,013	\$ 946,912	\$ 338,353	\$ 12,791,572
Total Capital Assets Depreciated, Net	\$ 16,044,619	\$ 79,580	\$ (36,860)	\$ 16,161,059
Total Capital Assets, Net	\$ 16,504,520	\$ 354,796	\$ (36,860)	\$ 16,896,176

Depreciation expense of \$931,789 was recorded by the electric system.

**5. Long-term Debt**

Long-term debt consists of the following:

Type	Interest Rate	Balance
		6-30-10
Electric System Revenue Bonds, Series 2000	4.2 to 5.25%	\$ 675,000
Electric System Revenue Refunding Bonds, Series 2004	1.1 to 3.3	1,255,000
Electric System Revenue Refunding Bonds, Series 2005	3.9	1,000,000
Total		\$ 2,930,000

During 2005, Benton County issued \$1,225,000 of Electric System Revenue Bonds, Series 2005, to replace a substation in Camden, Tennessee. The bonds bear interest at a rate of 3.9 percent and mature serially in varying amounts from \$40,000 in fiscal year 2006 to \$85,000 in fiscal year 2025. The bonds are secured by a pledge of revenues by the 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, 2010.

	Balance 7-1-09	Retirements	Balance 6-30-10
Revenue bonds payable	\$ 3,215,000	\$ 285,000	\$ 2,930,000

The scheduled annual requirements for long-term debt at June 30, 2010, including interest of \$653,580, are as follows:

Year Ending June 30	Revenue Bonds	
	Principal	Interest
2011	\$ 290,000	\$ 106,138
2012	300,000	96,796
2013	310,000	86,652
2014	320,000	75,672
2015	335,000	63,888
2016-2020	895,000	182,164
2021-2025	480,000	42,270
Total	<u>\$ 2,930,000</u>	<u>\$ 653,580</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	\$ 16,896,176
Unamortized bond premium	59,088
Less: Revenue Bonds Payable	<u>(2,930,000)</u>
Total Invested in Capital Assets, Net of Related Debt	<u>\$ 14,025,264</u>
Restricted for Debt Service:	
Restricted Cash and Investments	\$ 579,150
Less: Current Liabilities Payable from Restricted Assets - Accrued Interest Payable	<u>(10,623)</u>
Total Restricted for Debt Service	<u>\$ 568,527</u>
Unrestricted	<u>\$ (706,541)</u>
Total Net Assets	<u>\$ 13,887,250</u>

**D. Other Information**

**1. Pension Costs**

The following pension information for the year ended June 30, 2010, 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 \$1,165,708 with employer contributions of \$58,386 (five percent of covered wages) and employee contributions of \$75,551. 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 \$278,386. The system's payroll for employees covered by the plan for the year ended June 30, 2010, was \$1,110,147, and the total payroll for the year was \$2,273,088.

### **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, 2010, the system's annual pension cost of \$278,386 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
9-30-09	\$ 289,409	96.19 %	\$ (11,023)
9-30-08	285,850	81.16	(53,850)
9-30-07	185,425	121.93	40,666

## 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, 2010, 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 Statement No. 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	\$ 54,844
Interest on Net OPEB Obligation	569
Adjustment to Annual Required Contribution	<u>(670)</u>
Annual OPEB Cost (Expense)	\$ 54,743
Contributions Made	<u>(31,448)</u>
Increase in Net Obligation	\$ 23,295
Net OPEB Obligation, 7-1-09	<u>12,634</u>
 Net OPEB Obligation, 6-30-10	 <u><u>\$ 35,929</u></u>

The system's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009-10 is as follows:

Fiscal Year Ended	Annual OPEB Cost	OPEB Cost Contributed	Net OPEB Obligation
6-30-10	\$ 54,743	57.4%	\$ 35,929

**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 \$547,783, and the actuarial value of assets was zero resulting in an unfunded actuarial accrued liability (UAAL) of \$547,783. The covered payroll (annual payroll of active employees covered by the plan) was \$2,273,088, and the ratio of the UAAL to the covered payroll was 24.1 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 multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

## **Actuarial Methods and Assumptions**

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

In the July 1, 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, 2009, was 29 years.

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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, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<b>Revenues</b>						
Local Taxes	\$ 2,394,083	\$ 0	\$ 2,394,083	\$ 2,541,099	\$ 2,541,099	\$ (147,016)
Licenses and Permits	6,946	0	6,946	7,500	7,500	(554)
Fines, Forfeitures, and Penalties	140,177	0	140,177	162,175	162,175	(21,998)
Charges for Current Services	698,270	0	698,270	823,400	824,450	(126,180)
Other Local Revenues	243,461	0	243,461	255,600	260,101	(16,640)
Fees Received from County Officials	717,301	0	717,301	770,200	770,200	(52,899)
State of Tennessee	2,343,733	0	2,343,733	2,301,716	2,402,516	(58,783)
Federal Government	49,616	0	49,616	104,600	108,600	(58,984)
Other Governments and Citizens Groups	61,700	0	61,700	47,500	71,253	(9,553)
<b>Total Revenues</b>	<b>\$ 6,655,287</b>	<b>\$ 0</b>	<b>\$ 6,655,287</b>	<b>\$ 7,013,790</b>	<b>\$ 7,147,894</b>	<b>\$ (492,607)</b>
<b>Expenditures</b>						
<u>General Government</u>						
County Commission	\$ 62,553	\$ 0	\$ 62,553	\$ 43,461	\$ 69,183	\$ 6,630
Board of Equalization	2,100	0	2,100	2,100	2,100	0
Beer Board	425	0	425	1,100	1,100	675
Other Boards and Committees	562	0	562	900	900	338
County Mayor/Executive	267,896	(1,606)	266,290	222,281	280,683	14,393
County Attorney	26,229	0	26,229	16,950	43,450	17,221
Election Commission	128,419	0	128,419	126,351	136,351	7,932
Register of Deeds	131,860	0	131,860	130,766	142,750	10,890
County Buildings	317,394	0	317,394	318,345	338,532	21,138
<u>Finance</u>						
Property Assessor's Office	151,701	0	151,701	148,803	154,303	2,602
Reappraisal Program	10,840	0	10,840	20,284	20,284	9,444

(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)	Less: Encumbrances 7/1/2009	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	\$ 138,085	\$ 0	\$ 138,085	\$ 135,151	\$ 144,359	\$ 6,274
County Clerk's Office	192,316	0	192,316	185,546	212,224	19,908
<u>Administration of Justice</u>						
Circuit Court	223,284	0	223,284	211,751	230,157	6,873
General Sessions Judge	112,410	0	112,410	117,476	118,176	5,766
Chancery Court	128,689	0	128,689	118,179	132,063	3,374
Juvenile Court	34,023	0	34,023	38,455	38,755	4,732
<u>Public Safety</u>						
Sheriff's Department	1,257,493	(30,727)	1,226,766	1,281,634	1,286,128	59,362
Drug Enforcement	2,995	0	2,995	0	0	(2,995)
Administration of the Sexual Offender Registry	2,691	0	2,691	1,200	4,350	1,659
Jail	837,600	0	837,600	793,264	913,264	75,664
Juvenile Services	89,666	0	89,666	92,617	92,617	2,951
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	47,241	0	47,241	130,280	134,280	87,039
Inspection and Regulation	500	0	500	1,000	1,000	500
County Coroner/Medical Examiner	28,255	0	28,255	13,000	28,760	505
Other Public Safety	299,926	0	299,926	300,365	307,709	7,783
<u>Public Health and Welfare</u>						
Local Health Center	55,230	0	55,230	58,257	143,757	88,527
Rabies and Animal Control	60,678	(332)	60,346	48,540	63,717	3,371
Ambulance/Emergency Medical Services	667,119	0	667,119	667,119	667,119	0

(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)	Less: Encumbrances 7/1/2009	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	\$ 2,500	\$ 0	\$ 2,500	\$ 4,330	\$ 4,330	\$ 1,830
Crippled Children Services	900	0	900	900	900	0
Other Local Health Services	116	0	116	500	500	384
Appropriation to State	15,506	0	15,506	15,506	15,506	0
Sanitation Management	43,525	0	43,525	44,200	44,231	706
Sanitation Education/Information	36,124	(600)	35,524	42,287	42,287	6,763
Other Public Health and Welfare	91	0	91	200	200	109
<u>Social, Cultural, and Recreational Services</u>						
Senior Citizens Assistance	134,813	0	134,813	142,419	144,343	9,530
Parks and Fair Boards	40,634	(7,553)	33,081	40,000	40,000	6,919
<u>Agriculture and Natural Resources</u>						
Agriculture Extension Service	36,336	0	36,336	42,661	42,661	6,325
Soil Conservation	25,840	0	25,840	24,840	25,840	0
<u>Other Operations</u>						
Tourism	169,996	0	169,996	196,200	196,200	26,204
Airport	168,999	0	168,999	210,210	212,210	43,211
Veterans' Services	11,021	0	11,021	10,908	11,408	387
Other Charges	147,921	0	147,921	149,721	150,218	2,297
Contributions to Other Agencies	112,900	0	112,900	120,647	120,647	7,747
Employee Benefits	1,053,324	0	1,053,324	1,038,000	1,073,000	19,676
Miscellaneous	8,545	0	8,545	9,601	9,601	1,056
<u>Principal on Debt</u>						
General Government	25,233	0	25,233	0	25,233	0

(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)	Less: Encumbrances 7/1/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Interest on Debt</u>						
General Government	\$ 10,544	\$ 0	\$ 10,544	\$ 0	\$ 1,413	\$ (9,131)
Total Expenditures	\$ 7,460,048	\$ (40,818)	\$ 7,419,230	\$ 7,455,305	\$ 8,005,799	\$ 586,569
<u>Excess (Deficiency) of Revenues Over Expenditures</u>	\$ (804,761)	\$ 40,818	\$ (763,943)	\$ (441,515)	\$ (857,905)	\$ 93,962
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 17,184	\$ 0	\$ 17,184	\$ 10,000	\$ 25,602	\$ (8,418)
Transfers In	7,319,990	0	7,319,990	122,000	122,000	7,197,990
Transfers Out	(322,338)	0	(322,338)	(322,625)	(326,525)	4,187
Total Other Financing Sources (Uses)	\$ 7,014,836	\$ 0	\$ 7,014,836	\$ (190,625)	\$ (178,923)	\$ 7,193,759
Net Change in Fund Balance	\$ 6,210,075	\$ 40,818	\$ 6,250,893	\$ (632,140)	\$ (1,036,828)	\$ 7,287,721
Fund Balance, July 1, 2009	1,030,297	(40,818)	989,479	1,664,218	1,664,218	(674,739)
Fund Balance, June 30, 2010	\$ 7,240,372	\$ 0	\$ 7,240,372	\$ 1,032,078	\$ 627,390	\$ 6,612,982

Exhibit F-2

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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 337,552	\$ 351,053	\$ 351,053	\$ (13,501)
Other Local Revenues	15,746	10,000	10,000	5,746
State of Tennessee	1,586,041	2,066,818	2,066,818	(480,777)
Federal Government	40,404	0	0	40,404
Other Governments and Citizens Groups	6,303	0	0	6,303
Total Revenues	<u>\$ 1,986,046</u>	<u>\$ 2,427,871</u>	<u>\$ 2,427,871</u>	<u>\$ (441,825)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 147,115	\$ 158,619	\$ 164,364	\$ 17,249
Highway and Bridge Maintenance	1,007,048	1,498,473	1,505,646	498,598
Operation and Maintenance of Equipment	248,450	377,329	377,329	128,879
Other Charges	53,280	71,000	70,000	16,720
Employee Benefits	288,948	321,800	321,800	32,852
Capital Outlay	194,536	708,508	729,176	534,640
Total Expenditures	<u>\$ 1,939,377</u>	<u>\$ 3,135,729</u>	<u>\$ 3,168,315</u>	<u>\$ 1,228,938</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 46,669</u>	<u>\$ (707,858)</u>	<u>\$ (740,444)</u>	<u>\$ 787,113</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 2,800	\$ 0	\$ 5,745	\$ (2,945)
Transfers In	22,237	17,206	45,047	(22,810)
Total Other Financing Sources (Uses)	<u>\$ 25,037</u>	<u>\$ 17,206</u>	<u>\$ 50,792</u>	<u>\$ (25,755)</u>
Net Change in Fund Balance	\$ 71,706	\$ (690,652)	\$ (689,652)	\$ 761,358
Fund Balance, July 1, 2009	<u>1,136,243</u>	<u>773,656</u>	<u>773,656</u>	<u>362,587</u>
Fund Balance, June 30, 2010	<u>\$ 1,207,949</u>	<u>\$ 83,004</u>	<u>\$ 84,004</u>	<u>\$ 1,123,945</u>

Exhibit F-3

Benton County, Tennessee  
Schedule of Funding Progress – Pension Plan  
Primary Government and Discretely Presented Benton County School Department  
June 30, 2010

(Dollar amounts in thousands)

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)
7-1-09	\$ 10,965	\$ 12,588	\$ 1,623	87.11	% \$ 6,598	24.60
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 frozen entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the frozen entry age actuarial cost method went into effect during the 2007 actuarial valuation; therefore, only the two most recent valuations are presented.

Exhibit F-4

Benton County, Tennessee  
Schedule of Funding Progress – Other Postemployment Benefits Plans  
Primary Government and Discretely Presented Benton County School Department  
June 30, 2010

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date *	Actuarial Value of Assets (a)	Actuarial Accrued 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	7-1-07	\$ 0	41 \$	41	0%	\$ 745	6%
"	7-1-09	0	137	137	0	3,663	4
Benton County Electric System	7-1-08	0	540	540	0	2,154	25
"	7-1-09	0	548	548	0	2,273	24
<u>DISCRETELY PRESENTED BENTON COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-07	0	2,884	2,884	0	10,937	26
"	7-1-09	0	2,054	2,054	0	10,445	20

\* Data only available for two actuarial valuations.

**BENTON COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2010**

**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, Other Boards and Committees, 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 Drug Enforcement and Interest on Debt – General Government major appropriation categories (the legal level of control) of the General Fund by \$2,995 and \$9,131, respectively. Such overexpenditures are a violation of state statutes. These overexpenditures were funded by available fund balance.

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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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.

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Special Purpose Fund – The Special Purpose 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. This fund was closed during the 2009-10 year.

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

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

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General Capital Projects Fund – The General Capital Projects Fund is used to account for the construction of the animal shelter and the emergency management services buildings.

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. This fund was closed during the 2009-10 year.

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

Exhibit G-1

Benton County, Tennessee  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2010

	Special Revenue Funds			Capital Projects Funds			Total Nonmajor Governmental Funds
	Drug Control	Constituti- onal Officers - Fees	Total	General Capital Projects	Other Capital Projects	Total	
\$ 0 \$	818 \$	818 \$	0 \$	0 \$	0 \$	0 \$	818
21,011	0	21,011	43,768	81,695	125,463	146,474	146,474
0	1,205	1,205	0	0	0	0	1,205
0	0	0	2,141	0	2,141	2,141	2,141
\$ 21,011 \$	2,023 \$	23,034 \$	45,909 \$	81,695 \$	127,604 \$	150,638	

ASSETS

Cash  
 Equity in Pooled Cash and Investments  
 Accounts Receivable  
 Due from Other Funds  
 Total Assets

LIABILITIES AND FUND BALANCES

\$ 1,383 \$	0 \$	1,383 \$	1,250 \$	0 \$	1,250 \$	2,633
0	0	0	54,984	0	54,984	54,984
0	2,023	2,023	0	0	0	2,023
\$ 1,383 \$	2,023 \$	3,406 \$	56,234 \$	0 \$	56,234 \$	59,640
\$ 0 \$	0 \$	0 \$	80,425 \$	0 \$	80,425 \$	80,425
19,628	0	19,628	(90,750)	81,695	(9,055)	10,573
\$ 19,628 \$	0 \$	19,628 \$	(10,325) \$	81,695 \$	71,370 \$	90,998
\$ 21,011 \$	2,023 \$	23,034 \$	45,909 \$	81,695 \$	127,604 \$	150,638

Liabilities

Accounts Payable  
 Contracts Payable  
 Due to Other Funds  
 Total Liabilities

Fund Balances

Reserved for Encumbrances  
 Unreserved (Deficit)  
 Total Fund Balances

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, 2010

	Special Revenue Funds				Capital Projects Funds				Total Nonmajor Governmental Funds
	Special Purpose	Drug Control	Constiti- tional Officers - Fees	Total	General Capital Projects	Highway Capital Projects	Other Capital Projects	Total	
<b>Revenues</b>									
Fines, Forfeitures, and Penalties	\$ 0	\$ 15,442	\$ 0	\$ 15,442	\$ 0	\$ 0	\$ 0	\$ 0	\$ 15,442
Charges for Current Services	0	0	5,680	5,680	0	0	0	0	5,680
Other Local Revenues	201,995	2,505	0	204,500	0	25	0	25	204,525
State of Tennessee	0	0	0	0	0	0	355,509	355,509	355,509
Other Governments and Citizens Groups	0	150	0	150	0	0	0	0	150
<b>Total Revenues</b>	\$ 201,995	\$ 18,097	\$ 5,680	\$ 225,772	\$ 0	\$ 25	\$ 355,509	\$ 355,534	\$ 581,306
<b>Expenditures</b>									
Current:									
Administration of Justice	\$ 0	\$ 0	\$ 5,680	\$ 5,680	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,680
Public Safety	0	25,474	0	25,474	0	0	0	0	25,474
Other Operations	1,995	0	0	1,995	0	0	5,461	5,461	7,456
Highways	0	0	0	0	0	561	0	561	561
Instruction	200,000	0	0	200,000	0	0	0	0	200,000
Capital Projects	0	0	0	0	162,466	0	412,303	574,769	574,769
<b>Total Expenditures</b>	\$ 201,995	\$ 25,474	\$ 5,680	\$ 233,149	\$ 162,466	\$ 561	\$ 417,764	\$ 580,791	\$ 813,940
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	\$ 0	\$ (7,377)	\$ 0	\$ (7,377)	\$ (162,466)	\$ (536)	\$ (62,255)	\$ (225,257)	\$ (232,634)
<b>Other Financing Sources (Uses)</b>									
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 150,000	\$ 0	\$ 0	\$ 150,000	\$ 150,000
Transfers In	0	0	0	0	2,141	5,000	0	7,141	7,141
Transfers Out	(7,200,000)	0	0	(7,200,000)	0	(4,870)	0	(4,870)	(7,204,870)
<b>Total Other Financing Sources (Uses)</b>	\$ (7,200,000)	\$ 0	\$ 0	\$ (7,200,000)	\$ 152,141	\$ 130	\$ 0	\$ 152,271	\$ (7,047,729)
<b>Net Change in Fund Balances Fund Balance, July 1, 2009</b>	\$ (7,200,000)	\$ (7,377)	\$ 0	\$ (7,207,377)	\$ (10,325)	\$ (406)	\$ (62,255)	\$ (72,986)	\$ (7,280,363)
<b>Fund Balance, July 1, 2009</b>	7,200,000	27,005	0	7,227,005	0	406	143,950	144,356	7,371,361
<b>Fund Balance, June 30, 2010</b>	\$ 0	\$ 19,628	\$ 0	\$ 19,628	\$ (10,325)	\$ 0	\$ 81,695	\$ 71,370	\$ 90,998

Exhibit G-3

Benton County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Special Purpose Fund  
For the Year Ended June 30, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 201,995	\$ 194,830	\$ 194,830	\$ 7,165
Total Revenues	\$ 201,995	\$ 194,830	\$ 194,830	\$ 7,165
<u>Expenditures</u>				
<u>Other Operations</u>				
Miscellaneous	\$ 1,995	\$ 1,948	\$ 1,948	\$ (47)
<u>Instruction</u>				
Regular Instruction Program	200,000	192,882	192,882	(7,118)
Total Expenditures	\$ 201,995	\$ 194,830	\$ 194,830	\$ (7,165)
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (7,200,000)	\$ 0	\$ 0	\$ (7,200,000)
Total Other Financing Sources (Uses)	\$ (7,200,000)	\$ 0	\$ 0	\$ (7,200,000)
Net Change in Fund Balance	\$ (7,200,000)	\$ 0	\$ 0	\$ (7,200,000)
Fund Balance, July 1, 2009	7,200,000	0	0	7,200,000
Fund Balance, June 30, 2010	\$ 0	\$ 0	\$ 0	\$ 0

Exhibit G-4

Benton County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Drug Control Fund  
For the Year Ended June 30, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 15,442	\$ 17,700	\$ 17,700	\$ (2,258)
Other Local Revenues	2,505	150	2,530	(25)
Other Governments and Citizens Groups	150	0	150	0
Total Revenues	<u>\$ 18,097</u>	<u>\$ 17,850</u>	<u>\$ 20,380</u>	<u>\$ (2,283)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 25,474	\$ 42,400	\$ 44,930	\$ 19,456
Total Expenditures	<u>\$ 25,474</u>	<u>\$ 42,400</u>	<u>\$ 44,930</u>	<u>\$ 19,456</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (7,377)</u>	<u>\$ (24,550)</u>	<u>\$ (24,550)</u>	<u>\$ 17,173</u>
Net Change in Fund Balance	\$ (7,377)	\$ (24,550)	\$ (24,550)	\$ 17,173
Fund Balance, July 1, 2009	<u>27,005</u>	<u>43,870</u>	<u>43,870</u>	<u>(16,865)</u>
Fund Balance, June 30, 2010	<u>\$ 19,628</u>	<u>\$ 19,320</u>	<u>\$ 19,320</u>	<u>\$ 308</u>

# **Major Governmental Fund**

## **General Debt Service Fund**

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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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 656,690	\$ 653,206	\$ 653,206	\$ 3,484
Other Local Revenues	86,256	76,315	79,497	6,759
Other Governments and Citizens Groups	645,860	735,000	735,000	(89,140)
Total Revenues	<u>\$ 1,388,806</u>	<u>\$ 1,464,521</u>	<u>\$ 1,467,703</u>	<u>\$ (78,897)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 530,977	\$ 530,978	\$ 531,032	\$ 55
Education	538,600	535,483	538,601	1
<u>Interest on Debt</u>				
General Government	215,151	229,853	225,023	9,872
Education	288,662	288,663	288,663	1
<u>Other Debt Service</u>				
General Government	16,366	15,900	21,395	5,029
Education	515	1,500	1,565	1,050
Total Expenditures	<u>\$ 1,590,271</u>	<u>\$ 1,602,377</u>	<u>\$ 1,606,279</u>	<u>\$ 16,008</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (201,465)</u>	<u>\$ (137,856)</u>	<u>\$ (138,576)</u>	<u>\$ (62,889)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 113,194	\$ 30,000	\$ 30,000	\$ 83,194
Total Other Financing Sources (Uses)	<u>\$ 113,194</u>	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 83,194</u>
Net Change in Fund Balance	\$ (88,271)	\$ (107,856)	\$ (108,576)	\$ 20,305
Fund Balance, July 1, 2009	1,180,109	1,112,366	1,112,366	67,743
Fund Balance, June 30, 2010	<u>\$ 1,091,838</u>	<u>\$ 1,004,510</u>	<u>\$ 1,003,790</u>	<u>\$ 88,048</u>

# Fiduciary Funds

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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.

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

Community Development - Agency Fund – The Community Development - Agency Fund is used to account for the construction of a waterline extension for the City of Camden funded through a Community Development Block Grant and contributions from the city utility district.

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.

Exhibit I-1

Benton County, Tennessee  
Combining Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2010

	<u>Agency Funds</u>			<u>Total</u>
	<u>Cities - Sales Tax</u>	<u>Community Development - Agency</u>	<u>Constitutional Officers - Agency</u>	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 723,915	\$ 723,915
Equity in Pooled Cash and Investments	0	28,015	0	28,015
Due from Other Governments	254,631	0	0	254,631
Total Assets	<u>\$ 254,631</u>	<u>\$ 28,015</u>	<u>\$ 723,915</u>	<u>\$ 1,006,561</u>
<u>LIABILITIES</u>				
Due to Other Taxing Units	\$ 254,631	\$ 0	\$ 0	\$ 254,631
Due to Litigants, Heirs, and Others	0	28,015	723,915	751,930
Total Liabilities	<u>\$ 254,631</u>	<u>\$ 28,015</u>	<u>\$ 723,915</u>	<u>\$ 1,006,561</u>

Exhibit I-2

Benton County, Tennessee  
Combining Statement of Changes in Assets and  
Liabilities - All Agency Funds  
For the Year Ended June 30, 2010

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,428,903	\$ 1,428,903	\$ 0
Due from Other Governments	246,151	254,631	246,151	254,631
Total Assets	\$ 246,151	\$ 1,683,534	\$ 1,675,054	\$ 254,631
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 246,151	\$ 1,683,534	\$ 1,675,054	\$ 254,631
Total Liabilities	\$ 246,151	\$ 1,683,534	\$ 1,675,054	\$ 254,631
<u>Community Development - Agency Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 28,015	\$ 0	\$ 28,015
Total Assets	\$ 0	\$ 28,015	\$ 0	\$ 28,015
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 0	\$ 28,015	\$ 0	\$ 28,015
Total Liabilities	\$ 0	\$ 28,015	\$ 0	\$ 28,015
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 573,200	\$ 3,223,507	\$ 3,072,792	\$ 723,915
Total Assets	\$ 573,200	\$ 3,223,507	\$ 3,072,792	\$ 723,915
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 573,200	\$ 3,223,507	\$ 3,072,792	\$ 723,915
Total Liabilities	\$ 573,200	\$ 3,223,507	\$ 3,072,792	\$ 723,915
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 573,200	\$ 3,223,507	\$ 3,072,792	\$ 723,915
Equity in Pooled Cash and Investments	0	1,456,918	1,428,903	28,015
Due from Other Governments	246,151	254,631	246,151	254,631
Total Assets	\$ 819,351	\$ 4,935,056	\$ 4,747,846	\$ 1,006,561
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 246,151	\$ 1,683,534	\$ 1,675,054	\$ 254,631
Due to Litigants, Heirs, and Others	573,200	3,251,522	3,072,792	751,930
Total Liabilities	\$ 819,351	\$ 4,935,056	\$ 4,747,846	\$ 1,006,561

# Benton County School Department

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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.

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

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

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

Education Capital Projects Fund – The Education Capital Projects Fund is used to account for building construction and renovations of certain school projects. This fund was closed during the year 2009-10 year.

Exhibit J-1

Benton County, Tennessee  
Statement of Activities  
Discretely Presented Benton County School Department  
For the Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 12,374,870	\$ 925	\$ 1,756,792	\$ (10,617,153)
Support Services	6,899,889	42,398	1,027,220	(5,830,271)
Operation of Non-Instructional Services	1,692,613	369,182	1,303,191	(20,240)
Interest on Long-term Debt	10,107	0	0	(10,107)
Other Debt Service	388,073	0	0	(388,073)
Total Governmental Activities	\$ 21,365,552	\$ 412,505	\$ 4,087,203	\$ (16,865,844)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 3,560,017
Local Option Sales Taxes				1,786,799
Other Local Taxes				1,435
Grants and Contributions Not Restricted to Specific Programs				12,002,783
Miscellaneous				14,072
Total General Revenues				\$ 17,365,106
Change in Net Assets				\$ 499,262
Net Assets, July 1, 2009				15,632,313
Net Assets, June 30, 2010				\$ 16,131,575

Exhibit J-2

Benton County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Benton County School Department  
June 30, 2010

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>School</u>	<u>Fund</u>	
	<u>Purpose</u>	<u>Federal</u>	<u>Central</u>	
	<u>School</u>	<u>Projects</u>	<u>Cafeteria</u>	<u>Governmental</u>
			<u>Fund</u>	<u>Funds</u>
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 300	\$ 300
Equity in Pooled Cash and Investments	2,111,060	410	499,834	2,611,304
Due from Other Governments	488,447	8,889	0	497,336
Property Taxes Receivable	3,969,529	0	0	3,969,529
Allowance for Uncollectible Property Taxes	(202,164)	0	0	(202,164)
<b>Total Assets</b>	<b>\$ 6,366,872</b>	<b>\$ 9,299</b>	<b>\$ 500,134</b>	<b>\$ 6,876,305</b>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 40,439	\$ 0	\$ 0	\$ 40,439
Due to Primary Government	61,115	0	0	61,115
Deferred Revenue - Current Property Taxes	3,635,568	0	0	3,635,568
Deferred Revenue - Delinquent Property Taxes	120,548	0	0	120,548
Other Deferred Revenues	139,938	0	0	139,938
<b>Total Liabilities</b>	<b>\$ 3,997,608</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 3,997,608</b>
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 126,451	\$ 5,752	\$ 0	\$ 132,203
Reserved for Career Ladder Program	5,347	0	0	5,347
Reserved for Title I Grants to Local Education Agencies	0	74	0	74
Reserved for Innovative Education Program Strategies	0	2	0	2
Reserved for Special Education - Grants to States	0	3,471	0	3,471
Unreserved, Reported In:				
General Fund	2,237,466	0	0	2,237,466
Special Revenue Funds	0	0	500,134	500,134
<b>Total Fund Balances</b>	<b>\$ 2,369,264</b>	<b>\$ 9,299</b>	<b>\$ 500,134</b>	<b>\$ 2,878,697</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 6,366,872</b>	<b>\$ 9,299</b>	<b>\$ 500,134</b>	<b>\$ 6,876,305</b>

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, 2010

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)		\$ 2,878,697
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 479,205	
Add: buildings and improvements net of accumulated depreciation	12,184,353	
Add: other capital assets net of accumulated depreciation	<u>660,497</u>	13,324,055
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		260,486
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: other postemployment benefits liability		<u>(331,663)</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 16,131,575</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, 2010

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General Purpose School	School Federal Projects	Other Govern- mental Funds	
<u>Revenues</u>				
Local Taxes	\$ 5,649,344	\$ 0	\$ 0	\$ 5,649,344
Licenses and Permits	1,496	0	0	1,496
Charges for Current Services	38,563	0	325,979	364,542
Other Local Revenues	53,277	0	8,758	62,035
State of Tennessee	12,073,020	0	14,724	12,087,744
Federal Government	118,290	2,301,592	1,104,718	3,524,600
Other Governments and Citizens Groups	200,000	0	0	200,000
Total Revenues	<u>\$ 18,133,990</u>	<u>\$ 2,301,592</u>	<u>\$ 1,454,179</u>	<u>\$ 21,889,761</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 10,390,294	\$ 1,499,024	\$ 0	\$ 11,889,318
Support Services	5,701,772	757,754	0	6,459,526
Operation of Non-Instructional Services	290,771	0	1,378,432	1,669,203
Capital Outlay	575,103	0	0	575,103
Debt Service:				
Principal on Debt	255,001	0	0	255,001
Interest on Debt	12,487	0	0	12,487
Other Debt Service	388,073	0	0	388,073
Capital Projects	0	0	13,307	13,307
Total Expenditures	<u>\$ 17,613,501</u>	<u>\$ 2,256,778</u>	<u>\$ 1,391,739</u>	<u>\$ 21,262,018</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 520,489</u>	<u>\$ 44,814</u>	<u>\$ 62,440</u>	<u>\$ 627,743</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 1,957	\$ 0	\$ 0	\$ 1,957
Transfers In	39,691	0	0	39,691
Transfers Out	0	(39,691)	0	(39,691)
Total Other Financing Sources (Uses)	<u>\$ 41,648</u>	<u>\$ (39,691)</u>	<u>\$ 0</u>	<u>\$ 1,957</u>
Net Change in Fund Balances	\$ 562,137	\$ 5,123	\$ 62,440	\$ 629,700
Fund Balance, July 1, 2009	1,807,127	4,176	437,694	2,248,997
Fund Balance, June 30, 2010	<u>\$ 2,369,264</u>	<u>\$ 9,299</u>	<u>\$ 500,134</u>	<u>\$ 2,878,697</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, 2010

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)		\$ 629,700
(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	\$ 230,162	
Less: current year depreciation expense	<u>(590,333)</u>	(360,171)
(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, 2010	\$ 260,486	
Less: deferred delinquent property taxes and other deferred June 30, 2009	<u>(285,433)</u>	(24,947)
(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	\$ 159,816	
Add: principal payments on capital lease	<u>95,185</u>	255,001
(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	\$ (2,701)	
Change in accrued interest payable	<u>2,380</u>	<u>(321)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 499,262</u>

Exhibit J-6

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, 2010

	Special Revenue Fund	Capital Projects Education Capital Projects	Total Nonmajor Governmental Funds
	Central Cafeteria		
<u>Revenues</u>			
Charges for Current Services	\$ 325,979	\$ 0	\$ 325,979
Other Local Revenues	8,758	0	8,758
State of Tennessee	14,724	0	14,724
Federal Government	1,104,718	0	1,104,718
Total Revenues	<u>\$ 1,454,179</u>	<u>\$ 0</u>	<u>\$ 1,454,179</u>
<u>Expenditures</u>			
Current:			
Operation of Non-Instructional Services	\$ 1,378,432	\$ 0	\$ 1,378,432
Capital Projects	0	13,307	13,307
Total Expenditures	<u>\$ 1,378,432</u>	<u>\$ 13,307</u>	<u>\$ 1,391,739</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 75,747</u>	<u>\$ (13,307)</u>	<u>\$ 62,440</u>
Net Change in Fund Balances	\$ 75,747	\$ (13,307)	\$ 62,440
Fund Balance, July 1, 2009	<u>424,387</u>	<u>13,307</u>	<u>437,694</u>
Fund Balance, June 30, 2010	<u>\$ 500,134</u>	<u>\$ 0</u>	<u>\$ 500,134</u>

Exhibit J-7

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, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 5,649,344	\$ 0	\$ 0	\$ 5,649,344	\$ 5,539,726	\$ 5,539,726	\$ 109,618
Licenses and Permits	1,496	0	0	1,496	1,200	1,200	296
Charges for Current Services	38,563	0	0	38,563	42,500	42,500	(3,937)
Other Local Revenues	53,277	0	0	53,277	198,500	66,285	(13,008)
State of Tennessee	12,073,020	0	0	12,073,020	12,007,853	12,117,959	(44,939)
Federal Government	118,290	0	0	118,290	124,064	124,064	(5,774)
Other Governments and Citizens Groups	200,000	0	0	200,000	0	195,000	5,000
Total Revenues	\$ 18,133,990	\$ 0	\$ 0	\$ 18,133,990	\$ 17,913,843	\$ 18,086,734	\$ 47,256
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 8,525,568	\$ (95,146)	\$ 25,096	\$ 8,455,518	\$ 8,829,477	\$ 8,889,331	\$ 433,813
Special Education Program	1,077,454	0	0	1,077,454	1,113,653	1,113,653	36,199
Vocational Education Program	649,311	0	2,137	651,448	677,261	677,261	25,813
Adult Education Program	137,961	0	0	137,961	154,269	154,869	16,908
<u>Support Services</u>							
Attendance	79,673	0	0	79,673	80,120	80,120	447
Health Services	260,214	0	0	260,214	266,365	271,466	11,252
Other Student Support	312,125	0	0	312,125	308,966	321,966	9,841
Regular Instruction Program	556,269	0	0	556,269	569,194	569,194	12,925
Special Education Program	91,972	0	0	91,972	93,689	93,689	1,717
Vocational Education Program	122,356	0	0	122,356	132,874	132,874	10,518
Adult Programs	79,777	0	0	79,777	82,384	82,384	2,607
Other Programs	86,166	0	0	86,166	0	86,166	0

(Continued)

Exhibit J-7

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	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	\$ 304,527	\$ 0	\$ 15,540	\$ 320,067	\$ 484,034	\$ 484,034	\$ 163,967
Director of Schools	118,952	0	0	118,952	125,331	125,331	6,379
Office of the Principal	873,005	0	0	873,005	901,423	901,423	28,418
Fiscal Services	135,792	0	0	135,792	136,265	137,299	1,507
Operation of Plant	1,243,635	0	2,997	1,246,632	1,372,138	1,372,138	125,506
Maintenance of Plant	491,313	(1,640)	0	489,673	516,361	518,318	28,645
Transportation	880,748	0	0	880,748	938,582	938,582	57,834
Central and Other	65,248	0	0	65,248	66,547	66,547	1,299
<u>Operation of Non-Instructional Services</u>							
Food Service	81,615	0	0	81,615	88,881	88,881	7,266
Community Services	5,000	0	0	5,000	5,500	5,500	500
Early Childhood Education	204,156	0	3,846	208,002	218,845	218,845	10,843
<u>Capital Outlay</u>							
Regular Capital Outlay	575,103	(114,957)	76,835	536,981	302,068	539,950	2,969
<u>Principal on Debt</u>							
Education	255,001	0	0	255,001	67,227	255,001	0
Interest on Debt							
Education	12,487	0	0	12,487	12,489	12,489	2
<u>Other Debt Service</u>							
Education	388,073	0	0	388,073	0	442,614	54,541
Total Expenditures	\$ 17,613,501	\$ (211,743)	\$ 126,451	\$ 17,528,209	\$ 17,543,943	\$ 18,579,925	\$ 1,051,716
Excess (Deficiency) of Revenues Over Expenditures	\$ 520,489	\$ 211,743	\$ (126,451)	\$ 605,781	\$ 369,900	\$ (493,191)	\$ 1,098,972

(Continued)

Exhibit J-7

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 1,957	\$ 0	\$ 0	\$ 1,957	\$ 100	\$ 2,057	\$ (100)
Transfers In	39,691	0	0	39,691	5,000	5,000	34,691
Transfers Out	0	0	0	0	(375,000)	0	0
Total Other Financing Sources (Uses)	\$ 41,648	\$ 0	\$ 0	\$ 41,648	\$ (369,900)	\$ 7,057	\$ 34,591
Net Change in Fund Balance	\$ 562,137	\$ 211,743	\$ (126,451)	\$ 647,429	\$ 0	\$ (486,134)	\$ 1,133,563
Fund Balance, July 1, 2009	1,807,127	(211,743)	0	1,595,384	1,816,784	1,816,784	(221,400)
Fund Balance, June 30, 2010	\$ 2,369,264	\$ 0	\$ (126,451)	\$ 2,242,813	\$ 1,816,784	\$ 1,330,650	\$ 912,163

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  
School Federal Projects Fund  
For the Year Ended June 30, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 2,301,592	\$ 0	\$ 0	\$ 2,301,592	\$ 2,502,967	\$ 2,681,495	\$ (379,903)
Total Revenues	\$ 2,301,592	\$ 0	\$ 0	\$ 2,301,592	\$ 2,502,967	\$ 2,681,495	\$ (379,903)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 855,468	\$ 0	\$ 0	\$ 855,468	\$ 868,199	\$ 910,797	\$ 55,329
Special Education Program	606,337	0	1,570	607,907	694,532	800,306	192,399
Vocational Education Program	37,219	0	0	37,219	29,933	37,219	0
<u>Support Services</u>							
Other Student Support	123,254	0	0	123,254	315,976	317,712	194,458
Regular Instruction Program	307,919	0	2,500	310,419	344,599	380,937	70,518
Special Education Program	156,143	0	1,682	157,825	198,845	181,834	24,009
Vocational Education Program	1,061	0	0	1,061	1,734	1,061	0
Transportation	169,377	(163,671)	0	5,706	0	6,000	294
Total Expenditures	\$ 2,256,778	\$ (163,671)	\$ 5,752	\$ 2,098,859	\$ 2,453,818	\$ 2,635,866	\$ 537,007
Excess (Deficiency) of Revenues Over Expenditures	\$ 44,814	\$ 163,671	\$ (5,752)	\$ 202,733	\$ 49,149	\$ 45,629	\$ 157,104
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (39,691)	\$ 0	\$ 0	\$ (39,691)	\$ (49,149)	\$ (49,806)	\$ 10,115
Total Other Financing Sources (Uses)	\$ (39,691)	\$ 0	\$ 0	\$ (39,691)	\$ (49,149)	\$ (49,806)	\$ 10,115
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ 5,123	\$ 163,671	\$ (5,752)	\$ 163,042	\$ 0	\$ (4,177)	\$ 167,219
	4,176	(163,671)	0	(159,495)	0	4,177	(163,672)
Fund Balance, June 30, 2010	\$ 9,299	\$ 0	\$ (5,752)	\$ 3,547	\$ 0	\$ 0	\$ 3,547

Exhibit J-9

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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 325,979	\$ 466,000	\$ 460,900	\$ (134,921)
Other Local Revenues	8,758	12,000	12,000	(3,242)
State of Tennessee	14,724	17,000	17,000	(2,276)
Federal Government	1,104,718	1,050,000	1,159,148	(54,430)
Total Revenues	<u>\$ 1,454,179</u>	<u>\$ 1,545,000</u>	<u>\$ 1,649,048</u>	<u>\$ (194,869)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,378,432	\$ 1,545,000	\$ 1,649,048	\$ 270,616
Total Expenditures	<u>\$ 1,378,432</u>	<u>\$ 1,545,000</u>	<u>\$ 1,649,048</u>	<u>\$ 270,616</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 75,747</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 75,747</u>
Net Change in Fund Balance	\$ 75,747	\$ 0	\$ 0	\$ 75,747
Fund Balance, July 1, 2009	<u>424,387</u>	<u>425,032</u>	<u>425,032</u>	<u>(645)</u>
Fund Balance, June 30, 2010	<u>\$ 500,134</u>	<u>\$ 425,032</u>	<u>\$ 425,032</u>	<u>\$ 75,102</u>

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## 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, 2010

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-09	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-10
<b><u>PRIMARY GOVERNMENT</u></b>								
<b><u>NOTES PAYABLE</u></b>								
<u>Payable through General Debt Service Fund</u>								
Vocational Rehabilitation Center	\$ 725,000	5.1 %	12-30-1999	11-29-10	\$ 225,000	0	\$ 71,000	\$ 154,000
Central Dispatch Building and Equipment	260,600	4.3	9-1-06	8-29-09	90,575	0	90,575	0
Runway Extension	450,000	4.3	9-1-06	8-29-09	156,402	0	156,402	0
Animal Shelter	150,000	3.4	10-14-09	10-13-10	0	150,000	0	150,000
Total Notes Payable					\$ 471,977	\$ 150,000	\$ 317,977	\$ 304,000
<b><u>OTHER LOANS PAYABLE</u></b>								
<u>Payable through General Debt Service Fund</u>								
Jail Construction and Renovation	1,100,000	Variable	1-8-1997	5-25-12	\$ 295,000	0	\$ 93,000	\$ 202,000
Qualified Zone Academy Bonds: Career and Technical Center	204,000	0	7-7-06	12-28-20	163,200	0	13,600	149,600
Total Other Loans Payable					\$ 458,200	0	\$ 106,600	\$ 351,600
<b><u>CAPITAL LEASE PAYABLE</u></b>								
<u>Payable through General Fund</u>								
Sheriff Patrol Cars	75,773	5.6	9-17-07	9-17-09	\$ 25,233	0	\$ 25,233	0
Total Capital Lease Payable					\$ 25,233	0	\$ 25,233	0
<b><u>BONDS PAYABLE</u></b>								
<u>Payable through General Debt Service Fund</u>								
School Bonds, Series 2003 Refunding	9,020,000	3.5	6-12-03	12-1-21	\$ 8,510,000	0	\$ 525,000	\$ 7,985,000
Jail Bonds, Series 2007	5,000,000	4	10-1-07	10-1-32	4,885,000	0	120,000	4,765,000
Total Bonds Payable					\$ 13,395,000	0	\$ 645,000	\$ 12,750,000

(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 7-1-09	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-10
<u>DISCRETELY PRESENTED BENTON COUNTY SCHOOL DEPARTMENT</u>								
<u>NOTE PAYABLE</u>								
Payable through General Purpose School Fund	\$ 150,000	6 %	1-16-07	2-17-10	\$ 95,185	\$ 0	\$ 95,185	\$ 0
Land								
Total Note Payable					\$ 95,185	\$ 0	\$ 95,185	\$ 0
<u>CAPITAL LEASE PAYABLE</u>								
Payable through General Purpose School Fund	352,035	4.5	7-23-03	6-9-10	\$ 159,816	\$ 0	\$ 159,816	\$ 0
Energy Efficient Lighting Equipment								
Total Capital Lease Payable					\$ 159,816	\$ 0	\$ 159,816	\$ 0

Exhibit K-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2011	\$ 304,000	\$ 9,098	\$ 313,098
Total	\$ 304,000	\$ 9,098	\$ 313,098

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
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	\$ 351,600	\$ 1,775	\$ 3,918	\$ 357,293

Year Ending June 30	Bonds		
	Principal	Interest	Total
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	\$ 12,750,000	\$ 4,347,018	\$ 17,097,018

Exhibit K-3

Benton County, Tennessee  
Schedule of Transfers  
Primary Government and Discretely Presented Benton County School Department  
For the Year Ended June 30, 2010

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	Public Library	Operations	\$ 252,525
General	General Debt Service	Debt retirement	62,672
General	General Capital Projects	Operations	2,141
General	Highway Capital Projects	Operations	5,000
Special Purpose	General	Close fund	7,200,000
Highway Capital Projects	Highway/Public Works	Close fund	4,870
Public Utility	General	Payment in-lieu-of taxes	119,990
Public Utility	Highway/Public Works	Payment in-lieu-of taxes	17,367
Public Utility	General Debt Service	Payment in-lieu-of taxes	50,522
Total Transfers Primary Government			<u>\$ 7,715,087</u>
<u>DISCRETELY PRESENTED BENTON COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ 39,691
Total Transfers Discretely Presented Benton County School Department			<u>\$ 39,691</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, 2010

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	85,233 (1)	50,000	"
Trustee	Section 8-24-102, <u>TCA</u>	57,751	700,000	"
Assessor of Property	Section 8-24-102, <u>TCA</u>	57,751	10,000	"
County Clerk	Section 8-24-102, <u>TCA</u>	57,751	25,000	"
Circuit Court Clerk	Section 8-24-102, <u>TCA</u>	57,751	30,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u>	57,751 (2)	50,000	"
Register	Section 8-24-102, <u>TCA</u>	57,751	25,000	"
Sheriff	Section 8-24-102, <u>TCA</u>	63,527 (3)	25,000	"
Employee Blanket Bond:				
County Mayor and Road Supervisor:				Tennessee Risk Management Trust
All Employees			150,000	"
Schools Employees' Blanket Bond			10,000	Western Surety Company
"				

- (1) Includes a chief executive officer training supplement of \$1,000.
- (2) Does not include special commissioner fees of \$5,650.
- (3) 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, 2010

	Special Revenue Funds				
	General	Special Purpose	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 1,457,102	\$ 0	\$ 0	\$ 0	\$ 210,894
Trustee's Collections - Prior Year	53,467	0	0	0	7,738
Circuit/Clerk & Master Collections - Prior Years	40,313	0	0	0	5,835
Interest and Penalty	8,327	0	0	0	1,205
Payments in-Lieu-of Taxes - T, V.A.	7,439	0	0	0	0
Payments in-Lieu-of Taxes - Other	431	0	0	0	62
<u>County Local Option Taxes</u>					
Local Option Sales Tax	350,351	0	0	0	0
Hotel/Motel Tax	38,117	0	0	0	0
Litigation Tax - General	61,831	0	0	0	0
Litigation Tax - Special Purpose	16,490	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	88,767	0	0	0	0
Business Tax	90,854	0	0	0	0
Mineral Severance Tax	56,996	0	0	0	111,818
Other County Local Option Taxes	2,267	0	0	0	0
<u>Statutory Local Taxes</u>					
Bank Excise Tax	27,439	0	0	0	0
Wholesale Beer Tax	91,234	0	0	0	0
Beer Privilege Tax	1,600	0	0	0	0
Interstate Telecommunications Tax	1,058	0	0	0	0
Total Local Taxes	\$ 2,394,083	\$ 0	\$ 0	\$ 0	\$ 337,552
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Cable TV Franchise	\$ 4,611	\$ 0	\$ 0	\$ 0	\$ 0
<u>Permits</u>					
Beer Permits	1,000	0	0	0	0
Other Permits	1,335	0	0	0	0
Total Licenses and Permits	\$ 6,946	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit K-5

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

	Special Revenue Funds				
	General	Special Purpose	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 7,196	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	2,392	0	0	0	0
Drug Control Fines	0	0	3,651	0	0
Drug Court Fees	466	0	0	0	0
Jail Fees	901	0	0	0	0
DUI Treatment Fines	570	0	0	0	0
Data Entry Fee - Circuit Court	377	0	0	0	0
Courtroom Security Fee	2	0	0	0	0
Victims Assistance Assessments	546	0	0	0	0
<u>General Sessions Court</u>					
Fines	49,183	0	0	0	0
Officers Costs	26,699	0	0	0	0
Drug Control Fines	0	0	5,014	0	0
Drug Court Fees	3,781	0	0	0	0
Jail Fees	29,915	0	0	0	0
DUI Treatment Fines	7,116	0	0	0	0
Data Entry Fee - General Sessions Court	2,169	0	0	0	0
Courtroom Security Fee	133	0	0	0	0
<u>Juvenile Court</u>					
Fines	7,032	0	0	0	0
<u>Chancery Court</u>					
Officers Costs	1,136	0	0	0	0
Data Entry Fee - Chancery Court	563	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	0	0	6,777	0	0
Total Fines, Forfeitures, and Penalties	\$ 140,177	\$ 0	\$ 15,442	\$ 0	\$ 0
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Surcharge - Host Agency	\$ 681,333	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit K-5

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

	Special Revenue Funds				
	General	Special Purpose	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Charges for Current Services (Cont.)</u>					
<u>Fees</u>					
Copy Fees	\$ 1,033	\$ 0	\$ 0	\$ 0	\$ 0
Greenbelt Late Application Fee	700	0	0	0	0
Telephone Commissions	6,840	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	5,680	0
Data Processing Fee - Register	5,532	0	0	0	0
Sexual Offender Registration Fees - Sheriff	2,250	0	0	0	0
Data Processing Fee - County Clerk	582	0	0	0	0
Total Charges for Current Services	\$ 698,270	\$ 0	\$ 0	\$ 5,680	\$ 0
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 85,119	\$ 201,995	\$ 0	\$ 0	\$ 0
Lease/Rentals	25,780	0	0	0	0
Sale of Materials and Supplies	319	0	0	0	8,027
Commissary Sales	6,053	0	0	0	0
Sale of Gasoline	100,699	0	0	0	7,697
Sale of Recycled Materials	1,323	0	0	0	0
Miscellaneous Refunds	14,721	0	305	0	0
<u>Nonrecurring Items</u>					
Sale of Equipment	5,834	0	2,200	0	0
Sale of Property	696	0	0	0	0
Damages Recovered from Individuals	1,457	0	0	0	22
Contributions and Gifts	1,460	0	0	0	0
Total Other Local Revenues	\$ 243,461	\$ 201,995	\$ 2,505	\$ 0	\$ 15,746
<u>Fees Received from County Officials</u>					
<u>Fees in-Lieu-of Salary</u>					
County Clerk	\$ 160,507	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	27,270	0	0	0	0
General Sessions Court Clerk	140,009	0	0	0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds				
	General	Special Purpose	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Fees Received from County Officials (Cont.)</u>					
<u>Fees in-Lieu-of Salary (Cont.)</u>					
Clerk and Master	\$ 70,576	\$ 0	\$ 0	\$ 0	\$ 0
Register	58,767	0	0	0	0
Sheriff	7,065	0	0	0	0
Trustee	253,107	0	0	0	0
Total Fees Received from County Officials	\$ 717,301	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 98,666	\$ 0	\$ 0	\$ 0	\$ 0
Airport Maintenance Program	35,149	0	0	0	0
Aging Programs	56,572	0	0	0	0
State Reappraisal Grant	8,028	0	0	0	0
Solid Waste Grants	10,660	0	0	0	0
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	11,400	0	0	0	0
<u>Health and Welfare Grants</u>					
Health Department Programs	25,995	0	0	0	0
<u>Public Works Grants</u>					
Litter Program	33,620	0	0	0	0
<u>Other State Revenues</u>					
Income Tax	55,081	0	0	0	0
Resort District Sales Tax	301,740	0	0	0	0
Beer Tax	17,778	0	0	0	0
Alcoholic Beverage Tax	34,683	0	0	0	0
Mixed Drink Tax	4,212	0	0	0	0
State Revenue Sharing - T.V.A.	1,393,483	0	0	0	55,000
Prisoner Transportation	451	0	0	0	0
Contracted Prisoner Boarding	235,935	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	1,517,759
Petroleum Special Tax	0	0	0	0	13,282

(Continued)

Exhibit K-5

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

	Special Revenue Funds				
	General	Special Purpose	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>State of Tennessee (Cont.)</u>					
<u>Other State Revenues (Cont.)</u>					
Registrar's Salary Supplement	\$ 16,380	\$ 0	\$ 0	\$ 0	\$ 0
Other State Grants	3,900	0	0	0	0
Total State of Tennessee	\$ 2,343,733	\$ 0	\$ 0	\$ 0	\$ 1,586,041
<u>Federal Government</u>					
<u>Federal Through State</u>					
Disaster Relief	\$ 0	\$ 0	\$ 0	\$ 0	\$ 40,404
Homeland Security Grants	49,616	0	0	0	0
Total Federal Government	\$ 49,616	\$ 0	\$ 0	\$ 0	\$ 40,404
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 36,156	\$ 0	\$ 0	\$ 0	\$ 6,303
<u>Citizens Groups</u>					
Donations	25,544	0	150	0	0
Total Other Governments and Citizens Groups	\$ 61,700	\$ 0	\$ 150	\$ 0	\$ 6,303
Total	\$ 6,655,287	\$ 201,995	\$ 18,097	\$ 5,680	\$ 1,986,046

(Continued)

Exhibit K-5

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

	Debt Service Fund	Capital Projects Funds				Total
		General Debt Service	Community Development/ Industrial Park	Highway Capital Projects	Other Capital Projects	
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 612,496	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,280,492
Trustee's Collections - Prior Year	22,512	0	0	0	0	83,717
Circuit/Clerk & Master Collections - Prior Years	16,974	0	0	0	0	63,122
Interest and Penalty	4,527	0	0	0	0	14,059
Payments in-Lieu-of Taxes - T, V.A.	0	0	0	0	0	7,439
Payments in-Lieu-of Taxes - Other	181	0	0	0	0	674
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	0	0	0	350,351
Hotel/Motel Tax	0	0	0	0	0	38,117
Litigation Tax - General	0	0	0	0	0	61,831
Litigation Tax - Special Purpose	0	0	0	0	0	16,490
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	88,767
Business Tax	0	0	0	0	0	90,854
Mineral Severance Tax	0	0	0	0	0	168,814
Other County Local Option Taxes	0	0	0	0	0	2,267
<u>Statutory Local Taxes</u>						
Bank Excise Tax	0	0	0	0	0	27,439
Wholesale Beer Tax	0	0	0	0	0	91,234
Beer Privilege Tax	0	0	0	0	0	1,600
Interstate Telecommunications Tax	0	0	0	0	0	1,058
Total Local Taxes	\$ 656,690	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,388,325
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,611
<u>Permits</u>						
Beer Permits	0	0	0	0	0	1,000
Other Permits	0	0	0	0	0	1,335
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,946

(Continued)

Exhibit K-5

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

	Debt Service Fund	Capital Projects Funds				Total
		General Debt Service	Community Development/Industrial Park	Highway Capital Projects	Other Capital Projects	
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$	0	0	0	0	7,196
Officers Costs		0	0	0	0	2,392
Drug Control Fines		0	0	0	0	3,651
Drug Court Fees		0	0	0	0	466
Jail Fees		0	0	0	0	901
DUI Treatment Fines		0	0	0	0	570
Data Entry Fee - Circuit Court		0	0	0	0	377
Courtroom Security Fee		0	0	0	0	2
Victims Assistance Assessments		0	0	0	0	546
<u>General Sessions Court</u>						
Fines		0	0	0	0	49,183
Officers Costs		0	0	0	0	26,699
Drug Control Fines		0	0	0	0	5,014
Drug Court Fees		0	0	0	0	3,781
Jail Fees		0	0	0	0	29,915
DUI Treatment Fines		0	0	0	0	7,116
Data Entry Fee - General Sessions Court		0	0	0	0	2,169
Courtroom Security Fee		0	0	0	0	133
<u>Juvenile Court</u>						
Fines		0	0	0	0	7,032
<u>Chancery Court</u>						
Officers Costs		0	0	0	0	1,136
Data Entry Fee - Chancery Court		0	0	0	0	563
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property		0	0	0	0	6,777
Total Fines, Forfeitures, and Penalties	\$	0	0	0	0	155,619
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Surcharge - Host Agency	\$	0	0	0	0	681,333

(Continued)

Exhibit K-5

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

	Debt Service Fund	Capital Projects Funds				Total
		General Debt Service	Community Development/Industrial Park	Highway Capital Projects	Other Capital Projects	
<u>Charges for Current Services (Cont.)</u>						
<u>Fees</u>						
Copy Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,033
Greenbelt Late Application Fee	0	0	0	0	0	700
Telephone Commissions	0	0	0	0	0	6,840
Constitutional Officers' Fees and Commissions	0	0	0	0	0	5,680
Data Processing Fee - Register	0	0	0	0	0	5,532
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	2,250
Data Processing Fee - County Clerk	0	0	0	0	0	582
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	703,950
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 6,714	\$ 58,316	\$ 0	\$ 0	\$ 0	352,144
Lease/Rentals	76,315	0	0	0	0	102,095
Sale of Materials and Supplies	0	0	0	0	0	8,346
Commissary Sales	0	0	0	0	0	6,053
Sale of Gasoline	0	0	0	0	0	108,396
Sale of Recycled Materials	0	0	0	0	0	1,323
Miscellaneous Refunds	3,227	0	0	0	0	18,253
<u>Nonrecurring Items</u>						
Sale of Equipment	0	0	0	0	0	8,034
Sale of Property	0	0	0	0	0	696
Damages Recovered from Individuals	0	0	25	0	0	1,504
Contributions and Gifts	0	0	0	0	0	1,460
Total Other Local Revenues	\$ 86,256	\$ 58,316	\$ 25	\$ 0	\$ 0	608,304
<u>Fees Received from County Officials</u>						
<u>Fees in-Lieu-of Salary</u>						
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	160,507
Circuit Court Clerk	0	0	0	0	0	27,270
General Sessions Court Clerk	0	0	0	0	0	140,009

(Continued)

Exhibit K-5

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

	Debt Service Fund	Capital Projects Funds				Total
		General Debt Service	Community Development/Industrial Park	Highway Capital Projects	Other Capital Projects	
<u>Fees Received from County Officials (Cont.)</u>						
<u>Fees in-Lieu-of Salary (Cont.)</u>						
Clerk and Master	0 \$	0 \$	0 \$	0 \$	0 \$	70,576
Register	0	0	0	0	0	58,767
Sheriff	0	0	0	0	0	7,065
Trustee	0	0	0	0	0	253,107
<b>Total Fees Received from County Officials</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>717,301</b>
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	0 \$	0 \$	0 \$	0 \$	0 \$	98,666
Airport Maintenance Program	0	0	0	0	355,509	390,658
Aging Programs	0	0	0	0	0	56,572
State Reappraisal Grant	0	0	0	0	0	8,028
Solid Waste Grants	0	0	0	0	0	10,660
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	0	0	0	0	0	11,400
<u>Health and Welfare Grants</u>						
Health Department Programs	0	0	0	0	0	25,995
<u>Public Works Grants</u>						
Litter Program	0	0	0	0	0	33,620
<u>Other State Revenues</u>						
Income Tax	0	0	0	0	0	55,081
Resort District Sales Tax	0	0	0	0	0	301,740
Beer Tax	0	0	0	0	0	17,778
Alcoholic Beverage Tax	0	0	0	0	0	34,683
Mixed Drink Tax	0	0	0	0	0	4,212
State Revenue Sharing - T.V.A.	0	0	0	0	0	1,448,483
Prisoner Transportation	0	0	0	0	0	451
Contracted Prisoner Boarding	0	0	0	0	0	235,935
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,517,759
Petroleum Special Tax	0	0	0	0	0	13,282

(Continued)

Exhibit K-5

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

	Debt Service Fund	Capital Projects Funds				Total
		General Debt Service	Community Development/ Industrial Park	Highway Capital Projects	Other Capital Projects	
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
Registrar's Salary Supplement	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	16,380
Other State Grants	0	0	0	0	0	3,900
Total State of Tennessee	\$ 0 \$	0 \$	0 \$	0 \$	355,509 \$	4,285,283
<u>Federal Government</u>						
<u>Federal Through State</u>						
Disaster Relief	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	40,404
Homeland Security Grants	0	0	0	0	0	49,616
Total Federal Government	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	90,020
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 645,860 \$	0 \$	0 \$	0 \$	0 \$	688,319
Citizens Groups	0	0	0	0	0	25,694
Donations	\$ 645,860 \$	0 \$	0 \$	0 \$	0 \$	714,013
Total Other Governments and Citizens Groups	\$ 1,388,806 \$	58,316 \$	25 \$	355,509 \$	10,669,761	
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, 2010

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 3,349,602	\$ 0	\$ 0	\$ 3,349,602
Trustee's Collections - Prior Year	123,116	0	0	123,116
Circuit/Clerk & Master Collections - Prior Years	92,826	0	0	92,826
Interest and Penalty	24,750	0	0	24,750
Payments in-Lieu-of Taxes - Local Utilities	276,294	0	0	276,294
Payments in-Lieu-of Taxes - Other	993	0	0	993
<u>County Local Option Taxes</u>				
Local Option Sales Tax	1,780,328	0	0	1,780,328
<u>Statutory Local Taxes</u>				
Interstate Telecommunications Tax	1,435	0	0	1,435
<b>Total Local Taxes</b>	<b>\$ 5,649,344</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 5,649,344</b>
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 1,217	\$ 0	\$ 0	\$ 1,217
<u>Permits</u>				
Other Permits	279	0	0	279
<b>Total Licenses and Permits</b>	<b>\$ 1,496</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,496</b>
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Summer School	\$ 925	\$ 0	\$ 0	\$ 925
Lunch Payments - Children	0	0	197,421	197,421
Lunch Payments - Adults	0	0	49,467	49,467
Income from Breakfast	0	0	13	13
A la carte Sales	0	0	74,318	74,318
Receipts from Individual Schools	37,638	0	0	37,638
<u>Other Charges for Services</u>				
Other Charges for Services	0	0	4,760	4,760
<b>Total Charges for Current Services</b>	<b>\$ 38,563</b>	<b>\$ 0</b>	<b>\$ 325,979</b>	<b>\$ 364,542</b>
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 8,260	\$ 8,260
Refund of Telecommunication and Internet Fees (E-Rate)	47,963	0	0	47,963
Miscellaneous Refunds	1,566	0	498	2,064
<u>Nonrecurring Items</u>				
Damages Recovered from Individuals	1,148	0	0	1,148
Contributions and Gifts	2,600	0	0	2,600
<b>Total Other Local Revenues</b>	<b>\$ 53,277</b>	<b>\$ 0</b>	<b>\$ 8,758</b>	<b>\$ 62,035</b>
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 86,166	\$ 0	\$ 0	\$ 86,166
<u>State Education Funds</u>				
Basic Education Program	10,922,400	0	0	10,922,400
Basic Education Program - ARRA	451,600	0	0	451,600
Early Childhood Education	183,749	0	0	183,749

(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	\$ 14,724	\$ 14,724
Other State Education Funds	2,980	0	0	2,980
Coordinated School Health - ARRA	95,000	0	0	95,000
Statewide Student Management System (SSMS) - ARRA	6,018	0	0	6,018
Career Ladder Program	124,807	0	0	124,807
Career Ladder - Extended Contract - ARRA	35,400	0	0	35,400
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	150,000	0	0	150,000
Safe Schools - ARRA	14,900	0	0	14,900
Total State of Tennessee	\$ 12,073,020	\$ 0	\$ 14,724	\$ 12,087,744
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 616,254	\$ 616,254
USDA - Commodities	0	0	92,548	92,548
Breakfast	0	0	384,416	384,416
USDA Food Service Equipment Grant - ARRA	0	0	11,500	11,500
Adult Education State Grant Program	75,558	0	0	75,558
Vocational Education - Basic Grants to States	0	53,382	0	53,382
Title I Grants to Local Education Agencies	0	1,050,770	0	1,050,770
Special Education - Grants to States	0	931,735	0	931,735
Special Education Preschool Grants	0	23,362	0	23,362
Safe and Drug-free Schools - State Grants	0	15,554	0	15,554
Rural Education	0	65,699	0	65,699
Eisenhower Professional Development State Grants	0	133,138	0	133,138
Job Training Partnership Act	42,732	0	0	42,732
Other Federal through State	0	27,952	0	27,952
Total Federal Government	\$ 118,290	\$ 2,301,592	\$ 1,104,718	\$ 3,524,600
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 200,000	\$ 0	\$ 0	\$ 200,000
Total Other Governments and Citizens Groups	\$ 200,000	\$ 0	\$ 0	\$ 200,000
Total	\$ 18,133,990	\$ 2,301,592	\$ 1,454,179	\$ 21,889,761

Exhibit K-7

Benton County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2010

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	26,550	
In-Service Training		1,540	
Audit Services		30,683	
Travel		3,780	
Total County Commission			\$ 62,553

Board of Equalization

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

Beer Board

Board and Committee Members Fees	\$	425	
Total Beer Board			425

Other Boards and Committees

Board and Committee Members Fees	\$	562	
Total Other Boards and Committees			562

County Mayor/Executive

County Official/Administrative Officer	\$	66,702	
Accountants/Bookkeepers		27,377	
Salary Supplements		1,085	
Secretary(ies)		29,043	
Clerical Personnel		22,423	
Advertising		1,960	
Communication		6,470	
Data Processing Services		6,208	
Dues and Memberships		24,838	
Operating Lease Payments		2,719	
Maintenance and Repair Services - Office Equipment		1,085	
Postal Charges		18,874	
Printing, Stationery, and Forms		2,461	
Travel		987	
Other Contracted Services		500	
Data Processing Supplies		1,001	
Duplicating Supplies		214	
Office Supplies		1,572	
Judgments		376	
Other Charges		49,139	
Data Processing Equipment		2,862	
Total County Mayor/Executive			267,896

(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	\$ 26,229	
Total County Attorney	<u>26,229</u>	\$ 26,229

Election Commission

County Official/Administrative Officer	\$ 51,976	
Deputy(ies)	20,115	
Part-time Personnel	6,612	
Election Commission	1,900	
Election Workers	4,653	
In-Service Training	980	
Advertising	1,190	
Communication	3,257	
Data Processing Services	16,589	
Dues and Memberships	175	
Postal Charges	5,485	
Printing, Stationery, and Forms	3,532	
Rentals	5,504	
Travel	1,680	
Data Processing Supplies	1,641	
Duplicating Supplies	306	
Office Supplies	1,138	
Other Supplies and Materials	23	
Other Charges	626	
Furniture and Fixtures	416	
Office Equipment	<u>621</u>	
Total Election Commission		128,419

Register of Deeds

County Official/Administrative Officer	\$ 57,751
Deputy(ies)	56,996
In-Service Training	135
Communication	3,354
Data Processing Services	5,749
Dues and Memberships	115
Operating Lease Payments	1,557
Maintenance and Repair Services - Office Equipment	975
Other Contracted Services	2,238
Data Processing Supplies	218
Duplicating Supplies	69
Office Supplies	275

(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.)

Other Supplies and Materials	\$	1,851	
Other Charges		577	
Total Register of Deeds			\$ 131,860

County Buildings

Salary Supplements	\$	1,543	
Custodial Personnel		26,645	
Part-time Personnel		17,321	
Maintenance Agreements		2,900	
Maintenance and Repair Services - Buildings		12,764	
Pest Control		1,929	
Custodial Supplies		5,182	
Electricity		64,876	
Natural Gas		14,071	
Water and Sewer		4,931	
Liability Insurance		160,622	
Other Charges		4,610	
Total County Buildings			317,394

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		26,100	
Clerical Personnel		48,250	
Audit Services		3,610	
Communication		701	
Data Processing Services		8,375	
Dues and Memberships		1,173	
Legal Notices, Recording, and Court Costs		128	
Printing, Stationery, and Forms		106	
Travel		950	
Data Processing Supplies		298	
Office Supplies		338	
Other Charges		3,641	
Data Processing Equipment		280	
Total Property Assessor's Office			151,701

Reappraisal Program

Communication	\$	965	
Data Processing Services		3,120	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

Reappraisal Program (Cont.)

Other Contracted Services	\$	6,655	
Other Charges		100	
Total Reappraisal Program			\$ 10,840

County Trustee's Office

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		70,082	
Advertising		568	
Communication		1,313	
Data Processing Services		6,218	
Dues and Memberships		200	
Printing, Stationery, and Forms		267	
Travel		388	
Data Processing Supplies		813	
Office Supplies		307	
Other Supplies and Materials		20	
Other Charges		48	
Data Processing Equipment		110	
Total County Trustee's Office			138,085

County Clerk's Office

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		110,507	
Part-time Personnel		3,470	
In-Service Training		20	
Communication		2,287	
Data Processing Services		11,667	
Dues and Memberships		100	
Operating Lease Payments		2,719	
Printing, Stationery, and Forms		450	
Travel		886	
Data Processing Supplies		383	
Office Supplies		1,076	
Data Processing Equipment		1,000	
Total County Clerk's Office			192,316

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		136,405	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Part-time Personnel	\$	2,695	
Jury and Witness Expense		6,514	
In-Service Training		200	
Communication		2,591	
Data Processing Services		7,697	
Dues and Memberships		65	
Operating Lease Payments		2,278	
Legal Notices, Recording, and Court Costs		230	
Printing, Stationery, and Forms		1,052	
Travel		1,530	
Data Processing Supplies		503	
Office Supplies		2,249	
Other Charges		1,524	
Total Circuit Court			\$ 223,284

General Sessions Judge

Judge(s)	\$	82,324	
Assistant(s)		24,700	
In-Service Training		445	
Communication		1,188	
Dues and Memberships		50	
Operating Lease Payments		994	
Maintenance Agreements		330	
Printing, Stationery, and Forms		336	
Travel		1,497	
Office Supplies		546	
Total General Sessions Judge			112,410

Chancery Court

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		57,746	
In-Service Training		200	
Communication		1,180	
Data Processing Services		5,024	
Dues and Memberships		65	
Maintenance Agreements		40	
Printing, Stationery, and Forms		725	
Travel		809	
Data Processing Supplies		166	
Office Supplies		674	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Other Charges	\$	15	
Data Processing Equipment		4,294	
Total Chancery Court			\$ 128,689

Juvenile Court

Guidance Personnel	\$	27,555	
Communication		1,788	
Travel		960	
Instructional Supplies and Materials		788	
Office Supplies		202	
Other Charges		2,730	
Total Juvenile Court			34,023

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	64,127	
Supervisor/Director		45,273	
Deputy(ies)		333,655	
Investigator(s)		70,038	
Lieutenant(s)		39,636	
Youth Service Officer(s)		28,193	
Sergeant(s)		155,590	
Accountants/Bookkeepers		22,719	
Paraprofessionals		24,633	
Salary Supplements		86,070	
Dispatchers/Radio Operators		93,292	
Part-time Personnel		12,213	
Other Salaries and Wages		78,466	
In-Service Training		1,850	
Communication		16,202	
Data Processing Services		5,509	
Dues and Memberships		1,500	
Operating Lease Payments		2,346	
Maintenance and Repair Services - Equipment		7,608	
Maintenance and Repair Services - Vehicles		36,852	
Matching Share		7,108	
Postal Charges		1,300	
Printing, Stationery, and Forms		711	
Tow-in Services		2,670	
Travel		2,641	

(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.)

Tuition	\$	2,000	
Data Processing Supplies		1,788	
Duplicating Supplies		593	
Gasoline		70,067	
Law Enforcement Supplies		1,637	
Office Supplies		1,015	
Tires and Tubes		4,393	
Uniforms		2,937	
Other Supplies and Materials		1,066	
Premiums on Corporate Surety Bonds		1,725	
Other Charges		2,072	
Communication Equipment		1,994	
Data Processing Equipment		1,079	
Law Enforcement Equipment		776	
Motor Vehicles		24,000	
Other Equipment		149	
Total Sheriff's Department			\$ 1,257,493

Drug Enforcement

Maintenance and Repair Services - Vehicles	\$	2,979	
Instructional Supplies and Materials		16	
Total Drug Enforcement			2,995

Administration of the Sexual Offender Registry

Other Charges	\$	1,992	
Data Processing Equipment		699	
Total Administration of the Sexual Offender Registry			2,691

Jail

Supervisor/Director	\$	45,869	
Lieutenant(s)		31,286	
Sergeant(s)		35,058	
Salary Supplements		39,561	
Guards		273,382	
Cafeteria Personnel		56,217	
Contracts with Government Agencies		21,675	
Maintenance and Repair Services - Equipment		1,503	
Pest Control		550	
Printing, Stationery, and Forms		880	
Custodial Supplies		6,410	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Drugs and Medical Supplies	\$	25,668	
Duplicating Supplies		250	
Electricity		22,467	
Food Preparation Supplies		1,535	
Food Supplies		49,916	
Natural Gas		3,857	
Office Supplies		103	
Prisoners Clothing		200	
Uniforms		10	
Water and Sewer		6,270	
Other Supplies and Materials		1,374	
Medical Claims		211,016	
Other Charges		437	
Food Service Equipment		<u>2,106</u>	
Total Jail			\$ 837,600

Juvenile Services

Supervisor/Director	\$	9,400	
Probation Officer(s)		10,400	
Youth Service Officer(s)		31,200	
Salary Supplements		1,800	
Clerical Personnel		24,720	
In-Service Training		575	
Other Fringe Benefits		5,916	
Communication		843	
Postal Charges		100	
Travel		3,373	
Instructional Supplies and Materials		277	
Other Supplies and Materials		373	
Other Charges		<u>689</u>	
Total Juvenile Services			89,666

Fire Prevention and Control

Contributions	\$	<u>2,000</u>	
Total Fire Prevention and Control			2,000

Rural Fire Protection

Contributions	\$	<u>125,000</u>	
Total Rural Fire Protection			125,000

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Rescue Squad

Contributions	\$ 10,000	
Total Rescue Squad	<u>10,000</u>	\$ 10,000

Other Emergency Management

Supervisor/Director	\$ 20,000	
Temporary Personnel	1,615	
Communication	2,521	
Data Processing Services	35	
Dues and Memberships	15	
Maintenance and Repair Services - Vehicles	604	
Travel	639	
Data Processing Supplies	74	
Gasoline	1,869	
Other Charges	253	
Data Processing Equipment	1,566	
Other Equipment	<u>18,050</u>	
Total Other Emergency Management		47,241

Inspection and Regulation

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

County Coroner/Medical Examiner

Other Per Diem and Fees	\$ 1,850	
Contracts with Government Agencies	25,505	
Contracts with Public Carriers	<u>900</u>	
Total County Coroner/Medical Examiner		28,255

Other Public Safety

Supervisor/Director	\$ 30,348	
Salary Supplements	17,708	
Dispatchers/Radio Operators	178,860	
Part-time Personnel	55,380	
In-Service Training	3,100	
Communication	2,404	
Data Processing Services	1,288	
Dues and Memberships	120	
Travel	2,896	
Data Processing Supplies	1,075	
Instructional Supplies and Materials	1,863	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Other Public Safety (Cont.)

Office Supplies	\$	650	
Uniforms		314	
Other Supplies and Materials		53	
Other Charges		2,026	
Data Processing Equipment		306	
Other Equipment		1,535	
Total Other Public Safety			\$ 299,926

Public Health and Welfare

Local Health Center

Custodial Personnel	\$	10,799	
Other Salaries and Wages		14,605	
Other Fringe Benefits		1,247	
Communication		1,760	
Dues and Memberships		200	
Maintenance and Repair Services - Buildings		558	
Maintenance and Repair Services - Office Equipment		699	
Pest Control		396	
Travel		204	
Custodial Supplies		1,909	
Drugs and Medical Supplies		3,566	
Office Supplies		1,385	
Utilities		7,017	
Other Supplies and Materials		1,497	
Other Charges		2,738	
Other Equipment		6,650	
Total Local Health Center			55,230

Rabies and Animal Control

Part-time Personnel	\$	17,412	
Other Salaries and Wages		19,402	
Communication		2,101	
Maintenance and Repair Services - Vehicles		687	
Travel		3,183	
Veterinary Services		10,431	
Animal Food and Supplies		1,067	
Custodial Supplies		100	
Data Processing Supplies		64	
Gasoline		1,828	
Office Supplies		155	

(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 (Cont.)

Tires and Tubes	\$	200	
Utilities		3,193	
Other Charges		855	
Total Rabies and Animal Control			\$ 60,678

Ambulance/Emergency Medical Services

Contributions	\$	667,119	
Total Ambulance/Emergency Medical Services			667,119

Alcohol and Drug Programs

Contributions	\$	2,500	
Total Alcohol and Drug Programs			2,500

Crippled Children Services

Contributions	\$	900	
Total Crippled Children Services			900

Other Local Health Services

Other Charges	\$	116	
Total Other Local Health Services			116

Appropriation to State

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

Sanitation Management

Salary Supplements	\$	30	
Laborers		20,987	
Part-time Personnel		348	
Communication		437	
Other Contracted Services		19,901	
Gasoline		425	
Utilities		1,358	
Other Charges		39	
Total Sanitation Management			43,525

Sanitation Education/Information

Laborers	\$	24,104	
Maintenance and Repair Services - Vehicles		1,064	
Gasoline		2,681	

(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 (Cont.)

Instructional Supplies and Materials	\$	5,187	
Other Supplies and Materials		1,358	
Other Charges		1,730	
Total Sanitation Education/Information			\$ 36,124

Other Public Health and Welfare

Drugs and Medical Supplies	\$	91	
Total Other Public Health and Welfare			91

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Supervisor/Director	\$	23,000	
Deputy(ies)		22,000	
Social Workers		20,923	
Other Salaries and Wages		25,872	
State Retirement		4,141	
Other Fringe Benefits		6,765	
Advertising		240	
Communication		3,411	
Contracts with Other Public Agencies		4,995	
Operating Lease Payments		804	
Licenses		810	
Postal Charges		176	
Travel		8,071	
Custodial Supplies		1,360	
Food Supplies		2,093	
Office Supplies		1,327	
Other Charges		5,851	
Other Equipment		2,974	
Total Senior Citizens Assistance			134,813

Parks and Fair Boards

Part-time Personnel	\$	8,120	
Contributions		4,000	
Maintenance and Repair Services - Equipment		215	
Custodial Supplies		726	
Electricity		3,271	
Gasoline		406	
Other Supplies and Materials		344	
Other Charges		100	

(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.)

Site Development	\$ 22,154	
Other Equipment	1,298	
Total Parks and Fair Boards		\$ 40,634

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$ 22,371	
Clerical Personnel	6,619	
Part-time Personnel	4,936	
Communication	1,949	
Travel	73	
Custodial Supplies	151	
Office Supplies	237	
Total Agriculture Extension Service		36,336

Soil Conservation

Clerical Personnel	\$ 25,000	
Contributions	840	
Total Soil Conservation		25,840

Other Operations

Tourism

Contributions	\$ 169,996	
Total Tourism		169,996

Airport

Supervisor/Director	\$ 29,110	
Salary Supplements	7,756	
In-Service Training	450	
Communication	1,341	
Maintenance Agreements	2,856	
Maintenance and Repair Services - Buildings	1,171	
Maintenance and Repair Services - Equipment	2,241	
Maintenance and Repair Services - Vehicles	491	
Travel	188	
Other Contracted Services	2,825	
Custodial Supplies	450	
Equipment and Machinery Parts	1,742	
Gasoline	88,394	
Lubricants	513	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Airport (Cont.)

Office Supplies	\$	37	
Utilities		14,986	
Other Supplies and Materials		928	
Other Charges		6,844	
Maintenance Equipment		161	
Site Development		<u>6,515</u>	
Total Airport	\$		168,999

Veterans' Services

Supervisor/Director	\$	9,083	
Communication		869	
Dues and Memberships		25	
Travel		669	
Office Supplies		75	
Data Processing Equipment		<u>300</u>	
Total Veterans' Services			11,021

Other Charges

Contracts with Government Agencies	\$	9,250	
Maintenance Agreements		18,171	
Rentals		4,800	
Electricity		2,642	
Trustee's Commission		71,425	
Workers' Compensation Insurance		41,333	
Data Processing Equipment		<u>300</u>	
Total Other Charges			147,921

Contributions to Other Agencies

Contributions	\$	<u>112,900</u>	
Total Contributions to Other Agencies			112,900

Employee Benefits

Social Security	\$	285,254	
State Retirement		198,516	
Medical Insurance		547,786	
Unemployment Compensation		<u>21,768</u>	
Total Employee Benefits			1,053,324

Miscellaneous

Postal Charges	\$	198	
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(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Miscellaneous (Cont.)

Printing, Stationery, and Forms	\$ 327	
Other Charges	8,020	
Total Miscellaneous		\$ 8,545

Principal on Debt

General Government

Principal on Capital Leases	\$ 25,233	
Total General Government		25,233

Interest on Debt

General Government

Interest on Notes	\$ 9,131	
Interest on Capital Leases	1,413	
Total General Government		10,544

Total General Fund \$ 7,460,048

Special Purpose Fund

Other Operations

Miscellaneous

Trustee's Commission	\$ 1,995	
Total Miscellaneous		\$ 1,995

Instruction

Regular Instruction Program

Contributions	\$ 200,000	
Total Regular Instruction Program		200,000

Total Special Purpose Fund 201,995

Drug Control Fund

Public Safety

Drug Enforcement

Maintenance and Repair Services - Vehicles	\$ 9,211
Printing, Stationery, and Forms	324
Tow-in Services	230
Gasoline	3,183
Instructional Supplies and Materials	1,243
Law Enforcement Supplies	791
Office Supplies	204

(Continued)

Exhibit K-7

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

Drug Control Fund (Cont.)

Public Safety (Cont.)

Drug Enforcement (Cont.)

Tires and Tubes	\$	430	
Uniforms		691	
Trustee's Commission		146	
Other Charges		988	
Communication Equipment		2,058	
Law Enforcement Equipment		575	
Motor Vehicles		5,400	
Total Drug Enforcement			\$ 25,474

Total Drug Control Fund \$ 25,474

Constitutional Officers - Fees Fund

Administration of Justice

Circuit Court

Constitutional Officers' Operating Expenses	\$	30	
Total Circuit Court			\$ 30

Chancery Court

Constitutional Officers' Operating Expenses	\$	5,650	
Total Chancery Court			5,650

Total Constitutional Officers - Fees Fund 5,680

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	63,527	
Accountants/Bookkeepers		25,293	
Secretary(ies)		28,811	
Other Salaries and Wages		1,317	
Advertising		275	
Communication		6,183	
Data Processing Services		6,000	
Dues and Memberships		2,423	
Maintenance and Repair Services - Office Equipment		600	
Pest Control		160	
Postal Charges		220	
Printing, Stationery, and Forms		93	
Travel		932	
Data Processing Supplies		1,173	

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Drugs and Medical Supplies	\$	7	
Electricity		3,334	
Natural Gas		1,706	
Office Supplies		262	
Water and Sewer		573	
Other Supplies and Materials		730	
Data Processing Equipment		3,287	
Office Equipment		209	
Total Administration			\$ 147,115

Highway and Bridge Maintenance

Equipment Operators	\$	313,774	
Truck Drivers		232,344	
Laborers		3,010	
Other Salaries and Wages		15,041	
Medical and Dental Services		706	
Permits		1,290	
Other Contracted Services		22,654	
Asphalt		173,222	
Concrete		3,860	
Crushed Stone		151,598	
Pipe - Metal		80,669	
Road Signs		1,387	
Salt		331	
Sand		257	
Wood Products		75	
Other Supplies and Materials		4,079	
Other Charges		113	
Other Equipment		2,638	
Total Highway and Bridge Maintenance			1,007,048

Operation and Maintenance of Equipment

Mechanic(s)	\$	84,930	
Other Salaries and Wages		973	
Diesel Fuel		64,998	
Equipment and Machinery Parts		41,628	
Garage Supplies		2,319	
Gasoline		36,083	
Lubricants		5,725	
Small Tools		1,068	

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Tires and Tubes	\$	10,156	
Other Supplies and Materials		296	
Other Charges		274	
Total Operation and Maintenance of Equipment			\$ 248,450

Other Charges

Trustee's Commission	\$	20,246	
Workers' Compensation Insurance		33,034	
Total Other Charges			53,280

Employee Benefits

Social Security	\$	57,409	
State Retirement		43,555	
Employee and Dependent Insurance		181,092	
Unemployment Compensation		6,892	
Total Employee Benefits			288,948

Capital Outlay

Engineering Services	\$	6,750	
Maintenance and Repair Services - Buildings		4,421	
Highway Equipment		183,365	
Total Capital Outlay			194,536

Total Highway/Public Works Fund \$ 1,939,377

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	120,000	
Principal on Notes		317,977	
Principal on Other Loans		93,000	
Total General Government			\$ 530,977

Education

Principal on Bonds	\$	525,000	
Principal on Other Loans		13,600	
Total Education			538,600

(Continued)

Exhibit K-7

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

General Debt Service Fund (Cont.)

Interest on Debt

General Government

Interest on Bonds	\$ 193,000	
Interest on Notes	20,573	
Interest on Other Loans	1,578	
Total General Government		\$ 215,151

Education

Interest on Bonds	\$ 288,662	
Total Education		288,662

Other Debt Service

General Government

Bank Charges	\$ 2,374	
Trustee's Commission	13,992	
Total General Government		16,366

Education

Bank Charges	\$ 515	
Total Education		515

Total General Debt Service Fund \$ 1,590,271

General Capital Projects Fund

Capital Projects

General Administration Projects

Electricity	\$ 200	
Other Charges	970	
Building Construction	150,971	
Total General Administration Projects		\$ 152,141

Public Safety Projects

Engineering Services	\$ 9,075	
Site Development	1,250	
Total Public Safety Projects		10,325

Total General Capital Projects Fund 162,466

Community Development/Industrial Park Fund

Other Operations

Other Charges

Trustee's Commission	\$ 583	
Total Other Charges		\$ 583

(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	\$	33,150	
Liability Insurance		9,030	
Building Construction		<u>2,418,002</u>	
Total General Administration Projects			<u>\$ 2,460,182</u>

Total Community Development/Industrial Park Fund \$ 2,460,765

Highway Capital Projects Fund

Highways

Highway and Bridge Maintenance

Road Signs	\$	<u>561</u>	
Total Highway and Bridge Maintenance			<u>\$ 561</u>

Total Highway Capital Projects Fund 561

Other Capital Projects Fund

Other Operations

Other Charges

Trustee's Commission	\$	<u>5,461</u>	
Total Other Charges			\$ 5,461

Capital Projects

General Administration Projects

Engineering Services	\$	27,920	
Other Charges		58,664	
Building Construction		<u>325,719</u>	
Total General Administration Projects			<u>412,303</u>

Total Other Capital Projects Fund 417,764

Total Governmental Funds - Primary Government \$ 14,264,401

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, 2010

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 5,658,876	
Career Ladder Program	67,103	
Career Ladder Extended Contracts	47,244	
Homebound Teachers	2,511	
Clerical Personnel	21,761	
Educational Assistants	204,634	
Other Salaries and Wages	9,956	
Non-certified Substitute Teachers	63,524	
Social Security	355,235	
State Retirement	378,520	
Medical Insurance	970,993	
Unemployment Compensation	6,689	
Employer Medicare	85,147	
Other Fringe Benefits	46	
Communication	17,519	
Evaluation and Testing	246	
Travel	213	
Tuition	550	
Other Contracted Services	123,681	
Instructional Supplies and Materials	120,389	
Textbooks	229,042	
Fee Waivers	10,402	
Other Charges	1,379	
Regular Instruction Equipment	149,908	
Total Regular Instruction Program		\$ 8,525,568

Special Education Program

Teachers	\$ 625,822
Career Ladder Program	7,420
Homebound Teachers	18,115
Educational Assistants	53,434
Speech Pathologist	81,178
Non-certified Substitute Teachers	7,659
Social Security	46,527
State Retirement	49,811
Medical Insurance	140,948
Unemployment Compensation	896
Employer Medicare	11,147
Communication	1,000

(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.)

Special Education Program (Cont.)

Maintenance and Repair Services - Equipment	\$	786	
Postal Charges		28	
Other Contracted Services		32,683	
Total Special Education Program			\$ 1,077,454

Vocational Education Program

Teachers	\$	421,876	
Career Ladder Program		4,000	
Guidance Personnel		43,323	
Non-certified Substitute Teachers		8,000	
Social Security		27,841	
State Retirement		30,099	
Medical Insurance		76,919	
Unemployment Compensation		416	
Employer Medicare		6,251	
Maintenance and Repair Services - Equipment		9,355	
Instructional Supplies and Materials		13,167	
Vocational Instruction Equipment		8,064	
Total Vocational Education Program			649,311

Adult Education Program

Teachers	\$	86,669	
Career Ladder Program		1,000	
Paraprofessionals		15,176	
Social Security		5,599	
State Retirement		5,981	
Medical Insurance		11,348	
Unemployment Compensation		162	
Employer Medicare		1,452	
Communication		2,028	
Evaluation and Testing		715	
Maintenance and Repair Services - Equipment		941	
Postal Charges		300	
Other Contracted Services		4,000	
Instructional Supplies and Materials		2,565	
Other Charges		25	
Total Adult Education Program			137,961

(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

Attendance

Supervisor/Director	\$	61,325	
Career Ladder Program		1,000	
Social Security		3,704	
State Retirement		4,001	
Medical Insurance		7,779	
Unemployment Compensation		38	
Employer Medicare		866	
Travel		960	
Total Attendance			\$ 79,673

Health Services

Medical Personnel	\$	121,776	
Paraprofessionals		12,222	
Other Salaries and Wages		42,062	
Social Security		10,549	
State Retirement		11,005	
Medical Insurance		29,501	
Unemployment Compensation		227	
Employer Medicare		2,528	
Postal Charges		250	
Travel		4,999	
Drugs and Medical Supplies		559	
Instructional Supplies and Materials		13,618	
Other Supplies and Materials		491	
Other Charges		789	
Other Equipment		9,638	
Total Health Services			260,214

Other Student Support

Career Ladder Program	\$	3,000	
Guidance Personnel		216,503	
Social Security		13,079	
State Retirement		14,092	
Medical Insurance		31,242	
Unemployment Compensation		189	
Employer Medicare		2,931	
Evaluation and Testing		30,712	
Travel		377	
Total Other Student Support			312,125

(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

Supervisor/Director	\$	123,557	
Career Ladder Program		8,500	
Librarians		221,270	
Instructional Computer Personnel		51,685	
Social Security		20,979	
State Retirement		22,804	
Medical Insurance		57,359	
Unemployment Compensation		340	
Employer Medicare		5,380	
Postal Charges		1,000	
Travel		4,816	
Library Books/Media		34,919	
In Service/Staff Development		3,660	
Total Regular Instruction Program			\$ 556,269

Special Education Program

Supervisor/Director	\$	28,420	
Career Ladder Program		1,000	
Psychological Personnel		42,116	
Social Security		4,184	
State Retirement		4,592	
Medical Insurance		8,511	
Unemployment Compensation		57	
Employer Medicare		979	
Travel		2,113	
Total Special Education Program			91,972

Vocational Education Program

Supervisor/Director	\$	65,840
Career Ladder Program		1,000
Secretary(ies)		21,711
Social Security		5,454
State Retirement		5,695
Medical Insurance		10,400
Unemployment Compensation		76
Employer Medicare		1,276
Travel		7,814
Custodial Supplies		2,493
Gasoline		350

(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.)

Vocational Education Program (Cont.)

Other Supplies and Materials	\$ 247	
Total Vocational Education Program		\$ 122,356

Adult Programs

Supervisor/Director	\$ 57,955	
Career Ladder Program	1,000	
Social Security	3,303	
State Retirement	3,785	
Medical Insurance	9,493	
Unemployment Compensation	38	
Employer Medicare	772	
Travel	3,431	
Total Adult Programs		79,777

Other Programs

On-Behalf Payments to OPEB	\$ 86,166	
Total Other Programs		86,166

Board of Education

Secretary to Board	\$ 825	
Board and Committee Members Fees	13,350	
Social Security	879	
State Retirement	53	
Employer Medicare	206	
Audit Services	3,060	
Dues and Memberships	7,418	
Legal Services	5,427	
Legal Notices, Recording, and Court Costs	995	
Travel	1,169	
Building and Contents Insurance	93,737	
Trustee's Commission	123,811	
Workers' Compensation Insurance	48,988	
In Service/Staff Development	1,685	
Criminal Investigation of Applicants - TBI	904	
Refund to Applicant for Criminal Investigation	624	
Other Charges	1,396	
Total Board of Education		304,527

(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

County Official/Administrative Officer	\$	84,233	
Career Ladder Program		1,000	
Social Security		5,160	
State Retirement		5,472	
Life Insurance		801	
Medical Insurance		8,487	
Unemployment Compensation		38	
Employer Medicare		1,207	
Communication		4,689	
Dues and Memberships		1,615	
Postal Charges		3,000	
Travel		3,250	
Total Director of Schools			\$ 118,952

Office of the Principal

Principals	\$	345,802	
Career Ladder Program		10,700	
Assistant Principals		201,695	
Secretary(ies)		105,574	
Social Security		40,543	
State Retirement		40,938	
Medical Insurance		95,706	
Unemployment Compensation		605	
Employer Medicare		9,887	
Communication		18,955	
Postal Charges		2,600	
Total Office of the Principal			873,005

Fiscal Services

Accountants/Bookkeepers	\$	28,897	
Clerical Personnel		61,254	
Social Security		5,495	
State Retirement		5,833	
Medical Insurance		19,148	
Unemployment Compensation		133	
Employer Medicare		1,285	
Data Processing Services		8,156	
Travel		85	
Office Supplies		3,068	

(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.)

Fiscal Services (Cont.)

Administration Equipment	\$ 2,438	
Total Fiscal Services		\$ 135,792

Operation of Plant

Custodial Personnel	\$ 286,151	
Social Security	17,497	
State Retirement	15,741	
Medical Insurance	117,736	
Unemployment Compensation	988	
Employer Medicare	4,091	
Other Fringe Benefits	137	
Janitorial Services	19,141	
Pest Control	703	
Rentals	100	
Disposal Fees	15,199	
Permits	1,425	
Custodial Supplies	95,604	
Electricity	463,245	
Natural Gas	121,831	
Water and Sewer	37,747	
Other Supplies and Materials	12,546	
Plant Operation Equipment	33,753	
Total Operation of Plant		1,243,635

Maintenance of Plant

Supervisor/Director	\$ 38,055
Maintenance Personnel	236,916
Social Security	17,009
State Retirement	17,019
Medical Insurance	64,157
Unemployment Compensation	454
Employer Medicare	3,978
Maintenance and Repair Services - Equipment	20,166
Maintenance and Repair Services - Vehicles	2,960
Other Contracted Services	5,393
Diesel Fuel	1,574
Equipment and Machinery Parts	19,220
Gasoline	6,000
Other Supplies and Materials	34,947

(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.)

Maintenance of Plant (Cont.)

Other Charges	\$	275	
Maintenance Equipment		23,190	
Total Maintenance of Plant			\$ 491,313

Transportation

Other Fringe Benefits	\$	1,593	
Communication		4,125	
Contracts with Vehicle Owners		734,695	
Maintenance and Repair Services - Vehicles		9,273	
Travel		272	
Other Contracted Services		27,477	
Diesel Fuel		14,993	
Other Charges		26,000	
Transportation Equipment		62,320	
Total Transportation			880,748

Central and Other

Computer Programmer(s)	\$	51,137	
Social Security		3,171	
State Retirement		2,338	
Medical Insurance		5,200	
Unemployment Compensation		76	
Employer Medicare		742	
Travel		2,584	
Total Central and Other			65,248

Operation of Non-Instructional Services

Food Service

Medical Insurance	\$	81,615	
Total Food Service			81,615

Community Services

Contributions	\$	5,000	
Total Community Services			5,000

Early Childhood Education

Teachers	\$	76,750	
Educational Assistants		41,337	
Non-certified Substitute Teachers		775	

(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.)

Other Per Diem and Fees	\$	947	
Social Security		6,943	
State Retirement		7,494	
Medical Insurance		35,588	
Unemployment Compensation		227	
Employer Medicare		1,624	
Postal Charges		3,000	
Travel		1,754	
Instructional Supplies and Materials		16,025	
Other Charges		692	
Regular Instruction Equipment		11,000	
Total Early Childhood Education	\$		204,156

Capital Outlay

Regular Capital Outlay

Other Contracted Services	\$	8,350	
Building Improvements		330,026	
Heating and Air Conditioning Equipment		28,615	
Land		4,000	
Site Development		204,112	
Total Regular Capital Outlay			575,103

Principal on Debt

Education

Principal on Notes	\$	95,185	
Principal on Capital Leases		159,816	
Total Education			255,001

Interest on Debt

Education

Interest on Notes	\$	5,711	
Interest on Capital Leases		6,776	
Total Education			12,487

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	388,073	
Total Education			388,073

Total General Purpose School Fund \$ 17,613,501

(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	\$	434,095	
Educational Assistants		80,257	
Non-certified Substitute Teachers		4,081	
Social Security		30,541	
State Retirement		32,554	
Medical Insurance		114,613	
Unemployment Compensation		440	
Employer Medicare		7,146	
Other Contracted Services		17,000	
Instructional Supplies and Materials		40,726	
Other Supplies and Materials		553	
Regular Instruction Equipment		93,462	
Total Regular Instruction Program			\$ 855,468

Special Education Program

Teachers	\$	61,508	
Educational Assistants		232,020	
Other Salaries and Wages		6,620	
Non-certified Substitute Teachers		1,140	
Social Security		18,148	
State Retirement		16,079	
Medical Insurance		127,347	
Unemployment Compensation		535	
Employer Medicare		4,246	
Other Fringe Benefits		320	
Maintenance and Repair Services - Equipment		609	
Instructional Supplies and Materials		36,048	
Special Education Equipment		101,717	
Total Special Education Program			606,337

Vocational Education Program

Educational Assistants	\$	4,639	
Social Security		288	
Unemployment Compensation		14	
Employer Medicare		67	
Instructional Supplies and Materials		7,500	
Vocational Instruction Equipment		24,711	
Total Vocational Education Program			37,219

(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

Other Student Support

Secretary(ies)	\$	21,023	
Other Salaries and Wages		49,645	
Social Security		4,331	
State Retirement		4,537	
Medical Insurance		11,348	
Unemployment Compensation		43	
Employer Medicare		1,011	
Postal Charges		278	
Travel		12,921	
Other Contracted Services		6,962	
Other Supplies and Materials		6,190	
Other Charges		3,339	
Other Equipment		1,626	
Total Other Student Support			\$ 123,254

Regular Instruction Program

Supervisor/Director	\$	30,690	
Clerical Personnel		13,546	
Other Salaries and Wages		120,539	
In-Service Training		10,350	
Social Security		10,415	
State Retirement		11,250	
Medical Insurance		21,178	
Unemployment Compensation		87	
Employer Medicare		2,436	
Consultants		1,700	
Operating Lease Payments		1,209	
Maintenance and Repair Services - Equipment		200	
Postal Charges		45	
Travel		7,126	
Other Contracted Services		25,260	
Other Supplies and Materials		14,259	
In Service/Staff Development		26,342	
Other Equipment		11,287	
Total Regular Instruction Program			307,919

Special Education Program

Supervisor/Director	\$	28,420
Secretary(ies)		16,241

(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.)

Social Security	\$	2,737	
State Retirement		2,875	
Medical Insurance		8,511	
Unemployment Compensation		33	
Employer Medicare		640	
Postal Charges		226	
Travel		10,452	
Other Contracted Services		84,755	
Other Supplies and Materials		287	
Other Charges		966	
Total Special Education Program			\$ 156,143

Vocational Education Program

Travel	\$	1,061	
Total Vocational Education Program			1,061

Transportation

Transportation Equipment	\$	169,377	
Total Transportation			<u>169,377</u>

Total School Federal Projects Fund \$ 2,256,778

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Cafeteria Personnel	\$	427,484	
In-Service Training		1,000	
Social Security		26,151	
State Retirement		22,499	
Medical Insurance		88,444	
Unemployment Compensation		1,594	
Employer Medicare		6,121	
Other Fringe Benefits		46	
Communication		5,046	
Laundry Service		803	
Maintenance and Repair Services - Equipment		11,996	
Postal Charges		88	
Travel		594	
Other Contracted Services		3,150	

(Continued)

Exhibit K-8

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Food Preparation Supplies	\$	36,748	
Food Supplies		576,189	
Office Supplies		2,663	
Uniforms		731	
USDA - Commodities		92,548	
Other Supplies and Materials		11	
In Service/Staff Development		820	
Other Charges		2,627	
Food Service Equipment		<u>71,079</u>	
Total Food Service			<u>\$ 1,378,432</u>

Total Central Cafeteria Fund \$ 1,378,432

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Building Improvements	\$	<u>13,307</u>	
Total Education Capital Projects			<u>\$ 13,307</u>

Total Education Capital Projects Fund 13,307

Total Governmental Funds - Benton County School Department \$ 21,262,018

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, 2010

	<u>Cities - Sales Tax Fund</u>
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 1,428,903
Total Cash Receipts	<u>\$ 1,428,903</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,157,412
Trustee's Commission	14,289
Contributions	<u>257,202</u>
Total Cash Disbursements	<u>\$ 1,428,903</u>
Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2009	<u>0</u>
Cash Balance, June 30, 2010	<u><u>\$ 0</u></u>

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## **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  
PHONE (615) 401-7841

REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

January 4, 2011

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, 2010, which collectively comprise Benton County's basic financial statements and have issued our report thereon dated January 4, 2011. Our report on the aggregate discretely presented component units financial statements was qualified due to not including the financial statements of the Benton County Emergency Communications District and 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) 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses: 10.01, 10.02, and 10.09.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 10.06 and 10.10.

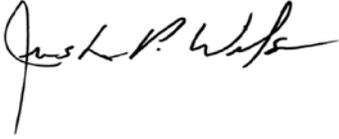
## Compliance and Other Matters

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 that are required to be reported under Government Auditing Standards and are described in the accompanying Schedule of Findings and Questioned Costs as items 10.03, 10.04, 10.05, 10.07, and 10.08.

We also noted certain matters that we reported to management of Benton County in separate communications.

This report is intended solely for the information and use of management, the county mayor, director of schools, road supervisor, County Commission, 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 prominent initial "J" and "W".

Justin P. Wilson  
Comptroller of the Treasury

JPW/sb



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

January 4, 2011

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, 2010. 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, 2010.

#### Internal Control Over Compliance

The management of Benton County is responsible for establishing and maintaining effective internal control over compliance with the 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 the 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Benton County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency or combination of deficiencies, in internal controls over compliance, such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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.

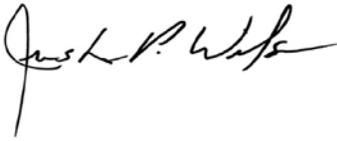
#### Schedule of Expenditures of Federal Awards

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, 2010, and have issued our report thereon dated January 4, 2011. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Benton County Emergency Communications District and 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.

This report is intended solely for the information and use of management, the county mayor, director of schools, road supervisor, County Commission, 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.

Yours very truly,

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

Justin P. Wilson  
Comptroller of the Treasury

JPW/sb

Benton County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1)  
For the Year-Ended June 30, 2010

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	\$ 384,416
National School Lunch Program	10.555	N/A	616,254 (7)
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	92,548 (7)
Child Nutrition Discretionary Grants, Limited Availability	10.579	N/A	11,500
Total U.S. Department of Agriculture			\$ 1,104,718
U.S. Department of Labor:			
Passed-through Southwest Human Resources Agency:			
WIA Youth Activities	17.259	10-11-005-002-20-82	\$ 42,732
Total U.S. Department of Labor			\$ 42,732
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Airport Improvement Program	20.106	(3)	\$ 383,385
Passed-through State Department of Military:			
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	GG-09-27361-00	9,600
Total U.S. Department of Transportation			\$ 392,985
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - Basic Grants to States	84.002	Z-10-218487-00	\$ 75,558
Passed-through State Department of Education:			
Title I Cluster:			
Title I Grants to Local Educational Agencies	84.010	N/A	787,900
Title I Grants to LEAs, Recovery Act	84.389	N/A	264,779
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	573,020
Special Education - Preschool Grants	84.173	N/A	17,581
Special Education - Grants to States, Recovery Act	84.391	N/A	352,800
Special Education - Preschool Grants, Recovery Act	84.392	N/A	5,017
State Fiscal Stabilization Fund Cluster:			
State Fiscal Stabilization Fund - Education State Grants, Recovery Act	84.394	N/A	451,600
State Fiscal Stabilization Fund - Government Services, Recovery Act	84.397	N/A	151,318
Career and Technical Education - Basic Grants to States	84.048	N/A	53,382
Safe and Drug-free Schools and Communities - State Grants	84.186	(2)	15,555
Education Technology State Grants Cluster:			
Education Technology State Grants	84.318	(2)	8,022
Education Technology State Grants, Recovery Act	84.386	N/A	18,495
Rural Education	84.358	N/A	63,318
English Language Acquisition Grants	84.365	N/A	1,937
Improving Teacher Quality State Grants	84.367	N/A	134,663
Total U.S. Department of Education			\$ 2,974,945
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)	\$ 56,572
Total U.S. Department of Health and Human Services			\$ 56,572

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	(4)	\$ 29,736
Emergency Management Performance Grants	97.042	(5)	11,743
Homeland Security Grant Program	97.067	GG-08-24127-00	38,941
Total U.S. Department of Homeland Security			<u>\$ 80,420</u>
Total Expenditures of Federal Awards			<u>\$ 4,652,372</u>
<u>State Grants</u>		<u>Contract Number</u>	
Juvenile Custody Prevention - State Department of Children's Services	N/A	GG-10-29271-00	\$ 89,666
State Supplement Juvenile Court Improvement - State Commission on Children and Youth	N/A	31601-80310	9,000
Airport Maintenance Program - State Department of Transportation	N/A	DG-10-28727-00	7,273
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	8,028
Waste Tire Option Grant - State Department of Environment and Conservation	N/A	Z-08-212978-2	10,660
Local Health Services - State Department of Health	N/A	Z-10-219826-01	25,995
Litter Program - State Department of Transportation	N/A	(6)	33,620
Archives Grant - Tennessee Secretary of State	N/A	(2)	3,900
Early Childhood Education - State Department of Education	N/A	(2)	183,749
Plan/Explore Test - State Department of Education	N/A	(2)	<u>2,980</u>
Total State Grants			<u>\$ 374,871</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) 03-555-0115-04: \$20,276; 03-555-0117-04: \$7,600; Z-08-20-0638-00: \$355,509.
- (4) FEMA-1745-DR-TN: \$12,563; FEMA-1839-DR-TN: \$17,173.
- (5) 34101000000000000665: \$5,689; 341010000000000003838: \$6,054.
- (6) Z-09-212721-00: \$4,727; Z-10-220303-00: \$28,893.
- (7) Total for CFDA No. 10.555 is \$708,802.

Benton County, Tennessee  
Schedule of Audit Findings Not Corrected  
June 30, 2010

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, 2009, which have not been corrected.

**BENTON COUNTY AND BENTON COUNTY SCHOOL DEPARTMENT**

Finding Number	Page Number	Subject
09.01	196	Benton County and the Benton County School Department do not have the resources to produce financial statements and notes to the financial statements
09.02	197	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**

Finding Number	Page Number	Subject
09.03	197	Requisitions and purchase orders were not issued for some purchases
09.04	198	The office had deficiencies in budget operations
09.05	199	General ledger payroll deduction accounts were not reconciled with payroll reports and payments in the General Fund

**OFFICE OF GENERAL SESSIONS COURT CLERK**

Finding Number	Page Number	Subject
09.08	201	The execution docket trial balance in General Sessions Court did not reconcile with cash journal accounts

**OTHER FINDING**

Finding Number	Page Number	Subject
09.12	205	Duties were not segregated adequately in the Offices of Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff

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**BENTON COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2010**

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**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 one instance of noncompliance that was 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 Airport Improvement Program (CFDA No. 20.106); the Title I Cluster: Title I Grants to Local Educational Agencies and Title I Grants to Local Educational Agencies, Recovery Act (CFDA Nos. 84.010 and 84.389); the Special Education Cluster: Special Education – Grants to States, Special Education – Preschool Grants, Special Education – Grants to States, Recovery Act, and Special Education – Preschool Grants, Recovery Act (CFDA Nos. 84.027, 84.173, 84.391, and 84.392); and the State Fiscal Stabilization Fund Cluster: State Fiscal Stabilization Fund (SFSS) – Education State Grants, Recovery Act and State Fiscal Stabilization Fund (SFSS) – Government Services, Recovery Act (CFDA Nos. 84.394 and 84.397) 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; however, management did not provide responses for inclusion in this report.

### **BENTON COUNTY AND BENTON COUNTY SCHOOL DEPARTMENT**

#### **FINDING 10.01      **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.

**BENTON COUNTY**

**FINDING 10.02      THE HIGHWAY/PUBLIC WORKS, GENERAL DEBT SERVICE, AND COMMUNITY DEVELOPMENT/INDUSTRIAL PARK FUNDS REQUIRED MATERIAL AUDIT ADJUSTMENTS FOR PROPER FINANCIAL STATEMENT PRESENTATION**  
(Internal Control – Material Weakness Under Government Auditing Standards)

At June 30, 2010, certain general ledger account balances in the Highway/Public Works, General Debt Service, and Community Development/Industrial Park 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 to have adequate internal controls over the maintenance of its accounting records. Material audit adjustments were required because the county’s financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the county has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. This deficiency is the result of management’s failure to correct the finding noted in the prior-year audit report. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

**RECOMMENDATION**

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

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**OFFICE OF COUNTY MAYOR**

**FINDING 10.03      REQUISITIONS AND PURCHASE ORDERS WERE NOT ISSUED IN SOME INSTANCES**  
(Noncompliance Under Government Auditing Standards)

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 audit finding noted in the prior-year audit report.

**RECOMMENDATION**

Requisitions and purchase orders should be issued for all applicable purchases in accordance with Chapter 541, Private Acts of 1939.

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**FINDING 10.04      EXPENDITURES EXCEEDED APPROPRIATIONS**  
 (Noncompliance Under Government Auditing Standards)

Our examination of budget operations revealed the following deficiencies:

- A. General Fund expenditures exceeded appropriations in the following major appropriation categories (the legal level of control):

<u>Major Category</u>	<u>Amount Overspent</u>
Drug Enforcement	\$ 2,995
Interest on Debt - General Government	9,131

- B. Total expenditures exceeded total appropriations in the Special Purpose Fund by \$7,165 primarily due to the Instruction – Regular Instruction Program – Contributions line item exceeding appropriations.

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

- C. Salaries exceeded line-item appropriations in the General Fund by amounts ranging from \$115 to \$4,720.

The budget resolution approved by the County Commission states that the salary, wages, or enumeration of each official, employee, or agent of the county will not exceed expenditures that accompany this resolution. Therefore, the salaries that exceeded line-item appropriations were expenditures not approved by the County Commission.

These deficiencies exist because management failed to hold spending to the limits authorized by the County Commission, which resulted in unauthorized expenditures.

**RECOMMENDATION**

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

**FINDING 10.05 DEFICIENCIES WERE NOTED IN THE BID PROCESS FOR  
AMBULANCE SERVICES**  
(Material Noncompliance Under Government Auditing Standards)

Benton County entered into a five-year contract with the Jackson-Madison County General Hospital District, doing business as West Tennessee Healthcare (WTH), to provide ambulance services to the county. This contract provides for payments of \$667,119 to WTH for the fiscal year ended June 30, 2010, with a five percent annual escalator clause through June 30, 2014; therefore, WTH will receive total compensation of \$3,686,254 from Benton County for the five-year contract period. Our review of County Commission and Budget Committee minutes and other sources revealed the following information:

- A. In April 2009, Benton County solicited bids for ambulance services. Bid specifications required three ambulances with at least two equipped and staffed for advanced life support. The county received only one bid. This bid was submitted by WTH and included two options for ambulance services. Option B met the bid specifications with three advanced life support ambulance units totaling \$508,448 for the fiscal year 2009-10. Two ambulances would be located in Camden and one in Big Sandy. This bid option was approved by the Budget Committee on May 12, 2009. However, on May 18, 2009, the County Commission rejected the WTH bid and requested a re-bid for ambulance services. The minutes of the County Commission did not indicate why the WTH bid was rejected and the services re-bid.
- B. Benton County again advertised for bids for ambulance services to be opened by the Budget Committee on June 9, 2009. The specifications of this bid required three advanced life support ambulance units to be based in Camden. WTH advised that they would not submit another bid. The only bid received was from Professional Medical Transport, Inc. (PMT), totaling \$384,000 for the fiscal year 2009-10. This bid was to provide two advanced life support ambulance units and one basic life support ambulance unit; therefore, this bid did not meet the new bid specifications. However, PMT submitted an alternative quote for three advanced life support ambulance units totaling \$564,000, which did appear to meet the bid specifications. On June 15, 2009, the County Commission rejected the bid from PMT. The minutes of the County Commission did not indicate why the bid or the alternative quote was rejected.
- C. On June 15, 2009, the County Commission passed a resolution directing the Budget Committee to negotiate an ambulance service contract with WTH. On June 18, 2009, the Budget Committee approved a plan with WTH for ambulance services for the fiscal year 2009-10 totaling \$667,119. This plan included three full-time advanced life support staffed and equipped ambulances to be located in Camden, Big Sandy, and Holladay, along with a fourth back-up ambulance located in Camden. The terms of this plan had not been advertised in the specifications for either of the two prior bids. The County Commission approved this plan on June 29, 2009, and the five-year contract was signed with WTH.

By negotiating and contracting directly with one of the bidders, the county circumvented the competitive bid process. The specifications of the original bid advertisements were substantially changed, making the original bids null and void. In *Leech vs. Wright* (622 s.w. 2d 807), the Tennessee Supreme Court stated that “competitive bidding requires due advertisement, giving opportunity to bid and contemplate a bidding on the same undertaking upon each of the same material items covered by the contract; upon the same thing. It requires that all bidders be placed on the same plane of equality, and that they bid upon the same terms and conditions involved in all items and parts of the contract, and that the proposal specify as to all bids the same, or substantially, similar specifications.” Also, the attorney general opined in opinion 85-121 that “any negotiations with a low bidder entailing changes in terms and conditions from the projected bid by all other bidders would contravene the forgoing requirements of competitive bidding.”

In addition, adequate bid files and minutes of meetings were not maintained to document the reasons for rejection of the bids received. Although officials provided various reasons why the bids were rejected, there was no supporting documentation available, and these reasons were not recorded in the County Commission minutes. In the case, *Owen of Georgia, Inc., versus Shelby County*, 442F. Supp. 314 (w.b. Tenn. 1977), the court stated that “to reject the bid of the lowest bidder there must be such evidence of the irresponsibility of the bidder as would cause fair-minded and reasonable men to believe that it was not for the best interest of the municipality to award the contract to the lowest bidder.” Due to the lack of documentation, we were unable to determine why the county rejected the lowest bid received and instead negotiated a more expensive contract with increased services.

## RECOMMENDATION

County officials should not enter into any negotiations with bidders to change the terms and conditions of a project without re-bidding the project based on the new terms and conditions. Also, adequate documentation should be maintained to document the bidding process. Purchases should be made from the vendor with the lowest price that meets bid specifications unless adequate documentation is on file supporting the decision to reject the lowest bid.

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FINDING 10.06      **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. This deficiency exists because management failed to correct the finding noted in the prior-year audit report.

## RECOMMENDATION

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

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**FINDING 10.07      THE PARKS AND FAIR BOARD ENTERED INTO A LEASE FOR THE SPORTS COMPLEX WITHOUT APPROVAL OF THE COUNTY COMMISSION**  
(Noncompliance Under Government Auditing Standards)

On February 22, 2010, the Benton County Parks and Recreation Board entered into a one-year lease agreement with the Benton County Ballpark Association for the Benton County Sports Complex. This lease agreement was not approved by the County Commission as required by Section 7-51-904(a), Tennessee Code Annotated (TCA), which states “Whenever the period or term, including any renewal term or extension period, of any contract, lease, or lease-purchase agreement for any real property is to be for less than five (5) years, under the authority of Section 7-51-902 or Section 7-51-903, TCA, or for tangible personal property, regardless of the period or term, such contract, lease or lease-purchase agreement shall first be approved by resolution or ordinance duly adopted by the governing body of the municipality, and no such contract, lease, or lease-purchase agreement shall be entered into by a municipality without such approval.”

## RECOMMENDATION

All leases agreements should be approved by the County Commission as required by state statutes.

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## OFFICE OF GENERAL SESSIONS COURT CLERK

**FINDING 10.08      THE EXECUTION DOCKET TRIAL BALANCE DID NOT RECONCILE WITH CASH JOURNAL ACCOUNTS**  
(Noncompliance Under Government Auditing Standards)

At June 30, 2010, 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 general sessions court clerk should reconcile the execution docket trial balance 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.

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OTHER FINDINGS AND RECOMMENDATIONS

FINDING 10.09      **BENTON COUNTY HAS MATERIAL RECURRING AUDIT FINDINGS**  
(Internal Control – Material Weakness Under Government Auditing Standards)

Benton County has material audit findings that have been reported in its annual financial reports for three or more consecutive years. These recurring material findings are listed below:

<u>Finding Numbers</u>	<u>Description</u>
10.01, 09.01, 08.01	Benton County and the Benton County School Department do not have the resources to produce financial statements and notes to the financial statements.
10.02, 09.02, 08.02	The Highway/Public Works and General Debt Service funds required material audit adjustments for proper financial statement presentation.

The recurring nature of the above-noted findings indicates that management is either unwilling or unable to address the deficiencies. The Local Government Modernization Act of 2005 in Section 9-3-405, Tennessee Code Annotated (TCA), encourages local governments to consider establishing an Audit Committee and further provides that the Comptroller may require that an Audit Committee be established in any local government that (1) is in noncompliance with the accounting and financial reporting standards required by the Governmental Accounting Standards Board, or (2) has recurring findings from the annual audit for three or more consecutive years as determined by the Comptroller to be a material weakness in internal control or material noncompliance under Government Auditing Standards. The responsibilities and duties of an Audit Committee are to address financial and other reporting practices, internal control, compliance with laws and regulations, and ethics.

RECOMMENDATION

Benton County should establish an Audit Committee to address financial and other reporting practices, internal control, compliance with laws and regulations, and ethics.

This Audit Committee should provide management with guidance to correct all reported material weaknesses in internal control and material noncompliance. If these findings continue to recur, Benton County may be required to establish an Audit Committee under the provisions of Section 9-3-405, TCA.

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**FINDING 10.10**      **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, and 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.

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**BEST PRACTICE**

**A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING HAS NOT BEEN ADOPTED**

Benton County does not have a central system of accounting, budgeting, and purchasing. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the County Commission resulting in decentralization and some duplication of effort. The Division of County Audit strongly believes that the adoption of a central system of accounting, budgeting, and purchasing is a best practice that would significantly improve accountability and the quality of services provided to the citizens of Benton County. Therefore, we recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.

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

There were no findings and questioned costs for federal awards.

**BENTON COUNTY, TENNESSEE  
AUDITEE REPORTING RESPONSIBILITIES  
For the Year Ended June 30, 2010**

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