
ANNUAL FINANCIAL REPORT BENTON COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2011



**ANNUAL FINANCIAL REPORT
BENTON COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2011**

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

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

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Audit Highlights
Annual Financial Report
Benton County, Tennessee
For the Year Ended June 30, 2011

Scope

We have audited the basic financial statements of Benton County as of and for the year ended June 30, 2011.

Results

Our report on the aggregate discretely presented component units is qualified because the financial statements do not include one component unit 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, each major fund, and the aggregate remaining fund information is unqualified.

Our audit resulted in ten findings and recommendations, which we have reviewed with Benton County management. Detailed findings, recommendations, and management's response 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:

OFFICE OF COUNTY MAYOR

- ◆ Material audit adjustments were required for proper financial statement presentation.
- ◆ Requisitions and purchase orders were not issued in some instances.
- ◆ Expenditures exceeded appropriations.
- ◆ General ledger payroll deduction accounts were not reconciled with payroll reports and payments in the General Fund.
- ◆ Benton County Sports Complex collections were not receipted, deposited, and disbursed properly.

OFFICE OF ASSESSOR OF PROPERTY

- ◆ The State Division of Property Assessments noted deficiencies in the maintenance of various records by the assessor of property.
-

OFFICE OF COUNTY CLERK

- ◆ A cash shortage of \$55 existed on June 22, 2011.
-

OFFICE OF GENERAL SESSIONS COURTS CLERK

- ◆ The execution docket trial balance did not reconcile with cash journal accounts.
-

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

- ◆ Duties were not segregated adequately.
-

OFFICES OF CLERK AND MASTER AND REGISTER

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

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.

INTRODUCTORY SECTION

Benton County Officials

June 30, 2011

Officials

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

Board of County Commissioners

Barry Barnett, County Mayor, Chairman	
Harold Albritton	Lynn Higdon
Jamie Barrett	Don Jordan
Ken Berry	Debbie Kyle
Dene Cox	George Montgomery
James S. Deaton	Mary Powers
Gary Evans	Brett Rogers
Gary Furr	Darnell Scott
Sonny Hall	Stephen Stokes
William Hatler	Anita Tinker

Board of Education

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

Audit Committee

Debbie Kyle
Mary Powers
Anita Tinker
W. C. Trull
Bob Wessels

FINANCIAL SECTION



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

February 28, 2012

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, 2011, 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. Also, we did not audit the financial statements of the Benton County Library (nonmajor special revenue fund), which represent 3.6 percent and 15.6 percent, respectively, of the assets and revenues of the aggregate remaining fund information. We also did not audit the financial statements of the Benton County Emergency Communications District, which represent 3.9 percent and 1.3 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Benton County Electric System, Benton County Library, and Benton County Emergency Communications District, is based on the reports of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement

presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

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

In our opinion, based on our audit and the report of other auditors, and except for the effects of not including the financial statements of the Industrial Development Board of the County of Benton 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 of Benton County, Tennessee, as of June 30, 2011, and the results of operations of the aggregate discretely presented component units, 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 reports 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, each major fund, and the aggregate remaining fund information of Benton County, Tennessee, as of June 30, 2011, 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 February 28, 2012, 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. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which became effective for the year ended June 30, 2011.

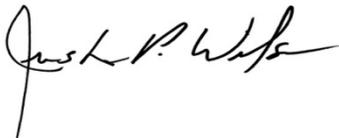
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required 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 87 through 93 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 financial statements as a whole. 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 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury

JPW/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

Benton County, Tennessee
Statement of Net Assets
June 30, 2011

	Primary Government			Component Units	
	Governmental Activities	Business- type Activities	Total	Benton County School Department	Emergency Communica- tions District
ASSETS					
Cash	\$ 39,209	\$ 1,146,337	\$ 1,185,546	\$ 300	\$ 716,797
Equity in Pooled Cash and Investments	6,895,980	0	6,895,980	3,161,088	0
Inventories	0	254,022	254,022	0	0
Accounts Receivable	456,730	1,628,579	2,085,309	4,926	7,087
Allowance for Uncollectibles	0	(10,018)	(10,018)	0	0
Due from Other Governments	579,133	0	579,133	765,555	0
Due from Component Units	56,313	0	56,313	0	0
Property Taxes Receivable	3,134,741	0	3,134,741	3,954,595	0
Allowance for Uncollectible Property Taxes	(149,511)	0	(149,511)	(188,614)	0
Prepaid Items	48,929	1,423,776	1,472,705	0	4,352
Other Restricted Assets	0	554,576	554,576	0	0
Deferred Charges - Debt Issuance Costs	102,717	94,829	197,546	0	0
Notes Receivable	0	464,328	464,328	0	0
Capital Assets Not Depreciated:					
Land	1,202,058	178,328	1,380,386	479,205	0
Construction in Progress	7,012,418	1,062,038	8,074,456	0	0
Assets Net of Accumulated Depreciation:					
Buildings and Improvements	2,477,323	0	2,477,323	11,691,343	0
Infrastructure	11,196,662	0	11,196,662	0	0
Other Capital Assets	693,179	16,836,756	17,529,935	853,588	120,069
Total Assets	\$ 33,745,881	\$ 23,633,551	\$ 57,379,432	\$ 20,721,986	\$ 848,305
LIABILITIES					
Accounts Payable	\$ 99,188	\$ 3,342,700	\$ 3,441,888	\$ 265,622	\$ 14,341
Accrued Payroll	0	19,516	19,516	0	0
Payroll Deductions Payable	26,087	0	26,087	0	0
Contracts Payable	444,349	0	444,349	93,000	0
Retainage Payable	23,385	0	23,385	0	0
Due to Primary Government	0	0	0	56,313	0
Matured Bonds Payable	10,000	0	10,000	0	0
Matured Interest on Bonds	1,913	0	1,913	0	0
Accrued Interest Payable	69,656	7,784	77,440	0	0
Other Current Liabilities	616	0	616	0	0
Customer Deposits Payable	0	586,335	586,335	0	0
Other Payables from Restricted Assets	5,880	0	5,880	0	0
Deferred Revenue - Current Property Taxes	2,889,063	0	2,889,063	3,644,664	0
Noncurrent Liabilities:					
Due Within One Year	798,625	300,000	1,098,625	0	0
Due in More Than One Year	11,686,901	3,915,184	15,602,085	328,204	0
Total Liabilities	\$ 16,055,663	\$ 8,171,519	\$ 24,227,182	\$ 4,387,803	\$ 14,341

(Continued)

Exhibit A

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

	Primary Government			Component Units	
	Governmental Activities	Business- type Activities	Total	Benton	Emergency
				School Department	Communica- tions District
<u>NET ASSETS</u>					
Invested in Capital Assets, net of related debt	\$ 17,830,752	\$ 15,486,236	\$ 33,316,988	\$ 0	\$ 0
Invested in Capital Assets	0	0	0	13,024,136	120,069
Restricted for:					
Highway/Public Works	1,818,323	0	1,818,323	0	0
Debt Service	1,124,706	546,792	1,671,498	0	0
Capital Projects	136,552	0	136,552	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	356,944	0	356,944	0	0
Resort District	176,826	0	176,826	0	0
School Federal Projects	0	0	0	14,040	0
Central Cafeteria	0	0	0	477,403	0
Other Purposes	82,895	0	82,895	789	0
Unrestricted	(3,836,780)	(570,996)	(4,407,776)	2,817,815	713,895
Total Net Assets	\$ 17,690,218	\$ 15,462,032	\$ 33,152,250	\$ 16,334,183	\$ 833,964

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, 2011

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets																					
	Program Revenues					Component Units																
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total	Benton County School Department	Emergency Communications District													
Primary Government:																						
Governmental Activities:																						
General Government	\$ 883,114	\$ 81,781	\$ 27,164	\$ 0	\$ (774,169)	\$ 0	\$ (774,169)	\$ 0	\$ 0	\$ (774,169)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
Finance	602,702	430,852	0	0	(171,850)	0	(171,850)	0	0	(171,850)	0	0	0	0	0	0	0	0	0	0	0	
Administration of Justice	649,907	450,846	97,481	0	(101,580)	0	(101,580)	0	0	(101,580)	0	0	0	0	0	0	0	0	0	0	0	
Public Safety	3,770,195	263,063	34,733	58,316	(3,414,083)	0	(3,414,083)	0	0	(3,414,083)	0	0	0	0	0	0	0	0	0	0	0	
Public Health and Welfare	982,423	676,721	49,125	0	(256,577)	0	(256,577)	0	0	(256,577)	0	0	0	0	0	0	0	0	0	0	0	
Social, Cultural, and Recreational Services	600,425	18,876	111,777	0	(469,772)	0	(469,772)	0	0	(469,772)	0	0	0	0	0	0	0	0	0	0	0	
Agriculture and Natural Resources	71,610	0	0	0	(71,610)	0	(71,610)	0	0	(71,610)	0	0	0	0	0	0	0	0	0	0	0	
Other Operations	925,396	107,715	163,764	448,202	(205,715)	0	(205,715)	0	0	(205,715)	0	0	0	0	0	0	0	0	0	0	0	
Highways/Public Works	2,156,411	30,517	1,910,649	0	(215,245)	0	(215,245)	0	0	(215,245)	0	0	0	0	0	0	0	0	0	0	0	
Interest on Long-term Debt	464,106	750,478	0	0	286,372	0	286,372	0	0	286,372	0	0	0	0	0	0	0	0	0	0	0	
Other Debt Service	18,764	0	0	0	(18,764)	0	(18,764)	0	0	(18,764)	0	0	0	0	0	0	0	0	0	0	0	
Total Governmental Activities	\$ 11,125,053	\$ 2,810,849	\$ 2,394,693	\$ 506,518	\$ (5,412,993)	\$ 0	\$ (5,412,993)	\$ 0	\$ 0	\$ (5,412,993)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
Business-type Activities:																						
Benton County Electric System	\$ 21,731,363	\$ 23,502,805	\$ 0	\$ 0	\$ 0	\$ 1,771,442	\$ 1,771,442	\$ 1,771,442	\$ 1,771,442	\$ 1,771,442	\$ 1,771,442	\$ 1,771,442	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
Total Primary Government	\$ 32,856,416	\$ 26,313,654	\$ 2,394,693	\$ 506,518	\$ (5,412,993)	\$ 1,771,442	\$ (3,641,551)	\$ 1,771,442	\$ 1,771,442	\$ (3,641,551)	\$ 1,771,442	\$ 1,771,442	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
Component Units:																						
Benton County School Department	\$ 21,974,289	\$ 374,467	\$ 4,212,139	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (17,387,683)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
Emergency Communications District	120,866	118,955	160,791	0	0	0	0	0	0	0	0	0	0	158,880	0	0	0	0	0	0	0	
Total Component Units	\$ 22,095,155	\$ 493,422	\$ 4,372,930	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (17,387,683)	\$ 158,880	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	

(Continued)

Exhibit B

Benton County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions		Primary Government Business-type Activities		Component Units	
			Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Benton County School Department	Emergency Communications District
General Revenues:								
Taxes:								
Property Taxes Levied for General Purposes				\$ 2,325,327	\$ 0	\$ 2,325,327	\$ 3,763,466	\$ 0
Property Taxes Levied for Debt Service				649,130	0	649,130	0	0
Local Option Sales Taxes				354,894	0	354,894	1,861,111	0
Litigation Tax				158,889	0	158,889	0	0
Business Tax				109,749	0	109,749	0	0
Mineral Severance Tax				180,039	0	180,039	0	0
Wholesale Beer Tax				84,331	0	84,331	0	0
Other Local Taxes				34,476	0	34,476	1,106	0
Grants and Contributions Not Restricted to Specific Programs				1,742,608	0	1,742,608	11,939,650	0
Unrestricted Investment Income				26,202	26,713	52,915	0	4,279
Miscellaneous				60,779	0	60,779	24,958	59
Total General Revenues				\$ 5,726,424	\$ 26,713	\$ 5,753,137	\$ 17,590,291	\$ 4,338
Transfers				\$ 223,373	\$ (223,373)	\$ 0	\$ 0	\$ 0
Change in Net Assets				\$ 536,804	\$ 1,574,782	\$ 2,111,586	\$ 202,608	\$ 163,218
Net Assets, July 1, 2010				17,153,414	13,887,250	31,040,664	16,131,575	670,746
Net Assets, June 30, 2011				\$ 17,690,218	\$ 15,462,032	\$ 33,152,250	\$ 16,334,183	\$ 833,964

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, 2011

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Community Development/ Industrial Park	Other Governmental Funds		
Cash	\$ 100	\$ 0	\$ 0	\$ 0	\$ 39,109	\$ 39,209	
Equity in Pooled Cash and Investments	4,142,430	1,059,831	1,075,080	522,767	95,872	6,895,980	
Accounts Receivable	63,225	393,505	0	0	0	456,730	
Due from Other Governments	224,698	308,064	46,371	0	0	579,133	
Due from Other Funds	1,666	0	9,941	0	0	11,607	
Due from Component Units	0	0	56,313	0	0	56,313	
Property Taxes Receivable	2,474,475	231,050	429,216	0	0	3,134,741	
Allowance for Uncollectible Property Taxes	(114,434)	(11,788)	(23,289)	0	0	(149,511)	
Prepaid Items	0	48,929	0	0	0	48,929	
Total Assets	\$ 6,792,160	\$ 2,029,591	\$ 1,593,632	\$ 522,767	\$ 134,981	\$ 11,073,131	

ASSETS

LIABILITIES AND FUND BALANCES

Accounts Payable	\$ 91,846	\$ 0	\$ 0	\$ 0	\$ 7,342	\$ 99,188
Payroll Deductions Payable	23,573	0	0	0	2,514	26,087
Contracts Payable	0	0	0	444,349	0	444,349
Retainage Payable	0	0	0	23,385	0	23,385
Due to Other Funds	9,941	0	0	0	1,666	11,607
Matured Bonds Payable	0	0	10,000	0	0	10,000
Matured Interest on Bonds	0	0	1,913	0	0	1,913
Other Current Liabilities	616	0	0	0	0	616
Current Liabilities Payable from Restricted Assets:						
Other Payables from Restricted Assets	5,880	0	0	0	0	5,880
Deferred Revenue - Current Property Taxes	2,289,026	211,124	388,913	0	0	2,889,063
Deferred Revenue - Delinquent Property Taxes	61,205	7,014	14,664	0	0	82,883
Other Deferred Revenues	67,450	133,738	58,586	0	0	259,774
Total Liabilities	\$ 2,549,537	\$ 351,876	\$ 474,076	\$ 467,734	\$ 11,522	\$ 3,854,745

(Continued)

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Community Development/ Industrial Park	Other Governmental Funds		
\$	0	48,929	0	0	0	0	48,929
5,970	0	0	0	0	0	0	5,970
366,831	0	0	0	0	13,918	0	380,749
25,098	0	0	0	0	0	0	25,098
0	0	0	0	0	28,022	0	28,022
162,429	0	0	0	0	0	0	162,429
0	1,523,194	0	0	0	0	0	1,523,194
0	0	0	538,506	0	0	0	538,506
0	0	0	0	0	81,519	0	81,519
0	105,592	0	0	0	0	0	105,592
0	0	0	55,033	0	0	0	55,033
0	0	581,050	0	0	0	0	581,050
3,682,295	0	0	0	0	0	0	3,682,295
\$	4,242,623	1,677,715	1,119,556	55,033	123,459	\$	7,218,386
\$	6,792,160	2,029,591	1,593,632	522,767	134,981	\$	11,073,131

LIABILITIES AND FUND BALANCES (Cont.)

Fund Balances	
Nonspendable:	
Prepaid Expenses	
Restricted:	
Restricted for Administration of Justice	
Restricted for Public Safety	
Restricted for Public Health and Welfare	
Restricted for Social, Cultural, and Recreational Services	
Restricted for Other Operations	
Restricted for Highways/Public Works	
Restricted for Debt Service	
Restricted for Capital Projects	
Committed:	
Committed for Highways/Public Works	
Committed for Capital Outlay	
Committed for Debt Service	
Unassigned	
Total Fund Balances	
Total Liabilities and Fund Balances	

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
For the Year Ended June 30, 2011

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)		\$	7,218,386
(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		7,012,418	
Add: buildings and improvements net of accumulated depreciation		2,477,323	
Add: infrastructure net of accumulated depreciation		11,196,662	
Add: other capital assets net of accumulated depreciation		693,179	22,581,640
(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	\$	(59,552)	
Less: other loans payable		(136,000)	
Less: capital leases payable		(51,336)	
Less: bonds payable		(12,080,000)	
Add: deferred charges - debt issuance costs		102,717	
Less: compensated absences payable		(111,054)	
Less: other postemployment benefits liability		(47,584)	
Less: accrued interest on notes and bonds		(69,656)	(12,452,465)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			342,657
Net assets of governmental activities (Exhibit A)		\$	<u>17,690,218</u>

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

Benton County, Tennessee
Statement of Revenues, Expenditures,
 and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2011

	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	\$ 3,008,444	\$ 376,988	\$ 538,670	\$ 0	\$ 0	\$ 0	\$ 3,924,102
Licenses and Permits	23,282	0	0	0	0	0	23,282
Fines, Forfeitures, and Penalties	174,382	0	0	0	11,087	0	185,469
Charges for Current Services	668,512	0	0	0	24,768	0	693,280
Other Local Revenues	252,760	36,630	84,854	5,352	28,133	0	407,729
Fees Received from County Officials	750,651	0	0	0	0	0	750,651
State of Tennessee	2,290,725	1,621,585	0	0	472,424	0	4,384,734
Federal Government	18,946	339,988	0	0	0	0	358,934
Other Governments and Citizens Groups	20,261	0	674,163	0	24,292	0	718,716
Total Revenues	\$ 7,207,963	\$ 2,375,191	\$ 1,297,687	\$ 5,352	\$ 560,704	\$ 0	\$ 11,446,897
<u>Expenditures</u>							
Current:							
General Government	\$ 912,128	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 912,128
Finance	455,145	0	0	0	0	0	455,145
Administration of Justice	483,179	0	0	0	8,829	0	492,008
Public Safety	2,748,031	0	0	0	21,951	0	2,769,982
Public Health and Welfare	907,700	0	0	0	0	0	907,700
Social, Cultural, and Recreational Services	150,438	0	0	0	333,557	0	483,995
Agriculture and Natural Resources	59,426	0	0	0	0	0	59,426
Other Operations	1,636,032	0	0	57	0	0	1,636,089
Highways	0	1,988,501	0	0	0	0	1,988,501
Debt Service:							
Principal on Debt	27,998	330,448	1,189,600	0	0	0	1,548,046
Interest on Debt	0	0	469,664	0	0	0	469,664
Other Debt Service	0	0	13,681	0	0	0	13,681
Capital Projects	0	0	0	4,892,556	448,378	0	5,340,934
Total Expenditures	\$ 7,380,077	\$ 2,318,949	\$ 1,672,945	\$ 4,892,613	\$ 812,715	\$ 0	\$ 17,077,299
Excess (Deficiency) of Revenues Over Expenditures	\$ (172,114)	\$ 56,242	\$ (375,258)	\$ (4,887,261)	\$ (252,011)	\$ 0	\$ (5,630,402)

(Continued)

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		
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 0	\$ 390,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 390,000
Capital Leases Issued	79,334	0	0	0	0	0	79,334
Insurance Recovery	52,485	4,623	0	0	0	0	57,108
Transfers In	164,952	18,901	402,976	2,500,000	258,950	258,950	3,345,779
Transfers Out	(3,122,406)	0	0	0	0	0	(3,122,406)
Total Other Financing Sources (Uses)	\$ (2,825,635)	\$ 413,524	\$ 402,976	\$ 2,500,000	\$ 258,950	\$ 258,950	\$ 749,815
Net Change in Fund Balances	\$ (2,997,749)	\$ 469,766	\$ 27,718	\$ (2,387,261)	\$ 6,939	\$ 6,939	\$ (4,880,587)
Fund Balance, July 1, 2010	7,240,372	1,207,949	1,091,838	2,442,294	116,520	116,520	12,098,973
Fund Balance, June 30, 2011	\$ 4,242,623	\$ 1,677,715	\$ 1,119,556	\$ 55,033	\$ 123,459	\$ 123,459	\$ 7,218,386

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, 2011

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)		\$ (4,880,587)
<p>(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:</p>		
Add: capital assets purchased in the current period	\$ 5,566,516	
Less: current-year depreciation expense	<u>(1,274,383)</u>	4,292,133
<p>(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2011	\$ 342,657	
Less: deferred delinquent property taxes and other deferred June 30, 2010	<u>(351,070)</u>	(8,413)
<p>(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.</p>		
Less: note proceeds	\$ (390,000)	
Less: capital lease proceeds	(79,334)	
Less: change in deferred debt issuance costs	(5,083)	
Add: principal payments on notes	634,448	
Add: principal payments on other loans	215,600	
Add: principal payments on capital leases	27,998	
Add: principal payments on bonds	<u>670,000</u>	1,073,629
<p>(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
Change in accrued interest payable	\$ 5,558	
Change in compensated absences payable	74,163	
Change in other postemployment benefits liability	<u>(19,679)</u>	60,042
Change in net assets of governmental activities (Exhibit B)		<u>\$ 536,804</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, 2011

Business-type
 Activities -
Major Fund
Benton County
Electric System

ASSETS

Current Assets:	
Cash	\$ 1,146,337
Inventories	254,022
Accounts Receivable	1,628,579
Allowance for Uncollectibles	(10,018)
Prepayments and Other Current Assets	1,423,776
Total Current Assets	<u>\$ 4,442,696</u>
Noncurrent Assets:	
Restricted Cash, Cash Equivalents, and Investments on Deposit	\$ 554,576
Deferred Charges - Debt Issuance Costs	94,829
Notes Receivable	464,328
Capital Assets:	
Assets Not Depreciated:	
Land	178,328
Construction in Progress	1,062,038
Assets Net of Accumulated Depreciation:	
Other Capital Assets	16,836,756
Total Noncurrent Assets	<u>\$ 19,190,855</u>
Total Assets	<u>\$ 23,633,551</u>

LIABILITIES

Current Liabilities:	
Accounts Payable	\$ 3,342,700
Accrued Payroll	19,516
Customer Deposits Payable	586,335
Current Liabilities Payable from Restricted Assets:	
Accrued Interest Payable	7,784
Revenue Bonds Payable - Current	300,000
Total Current Liabilities	<u>\$ 4,256,335</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	\$ 469,255
Accrued Leave - Long-term	1,105,929
Revenue Bonds Payable - Long-term	<u>2,340,000</u>
Total Noncurrent Liabilities	<u>\$ 3,915,184</u>
Total Liabilities	<u>\$ 8,171,519</u>

NET ASSETS

Invested in Capital Assets, Net of Related Debt	\$ 15,486,236
Restricted for Debt Service	546,792
Unrestricted	<u>(570,996)</u>
Total Net Assets	<u><u>\$ 15,462,032</u></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, 2011

	Business-type Activities - Major Fund
	<u>Benton County</u> <u>Electric System</u>
<u>Operating Revenues</u>	
Sale of Electric Energy	\$ 23,060,832
Forfeited Discounts	165,690
Rent from Electric Property	155,287
Other Electric Revenue	54,396
Miscellaneous Service Revenue	66,600
Total Operating Revenues	<u>\$ 23,502,805</u>
<u>Operating Expenses</u>	
Purchased Power	\$ 16,579,351
Distribution Expense:	
Station Expense	17,729
Overhead Line Expense	174,140
Street Lighting and Signal System	3,267
Meter Expense	68,150
Security Lighting	15,805
Rents	3,932
Miscellaneous	152,470
Customer Accounts Expense:	
Meter Reading Expense	126,688
Customer Records and Collection	440,651
Sales Expenses:	
Demonstration and Selling Expense	8,504
Administrative Expenses:	
Salaries	340,640
Office Supplies and Expense	74,585
Outside Services Employed	203,888
Insurance	48,820
Injuries and Damages	172,314

(Continued)

Exhibit D-2

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

	Business-type Activities - Major Fund
	<u>Benton County Electric System</u>
<u>Operating Expenses (Cont.)</u>	
Administrative Expenses (Cont.):	
Employee Pension and Benefits	\$ 756,104
General Advertising	4,233
Miscellaneous	26,137
Maintenance Expenses:	
Station Equipment	10,320
Overhead Lines	851,234
Underground Lines	2,723
Line Transformers	29,599
Street Lights and Signal System	12,974
Meters	49,610
Security Lighting	41,956
General Plant and Equipment	16,650
Depreciation and Amortization	959,637
Taxes and Tax Equivalents	419,188
Total Operating Expenses	<u>\$ 21,611,299</u>
Operating Income	<u>\$ 1,891,506</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 26,713
Interest Expense	(103,300)
Amortization of Debt Expense	(16,764)
Total Nonoperating Revenues (Expenses)	<u>\$ (93,351)</u>
Income (Loss) Before Transfers	\$ 1,798,155
Transfers Out	(223,373)
Change in Net Assets	<u>\$ 1,574,782</u>
Net Assets, July 1, 2010	<u>13,887,250</u>
Net Assets, June 30, 2011	<u><u>\$ 15,462,032</u></u>

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

Exhibit D-3

Benton County, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2011

	<u>Business-type Activities - Major Fund</u>
	<u>Benton County Electric System</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 23,314,289
Payments to Suppliers	(18,722,939)
Payments to Employees and for Employee Benefits	(1,096,744)
Payments for in-Lieu-of Tax Payments	(419,188)
Customer Deposits Received	125,298
Customer Deposits Refunded	(144,635)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 3,056,081</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Construction and Acquisition of Plant	\$ (1,930,512)
Plant Removal Cost	(249,984)
Materials Salvaged from Retirements	39,911
Principal Paid on Bonds	(290,000)
Interest Paid on Bonds	(106,139)
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (2,536,724)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Repayment of TVA Advances	\$ 29,081
Transfers to Other Funds	(223,373)
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ (194,292)</u>
<u>Cash Flows from Investing Activities</u>	
Collection of Notes Receivable	\$ (28,869)
Interest Earned	26,713
Net Cash Provided By (Used In) Investing Activities	<u>\$ (2,156)</u>
Net Increase (Decrease) in Cash	\$ 322,909
Cash, July 1, 2010	<u>1,378,004</u>
Cash, June 30, 2011	<u><u>\$ 1,700,913</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	\$ 1,891,506
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Depreciation Expense	959,637
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	(188,516)
(Increase) Decrease in Materials and Supplies	(15,616)
(Increase) Decrease in Prepayments and Other Current Assets	(247,077)
Increase (Decrease) in Accounts Payable and Accrued Expenses	636,810
Increase (Decrease) in Customer Deposits	19,337
	<u>3,056,081</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 3,056,081</u>
<u>Reconciliation of Cash with Statement of Net Assets</u>	
Cash Per Net Assets	\$ 1,146,337
Other Restricted Assets Per Net Assets	<u>554,576</u>
Cash, June 30, 2011	<u>\$ 1,700,913</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, 2011

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 638,818
Due from Other Governments	<u>257,619</u>
Total Assets	<u><u>\$ 896,437</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 257,619
Due to Litigants, Heirs, and Others	<u>638,818</u>
Total Liabilities	<u><u>\$ 896,437</u></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, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Benton County's financial statements are presented in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments.

The following are the more significant accounting policies of Benton County:

A. Reporting Entity

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

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

The Benton County School Department operates the public school system in the county, and the voters of Benton County elect its board. The School Department is fiscally dependent on the county because it may not issue debt without county approval, and its budget and property tax levy are subject to the County Commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

The Benton County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Benton County, and the Benton County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County Commission's approval.

The Industrial Development Board of the County of Benton was formed as an operating agency and instrumentality of Benton County for the purpose of acquiring and developing land for industrial development in the county. The Benton County Commission appoints five members of the nine-member board. The other members are permanent members and consist of the county mayor, the chairman of the Chamber of Commerce, and the mayors of the

cities of Big Sandy and Camden. The financial statements for the Industrial Development Board of the County of Benton were not available from other auditors in time for inclusion in this report.

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

Administrative Offices:

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

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

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net 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; however, the county did not issue any debt for the School Department during the year ended June 30, 2011.

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 special revenue fund accounts for transactions of the county’s Highway Department. Local and state gasoline/fuel taxes are the foundational revenues of this fund.

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 special revenue fund is used to account for restricted federal revenues, which must be expended on specific education programs.

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.

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

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 Benton County Library, special revenue fund, and 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 Fund. Benton County (excluding the Benton County Library, special revenue fund, and 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 2.5 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. Prepaids are offset in the nonspendable fund balance account in governmental funds.

4. Capital Assets

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental and business-type columns in the government-wide financial statements. Capital assets are defined by the government (excluding the 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 Benton County Library, special revenue fund, and 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 \$3,696,246 of restricted net assets, in governmental activities for the primary government, of which \$176,826 is restricted by enabling legislation.

As of June 30, 2011, Benton County had \$7,576,000 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 fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in these funds can be spent. These classifications may consist of the following:

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

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

Committed Fund Balance – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the County Commission, the county's highest level of decision-making authority and the Board of Education, the School Department's highest level of decision-making authority.

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The county's Budget Committee and the Board of Education are authorized bodies to make assignments.

Unassigned Fund Balance – the residual classification of the General and General Purpose School funds. This classification represents fund balance that has not been assigned to other

funds and that has not been restricted, committed, or assigned to specific purposes within the General and General Purpose School funds.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

At June 30, 2011, Benton County and the Benton County School Department reported the following significant encumbrances:

Funds	Description	Amount
Primary Government:		
Major Fund:		
Community Development/ Industrial Park	Jail Construction	\$ 657,840
School Department:		
Major Fund:		
General Purpose School	School Improvements	435,584

B. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the County Commission in the Rabies and Animal Control, Other Charges, and Transfers Out major appropriation categories (the legal level of control) of the General Fund by \$338, \$4,345, and \$2,789,456, respectively. Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balance.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Benton County (excluding the Benton County Library, special revenue fund, and 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, 2011, 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 Benton County Library, special revenue fund, and the Public Utility Fund, enterprise fund) and the discretely presented School Department since both pool their deposits and investments through the county trustee.

<u>Investment</u>	<u>Maturities</u>	<u>Cost</u>
State Treasurer's Investment Pool	Daily	\$ 388,991

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, 2011, 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, 2011, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-10	Increases	Balance 6-30-11
Capital Assets Not Depreciated:			
Land	\$ 1,202,058	\$ 0	\$ 1,202,058
Construction in Progress	2,451,152	4,561,266	7,012,418
Total Capital Assets Not Depreciated	\$ 3,653,210	\$ 4,561,266	\$ 8,214,476
Capital Assets Depreciated:			
Buildings and Improvements	\$ 5,136,187	\$ 11,600	\$ 5,147,787
Roads and Bridges	17,441,229	812,251	18,253,480
Other Capital Assets	4,114,753	181,399	4,296,152
Total Capital Assets Depreciated	\$ 26,692,169	\$ 1,005,250	\$ 27,697,419
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 2,490,849	\$ 179,615	\$ 2,670,464
Roads and Bridges	6,259,042	797,776	7,056,818
Other Capital Assets	3,305,981	296,992	3,602,973
Total Accumulated Depreciation	\$ 12,055,872	\$ 1,274,383	\$ 13,330,255
Total Capital Assets Depreciated, Net	\$ 14,636,297	\$ (269,133)	\$ 14,367,164
Governmental Activities Capital Assets, Net	\$ 18,289,507	\$ 4,292,133	\$ 22,581,640

The county had no decreases in capital assets during the period. 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	161,880
Public Health and Welfare	39,744
Social, Cultural, and Recreational Services	68,133

Governmental Activities (Cont.):

Agriculture and Natural Resources	\$	1,854
Other Operations		264,527
Highways/Public Works		<u>689,960</u>
Total Depreciation Expense - Governmental Activities	\$	<u><u>1,274,383</u></u>

Discretely Presented Benton County School Department

Governmental Activities:

	Balance 7-1-10	Increases	Balance 6-30-11
Capital Assets Not Depreciated:			
Land	\$ 479,205	\$ 0	\$ 479,205
Total Capital Assets Not Depreciated	<u>\$ 479,205</u>	<u>\$ 0</u>	<u>\$ 479,205</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 20,394,517	\$ 0	\$ 20,394,517
Other Capital Assets	1,849,706	287,364	2,137,070
Total Capital Assets Depreciated	<u>\$ 22,244,223</u>	<u>\$ 287,364</u>	<u>\$ 22,531,587</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 8,210,164	\$ 493,010	\$ 8,703,174
Other Capital Assets	1,189,209	94,273	1,283,482
Total Accumulated Depreciation	<u>\$ 9,399,373</u>	<u>\$ 587,283</u>	<u>\$ 9,986,656</u>
Total Capital Assets Depreciated, Net	<u>\$ 12,844,850</u>	<u>\$ (299,919)</u>	<u>\$ 12,544,931</u>
Governmental Activities Capital Assets, Net	<u>\$ 13,324,055</u>	<u>\$ (299,919)</u>	<u>\$ 13,024,136</u>

The School Department had no decreases in capital assets during the period. Depreciation expense was charged to functions of the discretely presented School Department as follows:

Governmental Activities:

Instruction	\$ 381,364
Support Services	178,344
Operation of Non-Instructional Services	<u>27,575</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 587,283</u>

C. Construction Commitments

At June 30, 2011, the county had uncompleted construction contracts of \$657,840 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, 2011, the School Department had uncompleted construction contracts of \$435,584 in the General Purpose School Fund for school improvements. Funding has been received for these future expenditures.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2011, was as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental	\$ 1,666
General Debt Service	General	9,941

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

Due to/from Primary Government and Component Unit:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government: General Debt Service	Component Unit: School Department: General Purpose School	\$ 56,313

Interfund Transfers:

Interfund transfers for the year ended June 30, 2011, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In				
	General Fund	Highway/ Public Works Fund	General Debt Service Fund	Community Development/ Industrial Park	Nonmajor governmental fund
General Fund	\$ 0	\$ 0	\$ 363,456	\$ 2,500,000	\$ 258,950
Public Utility Fund	164,952	18,901	39,520	0	0
Total	\$ 164,952	\$ 18,901	\$ 402,976	\$ 2,500,000	\$ 258,950

Discretely Presented Benton County School Department

Transfer Out	Transfer In General Purpose School Fund
School Federal Projects	\$ 34,938

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

E. Capital Lease

On January 12, 2011, Benton County entered into a two-year lease-purchase agreement for patrol cars. The terms of the agreement require total lease payments of \$79,334 plus interest payments of six percent. Title to the patrol cars transfers to Benton County at the end of the lease period. The lease payments are made from the General Fund.

The assets acquired through the capital lease are as follows:

Assets	Governmental Activities
Patrol Cars	\$ 79,334
Less: Accumulated Depreciation	<u>(8,400)</u>
Total Book Value	<u>\$ 70,934</u>

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2011, were as follows:

Year Ending June 30	Governmental Funds
2012	\$ 28,000
2013	<u>28,000</u>
Total Minimum Lease Payments	\$ 56,000
Less: Amount Representing Interest	<u>(4,664)</u>
Present Value of Minimum Lease Payments	<u>\$ 51,336</u>

F. Long-term Debt

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

General Obligation Bonds, Notes, and Other Loans

The county issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities. In addition, general obligation bonds have been issued to refund other general obligation bonds. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 25 years for bonds, one year 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, 2011, will be retired from the General Debt Service and Highway/Public Works funds.

General obligation bonds, capital outlay notes, other loans, and capital leases outstanding as of June 30, 2011, for governmental activities are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-11
General Obligation Bonds	4 %	\$ 5,000,000	\$ 4,640,000
General Obligation Bond - Refunding	3.5	9,020,000	7,440,000
Capital Outlay Notes	2.9	390,000	59,552
Other Loans	0	204,000	136,000
Capital Lease	6	79,334	51,336

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, 2011, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2017-2021	4,485,000	1,168,065	5,653,065
2022-2026	1,875,000	523,500	2,398,500
2027-2031	1,355,000	267,500	1,622,500
2032-2033	635,000	25,700	660,700
Total	\$ 12,080,000	\$ 3,888,980	\$ 15,968,980

Year Ending June 30	Notes		
	Principal	Interest	Total
2012	\$ 59,552	\$ 864	\$ 60,416
Total	\$ 59,552	\$ 864	\$ 60,416

Year Ending June 30	Other Loans		
	Principal	Other Fees	Total
2012	\$ 13,600	\$ 65	\$ 13,665
2013	13,600	65	13,665
2014	13,600	65	13,665
2015	13,600	65	13,665
2016	13,600	65	13,665
2017-2021	68,000	325	68,325
Total	\$ 136,000	\$ 650	\$ 136,650

There is \$1,119,556 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$733, based on the 2010 federal census. Debt per capita, including bonds, notes, other loans, and capital leases totaled \$748, based on the 2010 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, 2011, was as follows:

Governmental Activities:

	Bonds	Notes	Other Loans
Balance, July 1, 2010	\$ 12,750,000	\$ 304,000	\$ 351,600
Additions	0	390,000	0
Deductions	(670,000)	(634,448)	(215,600)
Balance, June 30, 2011	\$ 12,080,000	\$ 59,552	\$ 136,000
Balance Due Within One Year	\$ 695,000	\$ 59,552	\$ 13,600

	Capital Lease	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2010	\$ 0	\$ 185,217	\$ 27,905
Additions	79,334	80,651	35,067
Deductions	(27,998)	(154,814)	(15,388)
Balance, June 30, 2011	\$ 51,336	\$ 111,054	\$ 47,584
Balance Due Within One Year	\$ 24,921	\$ 5,552	\$ 0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2011	\$ 12,485,526
Less: Balance Due Within One Year	<u>(798,625)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 11,686,901</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, 2011, was as follows:

Governmental Activities:

	<u>Other Postemployment Benefits</u>
Balance, July 1, 2010	\$ 331,663
Additions	213,788
Deductions	<u>(217,247)</u>
Balance, June 30, 2011	<u>\$ 328,204</u>
Balance Due Within One Year	<u>\$ 0</u>

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

G. Pledges of Receivables and Future Revenues

In November 1996, the citizens of Benton County voted by public referendum to increase the local sales tax by one-half percent. Benton County began collecting this tax in January 1997. The increase in sales tax was specifically designated for paying the debt service requirements for bonds issued to construct school facilities. Benton County, the School Department, the City of Camden, and the City of Big Sandy have pledged their portions of the sales tax increase to the county's General Debt Service Fund through December 1, 2021, for the retirement of this school debt. The amount of sales tax collections transferred (Benton County, \$69,152), and contributed (General Purpose School Fund, \$339,551, City of Camden, \$254,540, and City

of Big Sandy, \$15,859) to the General Debt Service Fund, as a result of this sales tax increase, totaled \$679,102 during the year.

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Benton County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2011, were \$74,608 and \$15,329, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. OTHER INFORMATION

A. Risk Management

Employee Health Insurance

Primary Government (Excluding the Benton County Library, Special Revenue Fund, and 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 Change

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* became effective for the year ended June 30, 2011.

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. These classifications include nonspendable, restricted, committed, assigned, and unassigned and are based on the relative strength of the constraints that control how specific amounts can be spent. Also, Statement No. 54 clarified the definitions of the General Fund and the special revenue, capital projects, debt service, and permanent fund types. Benton County and the Benton County School Department have implemented provisions of this statement in the financial statements of this report for their governmental funds.

C. Contingent Liabilities

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

Benton County is contingently liable for a state revolving fund loan of the Benton-Decatur Special Sewer District. Benton County would become liable for this loan and the interest thereon in the event of default by the sewer district. As of June 30, 2011, future principal and interest requirements were \$984,173 and \$137,848, respectively.

D. Changes in Administration

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.

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, 2011.

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

Plan Description

Employees of Benton County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability

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

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

Funding Policy

Benton County requires employees to contribute five percent of their earnable compensation to the plan. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2011, was 6.89 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2011, the county's annual pension cost of \$475,082 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2009, actuarial valuation using the 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 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The

county's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2009, was 10 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
6-30-11	\$475,082	100%	\$0
6-30-10	442,894	100	0
6-30-09	443,406	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 \$13 million, and the actuarial value of assets was \$11 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$2 million. The covered payroll (annual payroll of active employees covered by the plan) was \$7 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 annual required contribution was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

SCHOOL TEACHERS

Plan Description

The 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. Cost of living adjustments (COLA) are provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2011, was 9.05 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2011, 2010, and 2009, were \$846,441, \$601,714, and \$599,986, 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. In previous fiscal

years, prior to reaching the age of 65, all members had the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. However, as of January 1, 2010, the insurance plan structure was changed, and as a result all members now have the option of choosing between the standard or partnership preferred provider organization (PPO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://www.tn.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop 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, 2011, Benton County and the Benton County School Department contributed \$15,388 and \$217,247, respectively, for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Government Group Plan	Local Education Group Plan
ARC	\$ 35,000	\$ 213,000
Interest on the NPO	1,256	14,925
Adjustment to the ARC	(1,189)	(14,137)
Annual OPEB cost	\$ 35,067	\$ 213,788
Less: Amount of contribution	(15,388)	(217,247)
Increase/decrease in NPO	\$ 19,679	\$ (3,459)
Net OPEB obligation, 7-1-10	27,905	331,663
Net OPEB obligation, 6-30-11	\$ 47,584	\$ 328,204

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-09	Local Government Group	\$ 28,123	70%	\$ 8,753
6-30-10	"	34,021	44	27,905
6-30-11	"	35,067	44	47,584
6-30-09	Local Education Group	301,711	42	328,962
6-30-10	"	204,781	99	331,663
6-30-11	"	213,788	102	328,204

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2010, was as follows:

	Local Government Group Plan	Local Education Group Plan
Actuarial valuation date	7-1-10	7-1-10
Actuarial accrued liability (AAL)	\$ 146,000	\$ 2,131,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 146,000	\$ 2,131,000
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, 2010, actuarial valuation for the Local Education 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 ten percent for fiscal year 2011. The trend will decrease to 9.5 percent in fiscal year 2012 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 Plan was ten percent for fiscal year 2011. The trend will decrease to 9.5 percent in fiscal year 2012 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. All rates include a three percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level of percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

H. Purchasing Laws

Office of County Mayor

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

Office of Road Supervisor

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

Office of Director of Schools

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

VI. **OTHER NOTES – BENTON COUNTY LIBRARY (SPECIAL REVENUE FUND)**

A. **Summary of Significant Accounting Policies**

The significant accounting policies followed by the Benton County Library are described below to enhance the usefulness of the financial statements.

1. **Organization and Reporting Entity**

The Benton County Library was established by resolution on January 5, 1942, by action of the Benton County Commission. A seven-member board (Board of Trustees) was originally appointed by the commissioners, and the commissioners still approve the appointment of members to the Board of Trustees.

The Board of Trustees is responsible for formulating policies, handling finances, and hiring of the library employees. The Board of Trustees also hires a director/librarian who is responsible for the daily administration of the library under a board's directions.

The Benton County Library does not have separate corporate powers, i.e., it does not have the capacity to have its own name, does not have the right to sue and be sued in its own name, and does not have the right to buy, sell, lease, and mortgage property in its own name, that would distinguish it as being a legally separate organization. Therefore, in accordance with accounting principles generally accepted in the United States of America, the Benton County Library would be a special revenue fund in the Annual Financial Report of Benton County, Tennessee.

2. **Measurement Focus/Basis of Accounting**

The Benton County Library is considered to be a separate accounting entity of Benton County, Tennessee. The operations of the library are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. The Benton County Library is considered to be a special revenue fund that is used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

The accounting and reporting treatment applied to a fund is determined by its measurement focus. A special revenue fund is accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are included on the balance sheet. The operating statement of this fund presents increases (i.e., revenues and other financing

sources) and decreases (i.e., expenditures and other uses) in net current assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The Benton County Library's special revenue fund is accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

The financial statements are prepared on the basis of accounting of GASB Statement No. 34, *Basic Financial Statements, Management's Discussion and Analysis for State and Local Governments* and related standards. This standard mandates government-wide financial statements of net assets and activities, which are presented on the economic resources measurement focus and accrual basis of accounting, significant changes in terminology, as well as an inclusion of a management discussion and analysis; supplementary information; and other changes. It also requires, if applicable, that certain capital assets be recorded at cost less accumulated depreciation. Most of the requirements relate to the primary government's reporting, and in this case that would be Benton County, Tennessee, in the Annual Financial Report.

3. Budget

The Benton County Library is required by state statute to adopt an annual budget. The budget is to be prepared on the basis where 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. Management may make revisions within major categories except for certain line items, such as salaries, but only the governing body may transfer appropriations between categories. The library's operations would be considered a major category for budgetary purposes; therefore, management may transfer amounts between budgetary line items other than salaries.

The library's budgetary basis of accounting is consistent with generally accepted accounting principles.

The library exceeded the limit of their budgeted expenditures.

4. **Income Taxes**

Because the library is considered a governmental unit, it is not subject to income taxes, and no amount for taxes has been recorded in the accompanying statements.

5. **Capital Assets and Equipment**

The library uses a current financial resources measurement focus. Therefore, capital assets and equipment are recorded as expenditures when purchased. The cost and related depreciation of capital assets are required to be maintained and would be reported as capital assets only in the primary government's (Benton County, Tennessee) government-wide financial statements, as mandated by GASB Statement No. 34.

6. **Restricted Fund Balance**

Restriction of fund balance reflects tentative plans for future uses of financial resources as approved by the Benton County Library Board of Trustees or the Benton County Commission.

7. **Vacation and Sick Leave**

There is no written policy regarding vacation and sick leave for employees. Employees of the library are granted vacation and sick leave at the discretion of the director. The granting of leave has no guaranteed payment attached and therefore is not required to be accrued or recorded. Informally, the library follows the vacation and sick leave of the county.

8. **Interfund Transactions**

The operating transfers from the primary government, as noted on the financial statements and on the schedule of transfers, represent funds appropriated by the Benton County Commission for operating the Benton County Library.

B. Risk Management

Benton County carries commercial insurance for risks of loss from general liability, property and casualty, which also covers Benton County Library. Settled claims have not exceeded this commercial coverage in any of the three past fiscal years.

C. Purchasing Laws

As discussed in Note VI.A.1., the Benton County Library is a special revenue fund of the primary government, Benton County, Tennessee. Purchasing procedures for this department fall under procedures as applied to general government purchases. Purchasing procedures are governed by 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*. The private act provides for the issuance of requisitions and purchase orders for all purchases of equipment, supplies, and materials. The County Purchasing Law provides for all purchases in excess of \$10,000 to be made after public advertisement and competitive bidding.

D. Deposits and Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a financial institution failure, the library's deposits may not be returned or the library will not be able to recover collateral securities in the possession of an outside party. 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. Further, state statutes require collateral must be placed by the depository bank in an escrow account for the benefit of the library. As an alternative, a depository bank may participate in the bank collateral pool administered by the treasurer of the State of Tennessee. This allows the participating bank to pledge securities in the aggregate, rather than pledging securities to each individual account. At year end, the library's bank deposits totaled \$37,443, all of which was considered to be fully insured.

E. Litigation

There is no threatened or pending litigation, which would materially affect the financial statements of the Benton County Library.

F. Retirement Commitments

The Benton County Library, being a special revenue fund of Benton County, Tennessee, is a member of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit plan administered by the Tennessee Consolidated Retirement System (TCRS). The TCRS is a defined benefit retirement plan covering teachers and general employees of the state as well as employees of political subdivisions that have elected coverage. Membership in the system is mandatory for state employees, teachers and employees of participating political subdivisions. The 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 age 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 age 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 performance of duty. Members joining the system on or 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 and amended by state statute.

The Benton County Library is contributory whereby employees contribute five percent of their earnable compensation, and the employer is required to contribute at an actuarially determined rate (The library contributed 7.18 percent for the year ended June 30, 2011). The contribution requirement for the employer is established and can be amended by the TCRS Board of Trustees. The contribution requirements for the plan members (employees) are set by state statute. These contributions are remitted monthly to the Benton County trustee, who subsequently remits the funds to TCRS. The library recognized \$5,075 in retirement expense for the year ended June 30, 2011. For further information concerning funding status and progress, actuarially determined contribution requirements, contributions made and trend information, see Note V.F.

G. Subsequent Events

The library has evaluated events through November 23, 2011. On August 31, 2011, all operations of the library were transferred to the Office of County Mayor and became a function of Benton County, Tennessee's operating government.

H. Fund Equity

For the fiscal year ended June 30, 2011, the library implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

Nonspendable Fund Balance – amounts that are not in nonspendable form (such as inventory) or are required to be maintained intact.

Restricted Fund Balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed Fund Balance – amounts constrained to specific purposes by the Library Board itself, using its highest level of decision-making authority, the board. To be reported as committed, amounts cannot be used for any other purpose unless the board takes the same highest level action to remove or change the constraint.

Assigned Fund Balance – amounts the board intends to use for a specific purpose. Intent can be expressed by the Library Board or by an official or body to which the board delegates the authority.

Unassigned Fund Balance – amounts that are available for any purpose.

The board establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the board through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

The details of the fund balances are included in the balance sheet as listed in the table of contents. Restricted funds are used first as appropriate. Assigned funds are reduced to the extent that expenditure authority has been budgeted by the board or the assignment has been changed. Decreases to fund balance first reduce unassigned fund balance; in the event that unassigned fund balance becomes zero, then assigned and committed fund balances are used in that order.

VII. 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, 2011.

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, 2011, 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, 2011, consisted of the following:

	<u>Receivables</u>
Billed Services for Utility Customers	\$ 1,624,250
Other Receivables from Utility Services	4,329
Allowance for Doubtful Accounts	<u>(10,018)</u>
 Total Accounts Receivable	 <u>\$ 1,618,561</u>

Not included in the receivables mentioned above is \$439,858 of grants receivable (\$19,525 receivable and an estimate of \$420,333). The electric system maintains its grants receivable as an open work order in construction in progress.

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	\$ 153,917
Reserve Fund	<u>400,659</u>
 Total Restricted Assets	 <u>\$ 554,576</u>

The total of these funds is represented by:

Certificates of Deposit and Bank Accounts	<u>\$ 554,576</u>
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4. Capital Assets

Capital assets activity during the year was as follows:

	Balance			Balance
	7-1-10	Additions	Disposals	6-30-11
Capital Assets Not Depreciated:				
Land	\$ 178,328	\$ 0	\$ 0	\$ 178,328
Construction in Progress	556,789	505,249	0	1,062,038
Total Capital Assets Not Depreciated	\$ 735,117	\$ 505,249	\$ 0	\$ 1,240,366
Capital Assets Depreciated:				
Other Capital Assets	\$ 28,952,631	\$ 1,425,263	\$ 343,282	\$ 30,034,612
Total Capital Assets Depreciated	\$ 28,952,631	\$ 1,425,263	\$ 343,282	\$ 30,034,612
Less Accumulated Depreciation For:				
Other Capital Assets	\$ 12,791,572	\$ 974,495	\$ 568,211	\$ 13,197,856
Total Accumulated Depreciation	\$ 12,791,572	\$ 974,495	\$ 568,211	\$ 13,197,856
Total Capital Assets Depreciated, Net	\$ 16,161,059	\$ 450,768	\$ (224,929)	\$ 16,836,756
Total Capital Assets, Net	\$ 16,896,176	\$ 956,017	\$ (224,929)	\$ 18,077,122

Depreciation expense of \$974,495 was recorded by the electric system.

5. Long-term Debt

Long-term debt consists of the following:

Type	Interest Rate	Balance
		6-30-11
Electric System Revenue Bonds, Series 2000	4.2 to 5.25%	\$ 630,000
Electric System Revenue Refunding Bonds, Series 2004	1.1 to 3.3	1,060,000
Electric System Revenue Refunding Bonds, Series 2005	3.9	950,000
Total		<u>\$ 2,640,000</u>

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

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

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

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

The following is a summary of long-term debt transactions for the year ended June 30, 2011.

	Balance 7-1-10	Retirements	Balance 6-30-11
Revenue bonds payable	\$ 2,930,000	\$ 290,000	\$ 2,640,000

The scheduled annual requirements for long-term debt at June 30, 2011, including interest of \$547,442, are as follows:

Year Ending June 30	Revenue Bonds		
	Principal	Interest	Total
2012	\$ 300,000	\$ 96,796	\$ 396,796
2013	310,000	86,652	396,652
2014	320,000	75,672	395,672
2015	335,000	63,888	398,888
2016	345,000	51,368	396,368
2017-2021	705,000	147,034	852,034
2022-2025	325,000	26,032	351,032
Total	<u>\$ 2,640,000</u>	<u>\$ 547,442</u>	<u>\$ 3,187,442</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	\$ 18,077,122
Unamortized Bond Premium	49,114
Less: Revenue Bonds Payable	<u>(2,640,000)</u>
Total Invested in Capital Assets, Net of Related Debt	<u>\$ 15,486,236</u>
Restricted for Debt Service:	
Restricted Cash and Investments	\$ 554,576
Less: Current Liabilities Payable from Restricted Assets - Accrued Interest Payable	<u>(7,784)</u>
Total Restricted for Debt Service	<u>\$ 546,792</u>
Unrestricted	<u>\$ (570,996)</u>
Total Net Assets	<u>\$ 15,462,032</u>

D. Other Information

1. Pension Costs

The following pension information for the year ended June 30, 2011, 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 \$1,245,809 with employer contributions of \$61,815 (five percent of covered wages) and employee contributions of \$85,181. 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 \$312,285. The system's payroll for employees covered by the plan for the year ended

June 30, 2011, was \$1,096,760, and the total payroll for the year was \$2,444,848.

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 \$312,285 for the plan was equal to the system's required and actual contributions. The required contribution was determined as part of the October 1, 2010, 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
9-30-10	\$ 289,409	107.90 %	\$ 22,876
9-30-09	289,409	96.19	(11,023)
9-30-08	285,850	81.16	(53,850)

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, 2011, 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 postemployment 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 not to 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 postemployment 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	\$ 56,034
Interest on Net OPEB Obligation	1,617
Adjustment to Annual Required Contribution	<u>(1,900)</u>
Annual OPEB Cost (Expense)	\$ 55,751
Contributions Made	<u>(22,689)</u>
Increase in Net Obligation	\$ 33,062
Net OPEB Obligation, 7-1-10	<u>35,929</u>
 Net OPEB Obligation, 6-30-11	 <u><u>\$ 68,991</u></u>

The system's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010-11 is as follows:

Fiscal Year Ended	Annual OPEB Cost	OPEB Cost Contributed	Net OPEB Obligation
6-30-11	\$ 55,751	40.7%	\$ 68,991
6-30-10	54,743	57.4	35,929
6-30-09	53,701	76.5	12,634

Funded Status and Funding Progress

As of July 1, 2010, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$587,375, and the actuarial value of assets was zero resulting in

an unfunded actuarial accrued liability (UAAL) of \$587,375. The covered payroll (annual payroll of active employees covered by the plan) was \$2,444,848, and the ratio of the UAAL to the covered payroll was 24 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, 2010, 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, 2010, was 28 years.

VIII. OTHER NOTES – DISCRETELY PRESENTED BENTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

A. Significant Accounting Policies

1. Reporting Entity

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

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

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

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

The district accounts for its financial position and results of operations in accordance with generally accepted accounting principles as defined in the statements of the Governmental Accounting Standards Board (GASB) for proprietary funds. Generally accepted accounting principles for proprietary fund types are those applicable to similar businesses in the private sector, and the measurement focus is on the determination of net income, financial position, and cash flows. Proprietary fund types are accounted for on the accrual basis, whereby

income is recognized as it is earned, and expenses are recognized as they are incurred, whether or not cash is received or paid out at that time.

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

3. Budgetary Information

The district is required by Section 7-86-120, *Tennessee Code Annotated*, to adopt an annual budget. For the year ended June 30, 2011, the district budgeted in accordance with generally accepted accounting principles. The legal level of control is at each line item of expense; therefore, each line item must be appropriated prior to expending funds. For the year ended June 30, 2011, there were several line items that exceeded budgeted amounts. However, total expenditures did not exceed total appropriations.

4. Assets, Liabilities, and Net Assets

a. Deposits and Investments

The district's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of inception. State statutes authorize the district to invest in certificates of deposit, obligations of the U.S. Treasury, agencies and instrumentalities, obligations by the U.S. government or its agencies, repurchase agreements as approved by the state Comptroller's Office, and the state's local government investment pool.

b. Revenues and Receivables

The district receives its revenue from monthly fees paid by service users in the county. AT&T, the major service supplier in Benton County, and other telephone companies collect the service fees and remit the funds to the district, after retaining an administrative fee ranging from one to three percent of collections. Accounts receivable represent amounts due from the telephone companies. The district also receives a portion of

the wireless phone surcharge collected by the Tennessee Emergency Communications Board (TECB). A receivable from TECB is recorded for amounts collected by the state prior to year end, but not remitted to the district until after June 30.

c. Capital Assets

Capital assets are stated at cost. Capital assets are defined by the district as assets with an initial, individual cost of more than \$1,000 and an estimated useful life that exceeds one year. Assets consist of communications equipment, furniture and fixtures, building improvements, and other equipment, which are depreciated using the straight-line method over estimated useful lives ranging from five to 15 years.

d. Net Assets

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

- Invested in Capital Assets – consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any payables that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted – consists of net assets when constraints are placed on their use by external third parties or imposed by law.
- Unrestricted – consists of all other net assets that do not meet the description of the above category.

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

e. Occupancy In-Kind

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

f. Personnel

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

B. Detailed Notes on Accounts

1. Deposits and Investments

As of June 30, 2011, the district had demand deposits at financial institutions in checking accounts, savings accounts, money market accounts, and certificates of deposit.

Custodial Credit Risk - The district's policies limit deposits and investments to those instruments allowed by applicable state laws and described in Note VIII.A.4.a. State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105 percent of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the district's agent in the district's name, or by the Federal Reserve banks acting as third-party agents. 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, 2011, all of the district's deposits were fully insured or collateralized.

2. Capital Assets

Capital assets activity during the year was as follows:

Description	Balance 7-1-10	Increases	Balance 6-30-11
Capital Assets			
Depreciated:			
Communications Equipment	\$ 81,927	\$ 35,000	\$ 116,927
Leasehold Improvements	19,962	7,000	26,962
Other Equipment	73,037	0	73,037
Furniture and Fixtures	396	3,412	3,808
Total Capital Assets			
Depreciated	\$ 175,322	\$ 45,412	\$ 220,734
Less Accumulated			
Depreciation For:			
Communications Equipment	\$ 46,136	\$ 6,463	\$ 52,599
Leasehold Improvements	4,399	1,378	5,777
Other Equipment	33,850	7,996	41,846
Furniture and Fixtures	194	249	443
Total Accumulated			
Depreciation	\$ 84,579	\$ 16,086	\$ 100,665
Total Capital Assets, Net	\$ 90,743	\$ 29,326	\$ 120,069

C. **Other Information**

1. **Risk Management**

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

2. **Commitments**

During the year ended June 30, 2007, the district entered into a five-year service contract with AT&T in conjunction with the purchase of equipment. The monthly service fee as of June 30, 2011, is \$3,847. If terminated, the service contract calls for a termination charge equal to the number of months remaining in the contract term multiplied by 60 percent of the monthly service fee. The district does not anticipate terminating the service contract.

Each year the district enters into a contract for mapping and address maintenance services. The contract is cancelable on 30-days notice by either party. For the year ended June 30, 2011, the fee was \$1,500 per month.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

Benton County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Fund
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 3,008,444	\$ 3,025,461	\$ 3,025,461	\$ (17,017)
Licenses and Permits	23,282	22,700	34,902	(11,620)
Fines, Forfeitures, and Penalties	174,382	141,525	162,198	12,184
Charges for Current Services	668,512	941,640	944,340	(275,828)
Other Local Revenues	252,760	242,700	269,923	(17,163)
Fees Received from County Officials	750,651	750,100	750,100	551
State of Tennessee	2,290,725	2,336,234	2,355,150	(64,425)
Federal Government	18,946	152,500	164,500	(145,554)
Other Governments and Citizens Groups	20,261	56,000	56,500	(36,239)
Total Revenues	\$ 7,207,963	\$ 7,668,860	\$ 7,763,074	\$ (555,111)
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 27,996	\$ 32,500	\$ 32,500	\$ 4,504
Board of Equalization	2,100	2,100	2,100	0
Beer Board	637	1,000	1,120	483
Other Boards and Committees	150	900	900	750
County Mayor/Executive	245,352	205,137	249,974	4,622
County Attorney	11,156	10,000	11,500	344
Election Commission	151,282	196,286	159,552	8,270
Register of Deeds	126,805	78,247	129,242	2,437
County Buildings	346,650	311,045	370,139	23,489
<u>Finance</u>				
Property Assessor's Office	134,250	145,798	145,848	11,598
Reappraisal Program	10,384	11,139	11,139	755
County Trustee's Office	141,710	145,507	145,507	3,797
County Clerk's Office	168,801	190,448	190,448	21,647
<u>Administration of Justice</u>				
Circuit Court	213,369	212,159	220,905	7,536
General Sessions Judge	112,785	115,926	115,926	3,141
Chancery Court	120,555	121,579	121,579	1,024
Juvenile Court	36,470	36,955	37,075	605
<u>Public Safety</u>				
Sheriff's Department	1,359,790	1,281,547	1,413,758	53,968
Administration of the Sexual Offender Registry	1,674	1,200	3,900	2,226
Jail	832,946	729,889	862,099	29,153
Juvenile Services	88,481	92,617	92,617	4,136
Fire Prevention and Control	2,000	2,000	2,000	0
Rural Fire Protection	124,497	125,000	125,000	503
Rescue Squad	10,000	10,000	10,000	0
Other Emergency Management	73,120	174,156	174,156	101,036
Inspection and Regulation	500	1,000	1,000	500
County Coroner/Medical Examiner	14,245	13,250	15,250	1,005

(Continued)

Exhibit F-1

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Safety (Cont.)</u>				
Other Public Safety	\$ 240,778	\$ 165,318	\$ 253,202	\$ 12,424
<u>Public Health and Welfare</u>				
Local Health Center	28,608	36,957	36,957	8,349
Rabies and Animal Control	80,243	64,290	79,905	(338)
Ambulance/Emergency Medical Services	700,475	0	700,475	0
Alcohol and Drug Programs	2,250	4,080	4,080	1,830
Crippled Children Services	900	900	900	0
Other Local Health Services	98	1,000	1,000	902
Appropriation to State	15,506	15,506	15,506	0
Sanitation Management	31,480	29,950	31,650	170
Sanitation Education/Information	34,067	38,087	38,087	4,020
Other Public Health and Welfare	14,073	106,800	106,800	92,727
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	129,884	143,564	143,949	14,065
Parks and Fair Boards	20,554	32,349	37,270	16,716
<u>Agriculture and Natural Resources</u>				
Agriculture Extension Service	33,586	42,661	42,661	9,075
Soil Conservation	25,840	25,840	25,840	0
<u>Other Operations</u>				
Tourism	116,867	174,250	174,330	57,463
Airport	179,917	187,960	200,960	21,043
Veterans' Services	10,119	11,008	11,008	889
Other Charges	157,966	151,621	153,621	(4,345)
Contributions to Other Agencies	113,869	115,747	115,747	1,878
Employee Benefits	1,057,294	1,082,000	1,082,000	24,706
<u>Principal on Debt</u>				
General Government	27,998	0	27,998	0
Total Expenditures	\$ 7,380,077	\$ 6,677,273	\$ 7,929,180	\$ 549,103
Excess (Deficiency) of Revenues				
Over Expenditures	\$ (172,114)	\$ 991,587	\$ (166,106)	\$ (6,008)
<u>Other Financing Sources (Uses)</u>				
Capital Leases Issued	\$ 79,334	\$ 0	\$ 79,334	\$ 0
Insurance Recovery	52,485	22,000	74,485	(22,000)
Transfers In	164,952	7,145,000	7,145,000	(6,980,048)
Transfers Out	(3,122,406)	(322,625)	(332,950)	(2,789,456)
Total Other Financing Sources (Uses)	\$ (2,825,635)	\$ 6,844,375	\$ 6,965,869	\$ (9,791,504)
Net Change in Fund Balance	\$ (2,997,749)	\$ 7,835,962	\$ 6,799,763	\$ (9,797,512)
Fund Balance, July 1, 2010	7,240,372	444,970	444,970	6,795,402
Fund Balance, June 30, 2011	\$ 4,242,623	\$ 8,280,932	\$ 7,244,733	\$ (3,002,110)

Exhibit F-2

Benton County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2011

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 376,988	\$ 0	\$ 376,988	\$ 379,522	\$ 379,522	\$ (2,534)
Other Local Revenues	36,630	0	36,630	10,000	12,951	23,679
State of Tennessee	1,621,585	0	1,621,585	2,560,326	2,560,326	(938,741)
Federal Government	339,988	0	339,988	0	339,988	0
Total Revenues	\$ 2,375,191	\$ 0	\$ 2,375,191	\$ 2,949,848	\$ 3,292,787	\$ (917,596)
<u>Expenditures</u>						
<u>Highways</u>						
Administration	\$ 144,661	\$ 0	\$ 144,661	\$ 159,293	\$ 159,293	\$ 14,632
Highway and Bridge Maintenance	1,072,363	0	1,072,363	1,624,683	1,636,475	564,112
Operation and Maintenance of Equipment	260,097	0	260,097	377,329	377,329	117,232
Other Charges	61,406	0	61,406	70,000	70,699	9,293
Employee Benefits	285,877	0	285,877	322,000	322,181	36,304
Capital Outlay	164,097	18,500	182,597	1,207,016	1,216,559	1,033,962
Principal on Debt						
Highways and Streets	330,448	0	330,448	0	330,448	0
Total Expenditures	\$ 2,318,949	\$ 18,500	\$ 2,337,449	\$ 3,760,321	\$ 4,112,984	\$ 1,775,535
Excess (Deficiency) of Revenues Over Expenditures	\$ 56,242	\$ (18,500)	\$ 37,742	\$ (810,473)	\$ (820,197)	\$ 857,939
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 390,000	\$ 0	\$ 390,000	\$ 0	\$ 0	\$ 390,000
Insurance Recovery	4,623	0	4,623	0	9,724	(5,101)
Transfers In	18,901	0	18,901	17,367	17,367	1,534
Total Other Financing Sources (Uses)	\$ 413,524	\$ 0	\$ 413,524	\$ 17,367	\$ 27,091	\$ 386,433

(Continued)

Exhibit F-2

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
Net Change in Fund Balance	\$ 469,766	\$ (18,500)	\$ 451,266	\$ (793,106)	\$ (793,106)	\$ 1,244,372
Fund Balance, July 1, 2010	1,207,949	0	1,207,949	1,349,340	1,349,340	(141,391)
Fund Balance, June 30, 2011	<u>\$ 1,677,715</u>	<u>\$ (18,500)</u>	<u>\$ 1,659,215</u>	<u>\$ 556,234</u>	<u>\$ 556,234</u>	<u>\$ 1,102,981</u>

Exhibit F-3

Benton County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Benton County School Department
June 30, 2011

(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 entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the 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, 2011

(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	3,730	4
"	7-1-10	0	146	146	0	3,664	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
"	7-1-10	0	587	587	0	2,445	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	11,306	18
"	7-1-10	0	2,131	2,131	0	10,445	20

BENTON COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2011

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.

At June 30, 2011, Benton County reported the following significant encumbrances in the Community Development/Industrial Park Fund:

<u>Description</u>	<u>Amount</u>
Jail Construction	\$ 657,840

B. EXPENDITURES EXCEEDED APPROPRIATIONS

Expenditures exceeded appropriations approved by the County Commission in the Rabies and Animal Control, Other Charges, and Transfers Out major appropriation categories (the legal level of control) of the General Fund by \$338, \$4,345, and \$2,789,456, respectively. Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balance.

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

Nonmajor Governmental Funds

Special Revenue Funds

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

Public Library Fund – The Public Library Fund is used to account for transactions for the Benton County Public Library.

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

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

Capital Projects Funds

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

General Capital Projects Fund – The General Capital Projects Fund is used to account for the construction of the animal shelter and the emergency management services buildings. This fund was closed during the 2010-11 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, 2011

	Special Revenue Funds				Capital Projects Fund		Total Nonmajor Governmental Funds
	Public Library	Drug Control	Constitutional Officers - Fees	Total	Other Capital Projects		
Cash	\$ 37,443	\$ 0	\$ 1,666	\$ 39,109	\$ 0	\$ 39,109	
Equity in Pooled Cash and Investments	0	14,353	0	14,353	81,519	95,872	
Total Assets	\$ 37,443	\$ 14,353	\$ 1,666	\$ 53,462	\$ 81,519	\$ 134,981	

ASSETS

LIABILITIES AND FUND BALANCES

<u>Liabilities</u>						
Accounts Payable	\$ 6,907	\$ 435	\$ 0	\$ 7,342	\$ 0	\$ 7,342
Payroll Deductions Payable	2,514	0	0	2,514	0	2,514
Due to Other Funds	0	0	1,666	1,666	0	1,666
Total Liabilities	\$ 9,421	\$ 435	\$ 1,666	\$ 11,522	\$ 0	\$ 11,522
<u>Fund Balances</u>						
Restricted:						
Restricted for Public Safety	\$ 0	\$ 13,918	\$ 0	\$ 13,918	\$ 0	\$ 13,918
Restricted for Social, Cultural, and Recreational Services	28,022	0	0	28,022	0	28,022
Restricted for Capital Projects	0	0	0	0	81,519	81,519
Total Fund Balances	\$ 28,022	\$ 13,918	\$ 0	\$ 41,940	\$ 81,519	\$ 123,459
Total Liabilities and Fund Balances	\$ 37,443	\$ 14,353	\$ 1,666	\$ 53,462	\$ 81,519	\$ 134,981

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, 2011

	Special Revenue Funds				Capital Projects Funds			Total Nonmajor Governmental Funds
	Public Library	Drug Control	Constitu- tional Officers - Fees	Total	General Capital Projects	Other Capital Projects	Total	
<u>Revenues</u>								
Fines, Forfeitures, and Penalties	\$ 0	\$ 11,087	\$ 0	\$ 11,087	\$ 0	\$ 0	\$ 0	\$ 11,087
Charges for Current Services	15,939	0	8,829	24,768	0	0	0	24,768
Other Local Revenues	23,479	4,654	0	28,133	0	0	0	28,133
State of Tennessee	24,222	0	0	24,222	0	448,202	448,202	472,424
Other Governments and Citizens Groups	23,792	500	0	24,292	0	0	0	24,292
Total Revenues	\$ 87,432	\$ 16,241	\$ 8,829	\$ 112,502	\$ 0	\$ 448,202	\$ 448,202	\$ 560,704
<u>Expenditures</u>								
Current:								
Administration of Justice	\$ 0	\$ 0	\$ 8,829	\$ 8,829	\$ 0	\$ 0	\$ 0	\$ 8,829
Public Safety	0	21,951	0	21,951	0	0	0	21,951
Social, Cultural, and Recreational Services	333,557	0	0	333,557	0	0	0	333,557
Capital Projects	0	0	0	0	0	448,378	448,378	448,378
Total Expenditures	\$ 333,557	\$ 21,951	\$ 8,829	\$ 364,337	\$ 0	\$ 448,378	\$ 448,378	\$ 812,715
Excess (Deficiency) of Revenues Over Expenditures	\$ (246,125)	\$ (5,710)	\$ 0	\$ (251,835)	\$ 0	\$ (176)	\$ (176)	\$ (252,011)
<u>Other Financing Sources (Uses)</u>								
Transfers In	\$ 248,625	\$ 0	\$ 0	\$ 248,625	\$ 10,325	\$ 0	\$ 10,325	\$ 258,950
Total Other Financing Sources (Uses)	\$ 248,625	\$ 0	\$ 0	\$ 248,625	\$ 10,325	\$ 0	\$ 10,325	\$ 258,950
Net Change in Fund Balances	\$ 2,500	\$ (5,710)	\$ 0	\$ (3,210)	\$ 10,325	\$ (176)	\$ 10,149	\$ 6,939
Fund Balance, July 1, 2010	25,522	19,628	0	45,150	(10,325)	81,695	71,370	116,520
Fund Balance, June 30, 2011	\$ 28,022	\$ 13,918	\$ 0	\$ 41,940	\$ 0	\$ 81,519	\$ 81,519	\$ 123,459

Exhibit G-3

Benton County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Public Library Fund
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 15,939	\$ 12,000	\$ 16,060	\$ (121)
Other Local Revenues	23,479	18,000	24,090	(611)
State of Tennessee	24,222	0	7,500	16,722
Other Governments and Citizens Groups	23,792	21,000	23,030	762
Total Revenues	<u>\$ 87,432</u>	<u>\$ 51,000</u>	<u>\$ 70,680</u>	<u>\$ 16,752</u>
<u>Expenditures</u>				
<u>Social, Cultural, and Recreational Services</u>				
Libraries	\$ 333,557	\$ 272,025	\$ 306,236	\$ (27,321)
Total Expenditures	<u>\$ 333,557</u>	<u>\$ 272,025</u>	<u>\$ 306,236</u>	<u>\$ (27,321)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (246,125)</u>	<u>\$ (221,025)</u>	<u>\$ (235,556)</u>	<u>\$ (10,569)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 248,625	\$ 248,625	\$ 248,625	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 248,625</u>	<u>\$ 248,625</u>	<u>\$ 248,625</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 2,500	\$ 27,600	\$ 13,069	\$ (10,569)
Fund Balance, July 1, 2010	<u>25,522</u>	<u>0</u>	<u>0</u>	<u>25,522</u>
Fund Balance, June 30, 2011	<u>\$ 28,022</u>	<u>\$ 27,600</u>	<u>\$ 13,069</u>	<u>\$ 14,953</u>

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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 11,087	\$ 25,000	\$ 28,100	\$ (17,013)
Other Local Revenues	4,654	250	4,470	184
Other Governments and Citizens Groups	500	500	1,000	(500)
Total Revenues	<u>\$ 16,241</u>	<u>\$ 25,750</u>	<u>\$ 33,570</u>	<u>\$ (17,329)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 21,951	\$ 26,200	\$ 34,020	\$ 12,069
Total Expenditures	<u>\$ 21,951</u>	<u>\$ 26,200</u>	<u>\$ 34,020</u>	<u>\$ 12,069</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (5,710)</u>	<u>\$ (450)</u>	<u>\$ (450)</u>	<u>\$ (5,260)</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 0	\$ 2,000	\$ 2,000	\$ (2,000)
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ (2,000)</u>
Net Change in Fund Balance	\$ (5,710)	\$ 1,550	\$ 1,550	\$ (7,260)
Fund Balance, July 1, 2010	<u>19,628</u>	<u>3,463</u>	<u>3,463</u>	<u>16,165</u>
Fund Balance, June 30, 2011	<u>\$ 13,918</u>	<u>\$ 5,013</u>	<u>\$ 5,013</u>	<u>\$ 8,905</u>

Major Governmental Fund

General Debt Service Fund

The General Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 538,670	\$ 535,461	\$ 535,461	\$ 3,209
Other Local Revenues	84,854	76,315	79,523	5,331
Other Governments and Citizens Groups	674,163	735,000	735,000	(60,837)
Total Revenues	<u>\$ 1,297,687</u>	<u>\$ 1,346,776</u>	<u>\$ 1,349,984</u>	<u>\$ (52,297)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 631,000	\$ 346,317	\$ 631,000	\$ 0
Education	558,600	555,483	558,626	26
<u>Interest on Debt</u>				
General Government	199,726	210,323	222,897	23,171
Education	269,938	269,938	269,938	0
<u>Other Debt Service</u>				
General Government	13,166	16,800	17,253	4,087
Education	515	1,200	1,265	750
Total Expenditures	<u>\$ 1,672,945</u>	<u>\$ 1,400,061</u>	<u>\$ 1,700,979</u>	<u>\$ 28,034</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (375,258)</u>	<u>\$ (53,285)</u>	<u>\$ (350,995)</u>	<u>\$ (24,263)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	<u>\$ 402,976</u>	<u>\$ 82,000</u>	<u>\$ 379,710</u>	<u>\$ 23,266</u>
Total Other Financing Sources (Uses)	<u>\$ 402,976</u>	<u>\$ 82,000</u>	<u>\$ 379,710</u>	<u>\$ 23,266</u>
Net Change in Fund Balance	\$ 27,718	\$ 28,715	\$ 28,715	\$ (997)
Fund Balance, July 1, 2010	<u>1,091,838</u>	<u>911,684</u>	<u>911,684</u>	<u>180,154</u>
Fund Balance, June 30, 2011	<u>\$ 1,119,556</u>	<u>\$ 940,399</u>	<u>\$ 940,399</u>	<u>\$ 179,157</u>

Fiduciary Funds

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

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

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, 2011

	<u>Agency Funds</u>		
	<u>Cities -</u>	<u>Constitutional</u>	
	<u>Sales</u>	<u>Officers -</u>	
	<u>Tax</u>	<u>Agency</u>	<u>Total</u>
<u>ASSETS</u>			
Cash	\$ 0	\$ 638,818	\$ 638,818
Due from Other Governments	257,619	0	257,619
Total Assets	<u>\$ 257,619</u>	<u>\$ 638,818</u>	<u>\$ 896,437</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 257,619	\$ 0	\$ 257,619
Due to Litigants, Heirs, and Others	0	638,818	638,818
Total Liabilities	<u>\$ 257,619</u>	<u>\$ 638,818</u>	<u>\$ 896,437</u>

Exhibit I-2

Benton County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2011

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,502,216	\$ 1,502,216	\$ 0
Due from Other Governments	254,631	257,619	254,631	257,619
Total Assets	\$ 254,631	\$ 1,759,835	\$ 1,756,847	\$ 257,619
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 254,631	\$ 1,759,835	\$ 1,756,847	\$ 257,619
Total Liabilities	\$ 254,631	\$ 1,759,835	\$ 1,756,847	\$ 257,619
<u>Community Development - Agency Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 28,015	\$ 169,386	\$ 197,401	\$ 0
Total Assets	\$ 28,015	\$ 169,386	\$ 197,401	\$ 0
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 28,015	\$ 169,386	\$ 197,401	\$ 0
Total Liabilities	\$ 28,015	\$ 169,386	\$ 197,401	\$ 0
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 723,915	\$ 3,442,374	\$ 3,527,471	\$ 638,818
Total Assets	\$ 723,915	\$ 3,442,374	\$ 3,527,471	\$ 638,818
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 723,915	\$ 3,442,374	\$ 3,527,471	\$ 638,818
Total Liabilities	\$ 723,915	\$ 3,442,374	\$ 3,527,471	\$ 638,818
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 723,915	\$ 3,442,374	\$ 3,527,471	\$ 638,818
Equity in Pooled Cash and Investments	28,015	1,671,602	1,699,617	0
Due from Other Governments	254,631	257,619	254,631	257,619
Total Assets	\$ 1,006,561	\$ 5,371,595	\$ 5,481,719	\$ 896,437
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 254,631	\$ 1,759,835	\$ 1,756,847	\$ 257,619
Due to Litigants, Heirs, and Others	751,930	3,611,760	3,724,872	638,818
Total Liabilities	\$ 1,006,561	\$ 5,371,595	\$ 5,481,719	\$ 896,437

Benton County School Department

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

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

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

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

Exhibit J-1

Benton County, Tennessee
Statement of Activities
Discretely Presented Benton County School Department
For the Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 12,737,188	\$ 0	\$ 1,885,674	\$ (10,851,514)
Support Services	7,172,627	45,163	1,057,084	(6,070,380)
Operation of Non-Instructional Services	1,660,712	329,304	1,269,381	(62,027)
Other Debt Service	403,762	0	0	(403,762)
Total Governmental Activities	\$ 21,974,289	\$ 374,467	\$ 4,212,139	\$ (17,387,683)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 3,763,466
Local Option Sales Taxes				1,861,111
Other Local Taxes				1,106
Grants and Contributions Not Restricted to Specific Programs				11,939,650
Miscellaneous				24,958
Total General Revenues				\$ 17,590,291
Change in Net Assets				\$ 202,608
Net Assets, July 1, 2010				16,131,575
Net Assets, June 30, 2011				\$ 16,334,183

Exhibit J-2

Benton County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Benton County School Department
June 30, 2011

	<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>Funds</u>			
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 300	\$ 300
Equity in Pooled Cash and Investments	2,683,166	440	477,482	3,161,088
Accounts Receivable	4,926	0	0	4,926
Due from Other Governments	751,955	13,600	0	765,555
Property Taxes Receivable	3,954,595	0	0	3,954,595
Allowance for Uncollectible Property Taxes	(188,614)	0	0	(188,614)
Total Assets	<u>\$ 7,206,028</u>	<u>\$ 14,040</u>	<u>\$ 477,782</u>	<u>\$ 7,697,850</u>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 265,243	\$ 0	\$ 379	\$ 265,622
Contracts Payable	93,000	0	0	93,000
Due to Primary Government	56,313	0	0	56,313
Deferred Revenue - Current Property Taxes	3,644,664	0	0	3,644,664
Deferred Revenue - Delinquent Property Taxes	104,559	0	0	104,559
Other Deferred Revenues	133,510	0	0	133,510
Total Liabilities	<u>\$ 4,297,289</u>	<u>\$ 0</u>	<u>\$ 379</u>	<u>\$ 4,297,668</u>
<u>Fund Balances</u>				
Restricted:				
Restricted for Education	\$ 0	\$ 14,040	\$ 0	\$ 14,040
Restricted for Instruction	789	0	0	789
Restricted for Operation of Non-Instructional Services	0	0	477,403	477,403
Assigned:				
Assigned for Education	545,734	0	0	545,734
Unassigned	2,362,216	0	0	2,362,216
Total Fund Balances	<u>\$ 2,908,739</u>	<u>\$ 14,040</u>	<u>\$ 477,403</u>	<u>\$ 3,400,182</u>
Total Liabilities and Fund Balances	<u>\$ 7,206,028</u>	<u>\$ 14,040</u>	<u>\$ 477,782</u>	<u>\$ 7,697,850</u>

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, 2011

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)		\$ 3,400,182
(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	11,691,343	
Add: other capital assets net of accumulated depreciation	<u>853,588</u>	13,024,136
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: other postemployment benefits liability		(328,204)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>238,069</u>
Net assets of governmental activities (Exhibit A)		<u><u>\$ 16,334,183</u></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, 2011

	Major Funds		Nonmajor	Total
	General Purpose School	School Federal Projects	Fund Central Cafeteria	
<u>Revenues</u>				
Local Taxes	\$ 5,930,844	\$ 0	\$ 0	\$ 5,930,844
Licenses and Permits	1,735	0	0	1,735
Charges for Current Services	38,584	0	306,870	345,454
Other Local Revenues	45,154	0	8,817	53,971
State of Tennessee	12,062,588	0	14,177	12,076,765
Federal Government	353,889	2,237,676	1,060,809	3,652,374
Other Governments and Citizens Groups	138,171	0	0	138,171
Total Revenues	\$ 18,570,965	\$ 2,237,676	\$ 1,390,673	\$ 22,199,314
<u>Expenditures</u>				
Current:				
Instruction	\$ 10,710,211	\$ 1,527,938	\$ 0	\$ 12,238,149
Support Services	6,020,097	670,059	0	6,690,156
Operation of Non-Instructional Services	304,638	0	1,413,404	1,718,042
Capital Outlay	657,063	0	0	657,063
Debt Service:				
Other Debt Service	403,762	0	0	403,762
Total Expenditures	\$ 18,095,771	\$ 2,197,997	\$ 1,413,404	\$ 21,707,172
Excess (Deficiency) of Revenues Over Expenditures	\$ 475,194	\$ 39,679	\$ (22,731)	\$ 492,142
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 29,343	\$ 0	\$ 0	\$ 29,343
Transfers In	34,938	0	0	34,938
Transfers Out	0	(34,938)	0	(34,938)
Total Other Financing Sources (Uses)	\$ 64,281	\$ (34,938)	\$ 0	\$ 29,343
Net Change in Fund Balances	\$ 539,475	\$ 4,741	\$ (22,731)	\$ 521,485
Fund Balance, July 1, 2010	2,369,264	9,299	500,134	2,878,697
Fund Balance, June 30, 2011	\$ 2,908,739	\$ 14,040	\$ 477,403	\$ 3,400,182

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, 2011

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)		\$	521,485
(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	\$	287,364	
Less: current-year depreciation expense		<u>(587,283)</u>	(299,919)
(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, 2011	\$	238,069	
Less: deferred delinquent property taxes and other deferred June 30, 2010		<u>(260,486)</u>	(22,417)
(3) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in other postemployment benefits liability			<u>3,459</u>
Change in net assets of governmental activities (Exhibit B)		\$	<u>202,608</u>

Exhibit J-6

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, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 5,930,844	\$ 0	\$ 0	\$ 5,930,844	\$ 5,701,741	\$ 5,701,741	\$ 229,103
Licenses and Permits	1,735	0	0	1,735	1,200	1,200	535
Charges for Current Services	38,584	0	0	38,584	42,500	42,500	(3,916)
Other Local Revenues	45,154	0	0	45,154	154,500	55,065	(9,911)
State of Tennessee	12,062,588	0	0	12,062,588	12,016,199	12,450,572	(387,984)
Federal Government	353,889	0	0	353,889	124,064	400,525	(46,636)
Other Governments and Citizens Groups	138,171	0	0	138,171	0	126,000	12,171
Total Revenues	\$ 18,570,965	\$ 0	\$ 0	\$ 18,570,965	\$ 18,040,204	\$ 18,777,603	\$ (206,638)
Expenditures							
Instruction							
Regular Instruction Program	\$ 8,797,868	\$ (25,096)	\$ 0	\$ 8,772,772	\$ 8,763,900	\$ 9,286,983	\$ 514,211
Special Education Program	1,098,269	0	0	1,098,269	1,144,096	1,165,108	66,839
Vocational Education Program	686,427	(2,137)	0	684,290	684,465	694,735	10,445
Adult Education Program	127,647	0	0	127,647	154,269	172,206	44,559
Support Services							
Attendance	83,157	0	0	83,157	83,192	84,126	969
Health Services	255,467	0	3,520	258,987	270,260	271,835	12,848
Other Student Support	297,418	0	0	297,418	314,562	319,230	21,812
Regular Instruction Program	577,745	0	0	577,745	577,437	585,312	7,567
Special Education Program	94,607	0	0	94,607	96,229	97,449	2,842
Vocational Education Program	131,648	0	0	131,648	132,874	134,099	2,451
Adult Programs	85,222	0	0	85,222	82,384	87,595	2,373
Other Programs	89,937	0	0	89,937	0	89,937	0

(Continued)

Exhibit J-6

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 7/1/2010	Add: Encumbrances 6/30/2011	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	\$ 338,832	\$ (15,540)	\$ 0	\$ 323,292	\$ 485,186	\$ 485,186	\$ 161,894
Director of Schools	123,558	0	0	123,558	131,671	132,605	9,047
Office of the Principal	945,663	0	0	945,663	915,012	949,173	3,510
Fiscal Services	142,730	0	0	142,730	142,066	143,212	482
Operation of Plant	1,274,826	(2,997)	13,071	1,284,900	1,422,294	1,429,166	144,266
Maintenance of Plant	608,926	0	3,705	612,631	522,866	627,688	15,057
Transportation	881,023	0	0	881,023	945,932	945,932	64,909
Central and Other	89,338	0	0	89,338	89,745	90,317	979
<u>Operation of Non-Instructional Services</u>							
Food Service	83,072	0	0	83,072	84,177	84,177	1,105
Community Services	5,500	0	0	5,500	5,500	5,500	0
Early Childhood Education	216,066	(3,846)	0	212,220	219,127	222,140	9,920
<u>Capital Outlay</u>							
Regular Capital Outlay	657,063	(76,835)	525,438	1,105,666	403,060	1,176,197	70,531
Other Debt Service							
Education	403,762	0	0	403,762	0	403,762	0
Total Expenditures	\$ 18,095,771	\$ (126,451)	\$ 545,734	\$ 18,515,054	\$ 17,670,304	\$ 19,683,670	\$ 1,168,616
<u>Excess (Deficiency) of Revenues</u> <u>Over Expenditures</u>	\$ 475,194	\$ 126,451	\$ (545,734)	\$ 55,911	\$ 369,900	\$ (906,067)	\$ 961,978
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 29,343	\$ 0	\$ 0	\$ 29,343	\$ 100	\$ 29,443	\$ (100)

(Continued)

Exhibit J-6

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 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses) (Cont.)</u>							
Transfers In	\$ 34,938	\$ 0	\$ 0	\$ 34,938	\$ 5,000	\$ 26,680	\$ 8,258
Transfers Out	0	0	0	0	(375,000)	(38,852)	38,852
Total Other Financing Sources (Uses)	\$ 64,281	\$ 0	\$ 0	\$ 64,281	\$ (369,900)	\$ 17,271	\$ 47,010
Net Change in Fund Balance	\$ 539,475	\$ 126,451	\$ (545,734)	\$ 120,192	\$ 0	\$ (888,796)	\$ 1,008,988
Fund Balance, July 1, 2010	2,369,264	(126,451)	0	2,242,813	2,194,277	2,194,277	48,536
Fund Balance, June 30, 2011	\$ 2,908,739	\$ 0	\$ (545,734)	\$ 2,363,005	\$ 2,194,277	\$ 1,305,481	\$ 1,057,524

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
 School Federal Projects Fund
 For the Year Ended June 30, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Federal Government	\$ 2,237,676 \$	0 \$	2,237,676 \$	2,267,445 \$	2,659,511 \$	(421,835)
Total Revenues	\$ 2,237,676 \$	0 \$	2,237,676 \$	2,267,445 \$	2,659,511 \$	(421,835)
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 844,298 \$	0 \$	844,298 \$	830,161 \$	1,048,162 \$	203,864
Special Education Program	649,385	(1,570)	647,815	621,553	707,449	59,634
Vocational Education Program	34,255	0	34,255	32,025	44,525	10,270
Adult Education Program	0	0	0	0	1,220	1,220
<u>Support Services</u>						
Other Student Support	123,028	0	123,028	131,983	139,239	16,211
Regular Instruction Program	379,630	(2,500)	377,130	439,033	446,003	68,873
Special Education Program	117,208	(1,682)	115,526	124,125	130,938	15,412
Vocational Education Program	0	0	0	1,700	1,220	1,220
Adult Programs	0	0	0	0	934	934
Office of the Principal	0	0	0	0	34,161	34,161
Operation of Plant	0	0	0	0	6,872	6,872
Transportation	50,193	0	50,193	51,698	51,698	1,505
<u>Operation of Non-Instructional Services</u>						
Food Service	0	0	0	0	10,882	10,882
Early Childhood Education	0	0	0	0	3,013	3,013
Total Expenditures	\$ 2,197,997 \$	(5,752) \$	2,192,245 \$	2,232,278 \$	2,626,316 \$	434,071
Excess (Deficiency) of Revenues Over Expenditures	\$ 39,679 \$	5,752 \$	45,431 \$	35,167 \$	33,195 \$	12,236

(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
 School Federal Projects Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ (34,938)	0 \$	(34,938) \$	(35,242) \$	(36,740) \$	1,802
Total Other Financing Sources (Uses)	\$ (34,938)	0 \$	(34,938) \$	(35,242) \$	(36,740) \$	1,802
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ 4,741	5,752 \$	10,493 \$	(75) \$	(3,545) \$	14,038
	9,299	(5,752)	3,547	75	3,545	2
Fund Balance, June 30, 2011	\$ 14,040	0 \$	14,040 \$	0 \$	0 \$	14,040

Exhibit J-8

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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 306,870	\$ 466,000	\$ 466,000	\$ (159,130)
Other Local Revenues	8,817	12,000	13,250	(4,433)
State of Tennessee	14,177	17,000	17,000	(2,823)
Federal Government	1,060,809	1,050,000	1,151,362	(90,553)
Total Revenues	<u>\$ 1,390,673</u>	<u>\$ 1,545,000</u>	<u>\$ 1,647,612</u>	<u>\$ (256,939)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,413,404	\$ 1,545,000	\$ 1,647,612	\$ 234,208
Total Expenditures	<u>\$ 1,413,404</u>	<u>\$ 1,545,000</u>	<u>\$ 1,647,612</u>	<u>\$ 234,208</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (22,731)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (22,731)</u>
Net Change in Fund Balance	\$ (22,731)	\$ 0	\$ 0	\$ (22,731)
Fund Balance, July 1, 2010	<u>500,134</u>	<u>500,133</u>	<u>500,133</u>	<u>1</u>
Fund Balance, June 30, 2011	<u>\$ 477,403</u>	<u>\$ 500,133</u>	<u>\$ 500,133</u>	<u>\$ (22,730)</u>

MISCELLANEOUS SCHEDULES

Exhibit K-1

Benton County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, Capital Leases, and Bonds
 For the Year Ended June 30, 2011

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-10	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-11
<u>NOTES PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Vocational Rehabilitation Center	\$ 725,000	5.1	% 12-30-1999	11-29-10	\$ 154,000	\$ 0	\$ 154,000	\$ 0
Animal Shelter	150,000	3.4	10-14-09	10-13-10	150,000	0	150,000	0
Total Payable through General Debt Service Fund					\$ 304,000	\$ 0	\$ 304,000	\$ 0
<u>Payable through Highway/Public Works Fund</u>								
Bridge Repair	390,000	2.9	6-16-11	6-1-12	\$ 0	\$ 390,000	\$ 330,448	\$ 59,552
Total Payable through Highway/Public Works Fund					\$ 0	\$ 390,000	\$ 330,448	\$ 59,552
Total Notes Payable					\$ 304,000	\$ 390,000	\$ 634,448	\$ 59,552
<u>OTHER LOANS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Jail Construction and Renovation	1,100,000	Variable	1-8-1997	2-15-11	\$ 202,000	\$ 0	\$ 202,000	\$ 0
Qualified Zone Academy Bonds: Career and Technical Center	204,000	0	7-7-06	12-28-20	149,600	0	13,600	136,000
Total Other Loans Payable					\$ 351,600	\$ 0	\$ 215,600	\$ 136,000
<u>CAPITAL LEASE PAYABLE</u>								
<u>Payable through General Fund</u>								
Sheriff's Patrol Cars	79,334	6	1-12-11	1-12-13	\$ 0	\$ 79,334	\$ 27,998	\$ 51,336
Total Capital Lease Payable					\$ 0	\$ 79,334	\$ 27,998	\$ 51,336
<u>BONDS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
School Bonds, Series 2003 Refunding	9,020,000	3.5	6-12-03	12-1-21	\$ 7,985,000	\$ 0	\$ 545,000	\$ 7,440,000
Jail Bonds, Series 2007	5,000,000	4	10-1-07	10-1-32	4,765,000	0	125,000	4,640,000
Total Bonds Payable					\$ 12,750,000	\$ 0	\$ 670,000	\$ 12,080,000

Exhibit K-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2012	\$ 59,552	\$ 864	\$ 60,416
Total	\$ 59,552	\$ 864	\$ 60,416

Year Ending June 30	Other Loans		
	Principal	Other Fees	Total
2012	\$ 13,600	\$ 65	\$ 13,665
2013	13,600	65	13,665
2014	13,600	65	13,665
2015	13,600	65	13,665
2016	13,600	65	13,665
2017	13,600	65	13,665
2018	13,600	65	13,665
2019	13,600	65	13,665
2020	13,600	65	13,665
2021	13,600	65	13,665
Total	\$ 136,000	\$ 650	\$ 136,650

Year Ending June 30	Capital Lease		
	Principal	Interest	Total
2012	\$ 24,921	\$ 3,079	\$ 28,000
2013	26,415	1,585	28,000
Total	\$ 51,336	\$ 4,664	\$ 56,000

(Continued)

Exhibit K-2

Benton County, Tennessee
Schedule of Long-term Debt Requirements by Year (Cont.)

Year Ending June 30	Bonds		
	Principal	Interest	Total
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	\$ 12,080,000	\$ 3,888,980	\$ 15,968,980

Exhibit K-3

Benton County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Benton County School Department
For the Year Ended June 30, 2011

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	Public Library	Operations	\$ 248,625
General	General Debt Service	Debt payments	363,456
General	General Capital Projects	Operations	10,325
General	Community Development/Industrial Park	Jail construction	2,500,000
Public Utility	General	Payment in-lieu-of taxes	164,952
Public Utility	Highway/Public Works	Payment in-lieu-of taxes	18,901
Public Utility	General Debt Service	Payment in-lieu-of taxes	39,520
Total Transfers Primary Government			<u>\$ 3,345,779</u>
<u>DISCRETELY PRESENTED BENTON COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ 34,938
Total Transfers Discretely Presented Benton County School Department			<u>\$ 34,938</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, 2011

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor:				
Jimmy Wiseman (7-1-10 through 8-31-10)	Section 8-24-102, TCA	\$ 11,117	\$ 50,000	RLI Insurance Company
Barry Barnett (9-1-10 through 6-30-11)	Section 8-24-102, TCA	55,585	50,000	"
Road Supervisor	Section 8-24-102, TCA	63,527	100,000	"
Director of Schools	State Board of Education and Benton County Board of Education	91,033 (1)	50,000	"
Trustee	Board of Education	57,751	744,800	"
Assessor of Property	Section 8-24-102, TCA	57,751	10,000	"
County Clerk	Section 8-24-102, TCA	57,751	50,000	"
Circuit and General Sessions Courts Clerk:				
Terry Hudson (7-1-10 through 8-31-10)	Section 8-24-102, TCA	9,625	30,000	"
Sam Rainwaters (9-1-10 through 6-30-11)	Section 8-24-102, TCA	48,126	55,000	"
Clerk and Master	Section 8-24-102, TCA	57,751 (2)	50,000	"
Register	Section 8-24-102, TCA	57,751	25,000	"
Sheriff	Section 8-24-102, TCA	63,527 (3)	25,000	"
Employee Blanket Bond:				
County Mayor and Road Supervisor:				
All Employees			150,000	Tennessee Risk Management Trust
Schools Employees' Blanket Bond			150,000	"
"			10,000	Western Surety Company

- (1) Includes a chief executive officer training supplement of \$1,000.
- (2) Does not include special commissioner fees of \$8,829.
- (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, 2011

	Special Revenue Funds				Debt Service Fund	Capital Projects Funds			Total
	General	Public Library	Drug Control	Constitutional Officers - Fees		Highway / Public Works	General Debt Service	Community Development/ Industrial Park	
<u>Local Taxes</u>									
<u>County Property Taxes</u>									
Current Property Tax	\$ 2,071,605	\$ 0	\$ 0	\$ 0	\$ 496,321	\$ 0	\$ 0	\$ 0	\$ 2,805,292
Trustee's Collections - Prior Year	53,416	0	0	0	22,491	0	0	0	83,638
Circuit/Clerk & Master Collections - Prior Years	45,770	0	0	0	15,521	0	0	0	67,293
Interest and Penalty	11,590	0	0	0	4,173	0	0	0	17,324
Payments in-Lieu-of Taxes - T.V.A.	7,320	0	0	0	0	0	0	0	7,320
Payments in-Lieu-of Taxes - Other	449	0	0	0	164	0	0	0	674
<u>County Local Option Taxes</u>									
Local Option Sales Tax	366,497	0	0	0	0	0	0	0	366,497
Hotel/Motel Tax	30,764	0	0	0	0	0	0	0	30,764
Litigation Tax - General	56,091	0	0	0	0	0	0	0	56,091
Litigation Tax - Special Purpose	16,036	0	0	0	0	0	0	0	16,036
Litigation Tax - Jail, Workhouse, or Courthouse	86,762	0	0	0	0	0	0	0	86,762
Business Tax	110,214	0	0	0	0	0	0	0	110,214
Mineral Severance Tax	55,772	0	0	0	124,267	0	0	0	180,039
Other County Local Option Taxes	1,496	0	0	0	0	0	0	0	1,496
<u>Statutory Local Taxes</u>									
Bank Excise Tax	8,080	0	0	0	0	0	0	0	8,080
Wholesale Beer Tax	84,331	0	0	0	0	0	0	0	84,331
Beer Privilege Tax	1,400	0	0	0	0	0	0	0	1,400
Interstate Telecommunications Tax	851	0	0	0	0	0	0	0	851
Total Local Taxes	\$ 3,008,444	\$ 0	\$ 0	\$ 0	\$ 538,670	\$ 0	\$ 0	\$ 0	\$ 3,924,102
<u>Licenses and Permits</u>									
<u>Licenses</u>									
Animal Vaccination	\$ 15,772	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 15,772
Cable TV Franchise	4,975	0	0	0	0	0	0	0	4,975
<u>Permits</u>									
Beer Permits	1,500	0	0	0	0	0	0	0	1,500
Other Permits	1,035	0	0	0	0	0	0	0	1,035
Total Licenses and Permits	\$ 23,282	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 23,282

(Continued)

Exhibit K-5

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

	Special Revenue Funds				Debt Service Fund	Capital Projects Funds			Total
	General	Public Library	Drug Control	Constitutional Officers - Fees		Highway / Public Works	General Debt Service	Community Development / Industrial Park	
<u>Circuit Court</u>									
Fines	8,270	0	0	0	0	0	0	0	8,270
Officers Costs	1,991	0	0	0	0	0	0	0	1,991
Drug Control Fines	0	0	5,062	0	0	0	0	0	5,062
Drug Court Fees	758	0	0	0	0	0	0	0	758
Jail Fees	351	0	0	0	0	0	0	0	351
DUI Treatment Fines	95	0	0	0	0	0	0	0	95
Data Entry Fee - Circuit Court	314	0	0	0	0	0	0	0	314
Victims Assistance Assessments	714	0	0	0	0	0	0	0	714
<u>General Sessions Court</u>									
Fines	34,609	0	0	0	0	0	0	0	34,609
Officers Costs	46,247	0	0	0	0	0	0	0	46,247
Drug Control Fines	0	0	2,925	0	0	0	0	0	2,925
Drug Court Fees	3,937	0	0	0	0	0	0	0	3,937
Jail Fees	37,968	0	0	0	0	0	0	0	37,968
DUI Treatment Fines	6,218	0	0	0	0	0	0	0	6,218
Data Entry Fee - General Sessions Court	4,225	0	0	0	0	0	0	0	4,225
Courtroom Security Fee	84	0	0	0	0	0	0	0	84
<u>Juvenile Court</u>									
Fines	6,098	0	0	0	0	0	0	0	6,098
<u>Chancery Court</u>									
Officers Costs	950	0	0	0	0	0	0	0	950
Data Entry Fee - Chancery Court	880	0	0	0	0	0	0	0	880
<u>Other Fines, Forfeitures, and Penalties</u>									
Proceeds from Confiscated Property	20,673	0	3,100	0	0	0	0	0	23,773
<u>Total Fines, Forfeitures, and Penalties</u>	<u>174,382</u>	<u>0</u>	<u>11,087</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>185,469</u>
<u>Charges for Current Services</u>									
<u>General Service Charges</u>									
Surcharge - Host Agency	561,388	0	0	0	0	0	0	0	561,388
Solid Waste Disposal Fees	86,506	0	0	0	0	0	0	0	86,506

(Continued)

Exhibit K-5

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

	Special Revenue Funds				Debt Service Fund			Capital Projects Funds			Total
	General	Public Library	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Community Development/ Industrial Park	Other Capital Projects			
Charges for Current Services (Cont.)											
General Service Charges (Cont.)											
Other General Service Charges	\$ 3,038	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,038	
Fees											
Copy Fees	434	8,573	0	0	0	0	0	0	0	9,007	
Library Fees	0	7,366	0	0	0	0	0	0	0	7,366	
Telephone Commissions	8,150	0	0	0	0	0	0	0	0	8,150	
Constitutional Officers' Fees and Commissions	0	0	0	8,829	0	0	0	0	0	8,829	
Data Processing Fee - Register	5,262	0	0	0	0	0	0	0	0	5,262	
Sexual Offender Registration Fees - Sheriff	3,450	0	0	0	0	0	0	0	0	3,450	
Data Processing Fee - County Clerk	284	0	0	0	0	0	0	0	0	284	
Total Charges for Current Services	\$ 668,512	\$ 15,939	\$ 0	\$ 8,829	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 693,280	
Other Local Revenues											
Recurring Items											
Investment Income	\$ 70,448	\$ 179	\$ 0	\$ 0	\$ 0	\$ 8,539	\$ 5,352	\$ 0	\$ 0	\$ 84,518	
Lease/Rentals	26,848	2,717	0	0	0	76,315	0	0	0	105,880	
Sale of Materials and Supplies	1,709	6,775	0	0	8,543	0	0	0	0	17,027	
Commissary Sales	7,911	0	0	0	0	0	0	0	0	7,911	
Sale of Gasoline	106,006	0	0	0	8,845	0	0	0	0	114,851	
Sale of Recycled Materials	1,816	0	299	0	0	0	0	0	0	2,115	
Miscellaneous Refunds	9,025	12,111	935	0	5,217	0	0	0	0	27,288	
Nonrecurring Items											
Sale of Equipment	13,685	0	2,700	0	13,129	0	0	0	0	29,514	
Sale of Property	750	0	0	0	0	0	0	0	0	750	
Damages Recovered from Individuals	3,070	0	0	0	896	0	0	0	0	3,966	
Contributions and Gifts	7,492	0	0	0	0	0	0	0	0	7,492	
Other Local Revenues											
Other Local Revenues	4,000	1,697	720	0	0	0	0	0	0	6,417	
Total Other Local Revenues	\$ 252,760	\$ 23,479	\$ 4,654	\$ 0	\$ 36,630	\$ 84,854	\$ 5,352	\$ 0	\$ 0	\$ 407,729	

(Continued)

Exhibit K-5

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

	Special Revenue Funds				Debt Service Fund	Capital Projects Funds				Total
	General	Public Library	Drug Control	Constitutional Officers - Fees		Highway / Public Works	General Debt Service	Community Development / Industrial Park	Other Capital Projects	
<u>Fees Received from County Officials</u>										
<u>Fees in-Lieu-of Salary</u>										
County Clerk	\$ 165,041	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 165,041
Circuit Court Clerk	21,535	0	0	0	0	0	0	0	0	21,535
General Sessions Court Clerk	135,465	0	0	0	0	0	0	0	0	135,465
Clerk and Master	99,548	0	0	0	0	0	0	0	0	99,548
Register	56,287	0	0	0	0	0	0	0	0	56,287
Sheriff	7,248	0	0	0	0	0	0	0	0	7,248
Trustee	265,527	0	0	0	0	0	0	0	0	265,527
Total Fees Received from County Officials	\$ 750,651	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 750,651
<u>State of Tennessee</u>										
<u>General Government Grants</u>										
Juvenile Services Program	\$ 97,481	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 97,481
Airport Maintenance Program	5,863	0	0	0	0	0	0	448,202	0	454,065
Aging Programs	53,620	0	0	0	0	0	0	0	0	53,620
Solid Waste Grants	9,995	0	0	0	0	0	0	0	0	9,995
<u>Public Safety Grants</u>										
Law Enforcement Training Programs	10,800	0	0	0	0	0	0	0	0	10,800
Health and Welfare Grants	12,388	0	0	0	0	0	0	0	0	12,388
<u>Public Works Grants</u>										
Litter Program	22,573	0	0	0	0	0	0	0	0	22,573
<u>Other State Revenues</u>										
Income Tax	30,240	0	0	0	0	0	0	0	0	30,240
Resort District Sales Tax	316,058	0	0	0	0	0	0	0	0	316,058
Beer Tax	18,724	0	0	0	0	0	0	0	0	18,724
Alcoholic Beverage Tax	36,165	0	0	0	0	0	0	0	0	36,165
Mixed Drink Tax	641	0	0	0	0	0	0	0	0	641
State Revenue Sharing - T. V. A.	1,433,032	0	0	0	50,000	0	0	0	0	1,483,032
Emergency Hospital - Prisoners	7,465	0	0	0	0	0	0	0	0	7,465
Contracted Prisoner Boarding	217,865	0	0	0	0	0	0	0	0	217,865

(Continued)

Exhibit K-5

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

	Special Revenue Funds				Debt Service Fund		Capital Projects Funds				Total	
	General	Public Library	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Community Development/Industrial Park			Other Capital Projects		
<u>State of Tennessee (Cont.)</u>												
<u>Other State Revenues (Cont.)</u>												
Gasoline and Motor Fuel Tax	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,558,304	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,558,304
Petroleum Special Tax	0	0	0	0	13,281	0	0	0	0	0	0	13,281
Registrar's Salary Supplement	15,164	0	0	0	0	0	0	0	0	0	0	15,164
Other State Grants	2,651	24,222	0	0	0	0	0	0	0	0	0	26,873
Total State of Tennessee	\$ 2,290,725	\$ 24,222	\$ 0	\$ 0	\$ 1,621,585	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 448,202	\$ 4,384,734
<u>Federal Government</u>												
<u>Federal Through State</u>												
Disaster Relief	\$ 0	\$ 0	\$ 0	\$ 0	\$ 339,988	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 339,988
Homeland Security Grants	6,946	0	0	0	0	0	0	0	0	0	0	6,946
Other Federal through State	12,000	0	0	0	0	0	0	0	0	0	0	12,000
Total Federal Government	\$ 18,946	\$ 0	\$ 0	\$ 0	\$ 339,988	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 358,934
<u>Other Governments and Citizens Groups</u>												
<u>Other Governments</u>												
Contributions	\$ 9,522	\$ 23,792	\$ 0	\$ 0	\$ 0	\$ 674,163	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 707,477
Citizens Groups	10,739	0	500	0	0	0	0	0	0	0	0	11,239
Donations	20,261	23,792	500	0	0	674,163	0	0	0	0	0	718,716
Total Other Governments and Citizens Groups	\$ 7,207,963	\$ 87,432	\$ 16,241	\$ 8,829	\$ 2,375,191	\$ 1,297,687	\$ 5,352	\$ 448,202	\$ 11,446,897			
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, 2011

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 3,538,969	\$ 0	\$ 0	\$ 3,538,969
Trustee's Collections - Prior Year	122,999	0	0	122,999
Circuit/Clerk & Master Collections - Prior Years	93,109	0	0	93,109
Interest and Penalty	24,378	0	0	24,378
Payments in-Lieu-of Taxes - Local Utilities	281,793	0	0	281,793
Payments in-Lieu-of Taxes - Other	951	0	0	951
<u>County Local Option Taxes</u>				
Local Option Sales Tax	1,867,490	0	0	1,867,490
<u>Statutory Local Taxes</u>				
Interstate Telecommunications Tax	1,155	0	0	1,155
Total Local Taxes	\$ 5,930,844	\$ 0	\$ 0	\$ 5,930,844
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 1,425	\$ 0	\$ 0	\$ 1,425
<u>Permits</u>				
Other Permits	310	0	0	310
Total Licenses and Permits	\$ 1,735	\$ 0	\$ 0	\$ 1,735
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Lunch Payments - Children	\$ 0	\$ 0	\$ 193,730	\$ 193,730
Lunch Payments - Adults	0	0	41,633	41,633
Income from Breakfast	0	0	9	9
A la carte Sales	0	0	64,919	64,919
Receipts from Individual Schools	38,584	0	0	38,584
<u>Other Charges for Services</u>				
Other Charges for Services	0	0	6,579	6,579
Total Charges for Current Services	\$ 38,584	\$ 0	\$ 306,870	\$ 345,454
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 7,240	\$ 7,240
Sale of Materials and Supplies	451	0	0	451
Refund of Telecommunication & Internet Fees (E-Rate)	29,013	0	0	29,013
Miscellaneous Refunds	14,795	0	27	14,822
<u>Nonrecurring Items</u>				
Damages Recovered from Individuals	895	0	1,250	2,145
Contributions and Gifts	0	0	300	300
Total Other Local Revenues	\$ 45,154	\$ 0	\$ 8,817	\$ 53,971
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 89,937	\$ 0	\$ 0	\$ 89,937
<u>State Education Funds</u>				
Basic Education Program	10,170,083	0	0	10,170,083
Basic Education Program - ARRA	1,196,917	0	0	1,196,917
Early Childhood Education	194,395	0	0	194,395

(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	\$ 14,177	\$ 14,177
Other State Education Funds	3,050	0	0	3,050
Coordinated School Health - ARRA	95,000	0	0	95,000
Statewide Student Management System (SSMS) - ARRA	5,995	0	0	5,995
Career Ladder Program	105,536	0	0	105,536
Career Ladder - Extended Contract - ARRA	37,475	0	0	37,475
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	150,000	0	0	150,000
Safe Schools - ARRA	14,200	0	0	14,200
Total State of Tennessee	\$ 12,062,588	\$ 0	\$ 14,177	\$ 12,076,765
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 596,493	\$ 596,493
USDA - Commodities	0	0	90,481	90,481
Breakfast	0	0	362,954	362,954
Adult Education State Grant Program	117,403	0	0	117,403
Vocational Education - Basic Grants to States	0	48,225	0	48,225
Title I Grants to Local Education Agencies	0	988,187	0	988,187
Special Education - Grants to States	0	799,806	0	799,806
Special Education Preschool Grants	0	25,005	0	25,005
Rural Education	0	76,900	0	76,900
Eisenhower Professional Development State Grants	0	126,950	0	126,950
Race-to-the-Top - ARRA	0	148,427	0	148,427
Other Federal through State	236,486	24,176	10,881	271,543
Total Federal Government	\$ 353,889	\$ 2,237,676	\$ 1,060,809	\$ 3,652,374
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 138,171	\$ 0	\$ 0	\$ 138,171
Total Other Governments and Citizens Groups	\$ 138,171	\$ 0	\$ 0	\$ 138,171
Total	\$ 18,570,965	\$ 2,237,676	\$ 1,390,673	\$ 22,199,314

Exhibit K-7

Benton County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2011

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	20,525	
In-Service Training		475	
Audit Services		4,961	
Travel		2,035	
Total County Commission			\$ 27,996

Board of Equalization

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

Beer Board

Board and Committee Members Fees	\$	550	
Other Charges		87	
Total Beer Board			637

Other Boards and Committees

Board and Committee Members Fees	\$	150	
Total Other Boards and Committees			150

County Mayor/Executive

County Official/Administrative Officer	\$	66,702	
Accountants/Bookkeepers		27,377	
Salary Supplements		2,535	
Secretary(ies)		29,043	
Clerical Personnel		8,844	
In-Service Training		165	
Advertising		2,905	
Communication		11,079	
Data Processing Services		6,500	
Dues and Memberships		24,838	
Operating Lease Payments		2,416	
Maintenance Agreements		837	
Maintenance and Repair Services - Office Equipment		1,079	
Postal Charges		19,832	
Printing, Stationery, and Forms		2,839	
Travel		3,000	
Other Contracted Services		500	
Data Processing Supplies		853	
Duplicating Supplies		694	
Office Supplies		1,965	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

County Mayor/Executive (Cont.)

Premiums on Corporate Surety Bonds	\$	497	
Other Charges		30,772	
Office Equipment		80	
Total County Mayor/Executive			\$ 245,352

County Attorney

Legal Services	\$	11,156	
Total County Attorney			11,156

Election Commission

County Official/Administrative Officer	\$	51,976	
Deputy(ies)		22,299	
Part-time Personnel		1,405	
Election Commission		2,900	
Election Workers		11,484	
In-Service Training		1,765	
Advertising		2,344	
Communication		3,200	
Data Processing Services		26,203	
Dues and Memberships		150	
Maintenance and Repair Services - Office Equipment		65	
Postal Charges		1,594	
Printing, Stationery, and Forms		8,129	
Rentals		8,000	
Travel		616	
Data Processing Supplies		403	
Duplicating Supplies		61	
Office Supplies		511	
Other Supplies and Materials		284	
Other Charges		1,194	
Data Processing Equipment		2,347	
Office Equipment		4,352	
Total Election Commission			151,282

Register of Deeds

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		50,800	
Communication		3,127	
Data Processing Services		5,067	
Dues and Memberships		100	

(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.)

Operating Lease Payments	\$	1,797	
Maintenance and Repair Services - Office Equipment		663	
Travel		306	
Other Contracted Services		3,000	
Data Processing Supplies		1,411	
Duplicating Supplies		490	
Office Supplies		216	
Other Supplies and Materials		1,227	
Premiums on Corporate Surety Bonds		231	
Other Charges		619	
Total Register of Deeds			\$ 126,805

County Buildings

Salary Supplements	\$	292	
Custodial Personnel		26,645	
Part-time Personnel		17,209	
Maintenance Agreements		2,900	
Maintenance and Repair Services - Buildings		50,946	
Pest Control		1,732	
Custodial Supplies		4,913	
Electricity		76,632	
Natural Gas		11,188	
Water and Sewer		5,075	
Liability Insurance		133,069	
Other Charges		1,918	
Building Improvements		11,600	
Heating and Air Conditioning Equipment		2,531	
Total County Buildings			346,650

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		18,470	
Clerical Personnel		40,961	
Audit Services		5,110	
Communication		758	
Data Processing Services		9,533	
Legal Notices, Recording, and Court Costs		48	
Printing, Stationery, and Forms		96	
Travel		711	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Duplicating Supplies	\$	200	
Office Supplies		403	
Other Charges		209	
Total Property Assessor's Office			\$ 134,250

Reappraisal Program

Data Processing Services	\$	3,120	
Other Contracted Services		6,664	
Data Processing Supplies		600	
Total Reappraisal Program			10,384

County Trustee's Office

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		64,499	
In-Service Training		400	
Advertising		568	
Communication		1,455	
Data Processing Services		6,292	
Dues and Memberships		200	
Printing, Stationery, and Forms		498	
Travel		432	
Data Processing Supplies		1,075	
Office Supplies		417	
Premiums on Corporate Surety Bonds		7,938	
Other Charges		35	
Office Equipment		150	
Total County Trustee's Office			141,710

County Clerk's Office

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		90,938	
In-Service Training		20	
Communication		2,417	
Data Processing Services		11,833	
Dues and Memberships		100	
Operating Lease Payments		2,416	
Printing, Stationery, and Forms		782	
Travel		712	
Data Processing Supplies		39	
Office Supplies		1,290	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Premiums on Corporate Surety Bonds	\$	497	
Other Charges		6	
Total County Clerk's Office			\$ 168,801

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		129,184	
Part-time Personnel		163	
Jury and Witness Expense		5,021	
Communication		2,870	
Data Processing Services		7,828	
Dues and Memberships		65	
Operating Lease Payments		3,031	
Legal Notices, Recording, and Court Costs		90	
Printing, Stationery, and Forms		1,693	
Travel		57	
Data Processing Supplies		439	
Office Supplies		2,045	
Premiums on Corporate Surety Bonds		763	
Other Charges		2,230	
Data Processing Equipment		139	
Total Circuit Court			213,369

General Sessions Judge

Judge(s)	\$	82,324	
Assistant(s)		24,225	
In-Service Training		475	
Communication		1,298	
Operating Lease Payments		1,084	
Maintenance Agreements		802	
Printing, Stationery, and Forms		372	
Travel		1,759	
Office Supplies		324	
Office Equipment		122	
Total General Sessions Judge			112,785

Chancery Court

County Official/Administrative Officer	\$	57,751
Deputy(ies)		53,298

(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.)

Communication	\$	1,297	
Data Processing Services		5,788	
Dues and Memberships		65	
Maintenance Agreements		265	
Printing, Stationery, and Forms		949	
Travel		324	
Office Supplies		746	
Other Charges		16	
Office Equipment		56	
Total Chancery Court			\$ 120,555

Juvenile Court

Guidance Personnel	\$	27,555	
Communication		2,080	
Travel		877	
Instructional Supplies and Materials		735	
Office Supplies		340	
Other Charges		4,883	
Total Juvenile Court			36,470

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	63,527	
Supervisor/Director		45,448	
Deputy(ies)		315,309	
Investigator(s)		73,092	
Lieutenant(s)		39,509	
Youth Service Officer(s)		34,560	
Sergeant(s)		118,097	
Accountants/Bookkeepers		23,094	
Paraprofessionals		24,927	
Salary Supplements		106,503	
Dispatchers/Radio Operators		119,838	
Part-time Personnel		4,806	
Other Salaries and Wages		73,330	
In-Service Training		1,676	
Communication		15,121	
Contracts with Public Carriers		576	
Data Processing Services		7,691	
Dues and Memberships		1,500	

(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.)

Operating Lease Payments	\$	1,613	
Maintenance and Repair Services - Equipment		2,090	
Maintenance and Repair Services - Vehicles		36,193	
Matching Share		4,498	
Postal Charges		1,000	
Printing, Stationery, and Forms		733	
Tow-in Services		2,142	
Travel		3,413	
Tuition		2,500	
Data Processing Supplies		1,997	
Duplicating Supplies		747	
Gasoline		78,454	
Law Enforcement Supplies		6,203	
Office Supplies		762	
Tires and Tubes		8,215	
Uniforms		4,064	
Other Supplies and Materials		1,113	
Premiums on Corporate Surety Bonds		1,982	
Other Charges		8,007	
Communication Equipment		4,416	
Data Processing Equipment		1,594	
Law Enforcement Equipment		3,855	
Motor Vehicles		108,650	
Office Equipment		362	
Other Equipment		6,583	
Total Sheriff's Department			\$ 1,359,790

Administration of the Sexual Offender Registry

Other Charges	\$	1,674	
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Total Administration of the Sexual Offender Registry 1,674

Jail

Supervisor/Director	\$	44,861	
Lieutenant(s)		31,889	
Sergeant(s)		38,130	
Salary Supplements		42,346	
Guards		284,806	
Cafeteria Personnel		56,885	
Contracts with Government Agencies		31,100	
Maintenance and Repair Services - Equipment		768	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Pest Control	\$	600	
Printing, Stationery, and Forms		758	
Custodial Supplies		6,820	
Drugs and Medical Supplies		28,333	
Duplicating Supplies		209	
Electricity		29,683	
Food Preparation Supplies		2,070	
Food Supplies		59,165	
Natural Gas		3,525	
Office Supplies		137	
Prisoners Clothing		198	
Uniforms		44	
Water and Sewer		5,834	
Other Supplies and Materials		2,339	
Medical Claims		161,667	
Other Charges		634	
Other Equipment		145	
Total Jail			\$ 832,946

Juvenile Services

Supervisor/Director	\$	9,400	
Probation Officer(s)		7,320	
Youth Service Officer(s)		31,200	
Salary Supplements		600	
Clerical Personnel		26,120	
Other Fringe Benefits		6,159	
Communication		885	
Postal Charges		200	
Travel		2,909	
Data Processing Supplies		133	
Instructional Supplies and Materials		857	
Other Supplies and Materials		607	
Other Charges		763	
Data Processing Equipment		1,008	
Other Equipment		320	
Total Juvenile Services			88,481

Fire Prevention and Control

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

(Continued)

Exhibit K-7

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

General Fund (Cont.)Public Safety (Cont.)Rural Fire Protection

Contributions	\$ 124,497	
Total Rural Fire Protection		\$ 124,497

Rescue Squad

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

Other Emergency Management

Supervisor/Director	\$ 22,000	
Temporary Personnel	1,559	
Communication	2,688	
Maintenance and Repair Services - Vehicles	36	
Travel	129	
Data Processing Supplies	135	
Gasoline	11,516	
Office Supplies	600	
Other Charges	315	
Data Processing Equipment	488	
Other Equipment	33,654	
Total Other Emergency Management		73,120

Inspection and Regulation

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

County Coroner/Medical Examiner

Other Per Diem and Fees	\$ 1,025	
Contracts with Government Agencies	13,220	
Total County Coroner/Medical Examiner		14,245

Other Public Safety

Supervisor/Director	\$ 15,174	
Salary Supplements	16,998	
Dispatchers/Radio Operators	174,210	
Part-time Personnel	27,371	
In-Service Training	500	
Communication	2,215	
Data Processing Services	800	
Postal Charges	33	
Travel	1,839	

(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.)

Data Processing Supplies	\$	745	
Instructional Supplies and Materials		298	
Office Supplies		23	
Medical Claims		8	
Other Charges		104	
Data Processing Equipment		170	
Other Equipment		290	
Total Other Public Safety			\$ 240,778

Public Health and Welfare

Local Health Center

Custodial Personnel	\$	10,799	
Communication		1,868	
Dues and Memberships		200	
Maintenance and Repair Services - Buildings		626	
Maintenance and Repair Services - Office Equipment		741	
Pest Control		532	
Postal Charges		74	
Custodial Supplies		1,491	
Drugs and Medical Supplies		1,430	
Office Supplies		1,780	
Utilities		7,609	
Other Supplies and Materials		1,458	
Total Local Health Center			28,608

Rabies and Animal Control

Part-time Personnel	\$	15,995	
Other Salaries and Wages		20,346	
In-Service Training		745	
Communication		2,192	
Maintenance and Repair Services - Vehicles		1,747	
Travel		961	
Veterinary Services		13,448	
Animal Food and Supplies		432	
Gasoline		2,284	
Office Supplies		39	
Utilities		7,269	
Other Supplies and Materials		4,403	
Other Charges		382	
Other Construction		10,000	
Total Rabies and Animal Control			80,243

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services

Contributions	\$ 700,475	
Total Ambulance/Emergency Medical Services		\$ 700,475

Alcohol and Drug Programs

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

Crippled Children Services

Contributions	\$ 900	
Total Crippled Children Services		900

Other Local Health Services

Drugs and Medical Supplies	\$ 98	
Total Other Local Health Services		98

Appropriation to State

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

Sanitation Management

Laborers	\$ 13,521	
Part-time Personnel	377	
Communication	472	
Other Contracted Services	15,735	
Gasoline	137	
Utilities	1,027	
Other Charges	211	
Total Sanitation Management		31,480

Sanitation Education/Information

Laborers	\$ 22,283	
Maintenance and Repair Services - Vehicles	56	
Gasoline	2,800	
Instructional Supplies and Materials	5,826	
Other Supplies and Materials	2,109	
Other Charges	993	
Total Sanitation Education/Information		34,067

Other Public Health and Welfare

Other Salaries and Wages	\$ 12,412	
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(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Other Public Health and Welfare (Cont.)

Other Fringe Benefits	\$	908	
Travel		<u>753</u>	
Total Other Public Health and Welfare	\$		14,073

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Supervisor/Director	\$	23,000	
Deputy(ies)		22,000	
Social Workers		22,000	
Other Salaries and Wages		22,832	
State Retirement		4,616	
Other Fringe Benefits		7,092	
Communication		2,921	
Contracts with Government Agencies		5,385	
Operating Lease Payments		804	
Licenses		810	
Postal Charges		192	
Travel		6,844	
Custodial Supplies		969	
Food Supplies		1,810	
Office Supplies		979	
Other Charges		<u>7,630</u>	
Total Senior Citizens Assistance			129,884

Parks and Fair Boards

Part-time Personnel	\$	4,331	
Contributions		4,000	
Maintenance and Repair Services - Equipment		831	
Custodial Supplies		482	
Electricity		4,950	
Food Supplies		1,986	
Gasoline		531	
Tires and Tubes		187	
Other Supplies and Materials		660	
Other Charges		61	
Site Development		<u>2,535</u>	
Total Parks and Fair Boards			20,554

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$	19,139	
Clerical Personnel		6,619	
Part-time Personnel		4,879	
Communication		1,928	
Travel		174	
Custodial Supplies		112	
Office Equipment		735	
Total Agriculture Extension Service			\$ 33,586

Soil Conservation

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

Other Operations

Tourism

Contributions	\$	116,867	
Total Tourism			116,867

Airport

Supervisor/Director	\$	29,110	
Salary Supplements		8,497	
Bank Charges		90	
Communication		1,465	
Maintenance Agreements		2,961	
Maintenance and Repair Services - Buildings		821	
Maintenance and Repair Services - Equipment		1,229	
Maintenance and Repair Services - Vehicles		468	
Travel		183	
Other Contracted Services		3,243	
Custodial Supplies		172	
Equipment and Machinery Parts		126	
Gasoline		101,718	
Lubricants		430	
Office Supplies		11	
Utilities		17,942	
Other Supplies and Materials		1,013	
Other Charges		5,984	
Maintenance Equipment		300	
Site Development		4,154	
Total Airport			179,917

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services

Supervisor/Director	\$	9,083	
Communication		946	
Dues and Memberships		25	
Travel		65	
Total Veterans' Services			\$ 10,119

Other Charges

Contracts with Government Agencies	\$	9,250	
Maintenance Agreements		18,171	
Rentals		4,800	
Electricity		2,867	
Trustee's Commission		81,881	
Workers' Compensation Insurance		40,997	
Total Other Charges			157,966

Contributions to Other Agencies

Contributions	\$	113,869	
Total Contributions to Other Agencies			113,869

Employee Benefits

Social Security	\$	248,930	
State Retirement		210,193	
Medical Insurance		578,433	
Unemployment Compensation		19,738	
Total Employee Benefits			1,057,294

Principal on Debt

General Government

Principal on Capital Leases	\$	27,998	
Total General Government			27,998

Total General Fund \$ 7,380,077

Public Library Fund

Social, Cultural, and Recreational Services

Libraries

Librarians	\$	136,915	
Custodial Personnel		5,627	
Maintenance Personnel		5,684	
In-Service Training		1,783	

(Continued)

Exhibit K-7

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

Public Library Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Other Per Diem and Fees	\$	4,388	
Social Security		10,699	
State Retirement		5,075	
Medical Insurance		19,373	
Advertising		70	
Audit Services		6,250	
Communication		7,369	
Data Processing Services		1,240	
Dues and Memberships		381	
Legal Notices, Recording, and Court Costs		162	
Maintenance Agreements		14,154	
Pest Control		160	
Postal Charges		3,339	
Other Contracted Services		1,535	
Custodial Supplies		2,560	
Data Processing Supplies		6,320	
Library Books/Media		22,656	
Office Supplies		2,551	
Utilities		24,434	
Other Supplies and Materials		12,245	
Building Improvements		9,679	
Data Processing Equipment		2,401	
Furniture and Fixtures		20,608	
Office Equipment		5,899	
Total Libraries			<u>\$ 333,557</u>

Total Public Library Fund \$ 333,557

Drug Control Fund

Public Safety

Drug Enforcement

Confidential Drug Enforcement Payments	\$	325
Dues and Memberships		300
Maintenance and Repair Services - Vehicles		550
Printing, Stationery, and Forms		161
Tow-in Services		1,090
Gasoline		5,420
Instructional Supplies and Materials		1,565
Law Enforcement Supplies		594
Office Supplies		301

(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	\$	200	
Uniforms		1,221	
Trustee's Commission		116	
Other Charges		108	
Motor Vehicles		10,000	
Total Drug Enforcement			<u>\$ 21,951</u>

Total Drug Control Fund \$ 21,951

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Constitutional Officers' Operating Expenses	\$	8,829	
Total Chancery Court			<u>\$ 8,829</u>

Total Constitutional Officers - Fees Fund 8,829

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	63,527
Accountants/Bookkeepers		28,734
Secretary(ies)		29,494
Other Salaries and Wages		1,307
Advertising		727
Communication		5,758
Data Processing Services		3,644
Dues and Memberships		2,423
Maintenance and Repair Services - Office Equipment		678
Pest Control		289
Postal Charges		444
Travel		963
Data Processing Supplies		90
Drugs and Medical Supplies		39
Electricity		3,714
Natural Gas		1,331
Office Supplies		277
Water and Sewer		515
Other Supplies and Materials		500
Premiums on Corporate Surety Bonds		127

(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.)

Office Equipment	\$ 80	
Total Administration		\$ 144,661

Highway and Bridge Maintenance

Equipment Operators	\$ 305,358	
Truck Drivers	258,177	
Laborers	7,958	
Other Salaries and Wages	11,630	
Medical and Dental Services	924	
Permits	1,340	
Other Contracted Services	27,233	
Asphalt	213,312	
Concrete	5,872	
Crushed Stone	178,617	
Pipe - Metal	20,047	
Road Signs	27,399	
Salt	3,038	
Sand	1,092	
Wood Products	2,807	
Other Supplies and Materials	3,042	
Other Charges	119	
Other Equipment	4,398	
Total Highway and Bridge Maintenance		1,072,363

Operation and Maintenance of Equipment

Mechanic(s)	\$ 63,598	
Other Salaries and Wages	376	
Diesel Fuel	78,181	
Equipment and Machinery Parts	41,935	
Garage Supplies	1,115	
Gasoline	49,070	
Lubricants	5,960	
Small Tools	731	
Tires and Tubes	17,224	
Other Supplies and Materials	492	
Other Charges	1,415	
Total Operation and Maintenance of Equipment		260,097

Other Charges

Premiums on Corporate Surety Bonds	\$ 699	
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(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Other Charges (Cont.)

Trustee's Commission	\$ 22,738	
Workers' Compensation Insurance	37,969	
Total Other Charges		\$ 61,406

Employee Benefits

Social Security	\$ 58,378	
State Retirement	45,279	
Employee and Dependent Insurance	175,866	
Unemployment Compensation	6,354	
Total Employee Benefits		285,877

Capital Outlay

Engineering Services	\$ 50,886	
Maintenance and Repair Services - Buildings	8,195	
Highway Equipment	105,016	
Total Capital Outlay		164,097

Principal on Debt

Highways and Streets

Principal on Notes	\$ 330,448	
Total Highways and Streets		330,448

Total Highway/Public Works Fund \$ 2,318,949

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 125,000	
Principal on Notes	304,000	
Principal on Other Loans	202,000	
Total General Government		\$ 631,000

Education

Principal on Bonds	\$ 545,000	
Principal on Other Loans	13,600	
Total Education		558,600

Interest on Debt

General Government

Interest on Bonds	\$ 188,100	
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(Continued)

Exhibit K-7

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

General Debt Service Fund (Cont.)

Interest on Debt (Cont.)

General Government (Cont.)

Interest on Notes	\$ 9,098	
Interest on Other Loans	2,528	
Total General Government		\$ 199,726

Education

Interest on Bonds	\$ 269,938	
Total Education		269,938

Other Debt Service

General Government

Bank Charges	\$ 1,588	
Trustee's Commission	11,578	
Total General Government		13,166

Education

Bank Charges	\$ 515	
Total Education		515

Total General Debt Service Fund \$ 1,672,945

Community Development/Industrial Park Fund

Other Operations

Other Charges

Trustee's Commission	\$ 57	
Total Other Charges		\$ 57

Capital Projects

General Administration Projects

Architects	\$ 13,650	
Consultants	36,051	
Maintenance and Repair Services - Buildings	1,302	
Other Contracted Services	28,037	
Electricity	1,430	
Natural Gas	126	
Liability Insurance	9,030	
Other Charges	240,214	
Building Construction	4,561,266	
Data Processing Equipment	580	
Other Equipment	870	
Total General Administration Projects		4,892,556

Total Community Development/Industrial Park Fund 4,892,613

(Continued)

Exhibit K-7

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

Other Capital Projects Fund

Capital Projects

General Administration Projects

Advertising	\$	2,483	
Engineering Services		94,460	
Other Charges		4,000	
Building Construction		207,531	
Land		4,125	
Other Construction		<u>135,779</u>	
Total General Administration Projects			<u>\$ 448,378</u>

Total Other Capital Projects Fund \$ 448,378

Total Governmental Funds - Primary Government \$ 17,077,299

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, 2011

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 5,407,243	
Career Ladder Program	57,988	
Career Ladder Extended Contracts	30,274	
Homebound Teachers	9,120	
Clerical Personnel	22,636	
Educational Assistants	207,877	
Other Salaries and Wages	12,676	
Non-certified Substitute Teachers	60,460	
Social Security	414,846	
State Retirement	612,728	
Medical Insurance	1,091,612	
Unemployment Compensation	6,833	
Employer Medicare	98,081	
Other Fringe Benefits	156	
Communication	50,712	
Travel	607	
Other Contracted Services	114,997	
Instructional Supplies and Materials	138,461	
Textbooks	198,378	
Fee Waivers	15,116	
Other Charges	1,243	
Regular Instruction Equipment	241,817	
Other Equipment	4,007	
Total Regular Instruction Program	\$ 8,797,868	

Special Education Program

Teachers	\$ 642,666
Career Ladder Program	6,000
Homebound Teachers	9,264
Educational Assistants	80,734
Speech Pathologist	44,682
Non-certified Substitute Teachers	4,478
Social Security	46,557
State Retirement	66,940
Medical Insurance	135,914
Unemployment Compensation	1,575
Employer Medicare	10,893
Other Fringe Benefits	260
Communication	1,500

(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	\$	974	
Postal Charges		500	
Other Contracted Services		44,241	
Instructional Supplies and Materials		991	
Special Education Equipment		100	
Total Special Education Program			\$ 1,098,269

Vocational Education Program

Teachers	\$	442,955	
Career Ladder Program		4,000	
Guidance Personnel		45,319	
Non-certified Substitute Teachers		4,503	
Social Security		29,407	
State Retirement		44,551	
Medical Insurance		75,845	
Unemployment Compensation		765	
Employer Medicare		6,878	
Maintenance and Repair Services - Equipment		2,171	
Instructional Supplies and Materials		10,500	
Vocational Instruction Equipment		19,533	
Total Vocational Education Program			686,427

Adult Education Program

Teachers	\$	67,331	
Career Ladder Program		1,000	
Paraprofessionals		14,633	
Social Security		4,141	
State Retirement		5,826	
Medical Insurance		11,494	
Unemployment Compensation		450	
Employer Medicare		1,179	
Communication		1,917	
Maintenance and Repair Services - Equipment		400	
Other Contracted Services		2,200	
Instructional Supplies and Materials		6,348	
Other Charges		88	
Other Equipment		10,640	
Total Adult Education Program			127,647

(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	\$	63,015	
Career Ladder Program		1,000	
Social Security		3,785	
State Retirement		5,793	
Medical Insurance		8,039	
Unemployment Compensation		45	
Employer Medicare		811	
Travel		669	
Total Attendance			\$ 83,157

Health Services

Medical Personnel	\$	123,172	
Paraprofessionals		12,069	
Other Salaries and Wages		32,688	
Social Security		10,331	
State Retirement		8,365	
Medical Insurance		28,012	
Unemployment Compensation		270	
Employer Medicare		2,417	
Postal Charges		450	
Travel		4,925	
Drugs and Medical Supplies		1,992	
Instructional Supplies and Materials		18,928	
Other Supplies and Materials		500	
In Service/Staff Development		4,100	
Other Charges		1,499	
Health Equipment		5,749	
Total Health Services			255,467

Other Student Support

Career Ladder Program	\$	2,000	
Guidance Personnel		211,853	
Social Security		13,069	
State Retirement		19,354	
Medical Insurance		28,015	
Unemployment Compensation		225	
Employer Medicare		3,056	
Evaluation and Testing		19,418	
Travel		428	
Total Other Student Support			297,418

(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	\$	126,321	
Career Ladder Program		8,550	
Librarians		226,395	
Instructional Computer Personnel		52,719	
Social Security		21,624	
State Retirement		34,433	
Medical Insurance		56,751	
Unemployment Compensation		405	
Employer Medicare		5,540	
Legal Notices, Recording, and Court Costs		333	
Postal Charges		1,000	
Travel		5,971	
Library Books/Media		29,988	
In Service/Staff Development		7,520	
Other Charges		195	
Total Regular Instruction Program			\$ 577,745

Special Education Program

Supervisor/Director	\$	29,392	
Career Ladder Program		1,000	
Psychological Personnel		42,566	
Social Security		4,247	
State Retirement		6,603	
Medical Insurance		8,541	
Unemployment Compensation		90	
Employer Medicare		993	
Travel		1,175	
Total Special Education Program			94,607

Vocational Education Program

Supervisor/Director	\$	66,985	
Career Ladder Program		1,000	
Secretary(ies)		22,161	
Social Security		5,589	
State Retirement		7,680	
Medical Insurance		10,747	
Unemployment Compensation		90	
Employer Medicare		1,307	
Travel		13,177	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Vocational Education Program (Cont.)

Custodial Supplies	\$	2,437	
Gasoline		225	
Other Supplies and Materials		250	
Total Vocational Education Program			\$ 131,648

Adult Programs

Supervisor/Director	\$	59,100	
Career Ladder Program		1,000	
Social Security		3,444	
State Retirement		5,439	
Medical Insurance		8,720	
Unemployment Compensation		45	
Employer Medicare		805	
Travel		6,669	
Total Adult Programs			85,222

Other Programs

On-Behalf Payments to OPEB	\$	89,937	
Total Other Programs			89,937

Board of Education

Secretary to Board	\$	625	
Board and Committee Members Fees		10,450	
Social Security		687	
State Retirement		43	
Employer Medicare		161	
Audit Services		15,915	
Dues and Memberships		7,294	
Legal Services		3,548	
Legal Notices, Recording, and Court Costs		1,187	
Travel		1,498	
Building and Contents Insurance		99,113	
Trustee's Commission		130,625	
Workers' Compensation Insurance		62,043	
In Service/Staff Development		2,551	
Criminal Investigation of Applicants - TBI		960	
Refund to Applicant for Criminal Investigation		384	
Other Charges		1,748	
Total Board of Education			338,832

(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	\$	90,033	
Career Ladder Program		1,000	
Social Security		5,505	
State Retirement		8,238	
Life Insurance		802	
Medical Insurance		6,558	
Unemployment Compensation		45	
Employer Medicare		1,287	
Communication		3,377	
Dues and Memberships		1,102	
Postal Charges		3,000	
Travel		2,611	
Total Director of Schools			\$ 123,558

Office of the Principal

Principals	\$	359,299	
Career Ladder Program		10,965	
Assistant Principals		225,757	
Secretary(ies)		106,088	
Social Security		42,598	
State Retirement		61,320	
Medical Insurance		106,302	
Unemployment Compensation		720	
Employer Medicare		9,962	
Communication		19,884	
Postal Charges		2,768	
Total Office of the Principal			945,663

Fiscal Services

Accountants/Bookkeepers	\$	30,751	
Clerical Personnel		65,387	
Social Security		5,866	
State Retirement		6,624	
Medical Insurance		19,786	
Unemployment Compensation		300	
Employer Medicare		1,372	
Data Processing Services		8,067	
Travel		134	
Office Supplies		3,058	

(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	\$ 1,385	
Total Fiscal Services		\$ 142,730

Operation of Plant

Custodial Personnel	\$ 306,445	
Social Security	18,672	
State Retirement	19,642	
Medical Insurance	122,756	
Unemployment Compensation	1,305	
Employer Medicare	4,367	
Janitorial Services	18,505	
Pest Control	703	
Disposal Fees	17,948	
Permits	1,189	
Custodial Supplies	55,434	
Electricity	535,718	
Natural Gas	109,084	
Water and Sewer	39,985	
Other Supplies and Materials	10,950	
Plant Operation Equipment	12,123	
Total Operation of Plant		1,274,826

Maintenance of Plant

Supervisor/Director	\$ 38,930
Maintenance Personnel	250,327
Social Security	17,078
State Retirement	19,682
Medical Insurance	67,805
Unemployment Compensation	540
Employer Medicare	4,167
Communication	566
Maintenance and Repair Services - Equipment	51,511
Maintenance and Repair Services - Vehicles	5,105
Other Contracted Services	4,294
Diesel Fuel	2,500
Equipment and Machinery Parts	15,452
Gasoline	5,000
Other Supplies and Materials	36,000
Other Charges	210

(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.)

Maintenance Equipment	\$ 89,759	
Total Maintenance of Plant		\$ 608,926

Transportation

Other Fringe Benefits	\$ 1,730	
Communication	781	
Contracts with Vehicle Owners	760,304	
Maintenance and Repair Services - Vehicles	17,480	
Travel	231	
Other Contracted Services	25,643	
Diesel Fuel	23,231	
Other Charges	21,598	
Transportation Equipment	30,025	
Total Transportation		881,023

Central and Other

Computer Programmer(s)	\$ 66,837	
Social Security	4,118	
State Retirement	3,572	
Medical Insurance	10,746	
Unemployment Compensation	90	
Employer Medicare	963	
Travel	3,012	
Total Central and Other		89,338

Operation of Non-Instructional Services

Food Service

Medical Insurance	\$ 83,072	
Total Food Service		83,072

Community Services

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

Early Childhood Education

Teachers	\$ 80,965	
Educational Assistants	43,746	
Non-certified Substitute Teachers	556	
Social Security	7,120	

(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.)

State Retirement	\$	9,793	
Medical Insurance		39,875	
Unemployment Compensation		360	
Employer Medicare		1,665	
Dues and Memberships		945	
Maintenance and Repair Services - Equipment		390	
Postal Charges		1,350	
Travel		1,236	
Tuition		912	
Instructional Supplies and Materials		6,807	
In Service/Staff Development		5,000	
Other Charges		2,000	
Regular Instruction Equipment		13,346	
Total Early Childhood Education			\$ 216,066

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	314,304	
Heating and Air Conditioning Equipment		264,297	
Site Development		78,462	
Total Regular Capital Outlay			657,063

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	403,762	
Total Education			403,762

Total General Purpose School Fund \$ 18,095,771

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	432,127	
Educational Assistants		85,402	
Non-certified Substitute Teachers		3,684	
Social Security		30,665	
State Retirement		44,747	
Medical Insurance		117,991	
Unemployment Compensation		354	

(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.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

Employer Medicare	\$	7,179	
Other Contracted Services		10,991	
Instructional Supplies and Materials		19,992	
Other Supplies and Materials		199	
Regular Instruction Equipment		90,967	
Total Regular Instruction Program			\$ 844,298

Special Education Program

Teachers	\$	64,454	
Educational Assistants		213,496	
Other Salaries and Wages		42,377	
Non-certified Substitute Teachers		848	
Social Security		19,295	
State Retirement		22,201	
Medical Insurance		127,186	
Unemployment Compensation		448	
Employer Medicare		4,515	
Other Fringe Benefits		442	
Maintenance and Repair Services - Equipment		527	
Instructional Supplies and Materials		89,224	
Other Supplies and Materials		219	
Special Education Equipment		64,153	
Total Special Education Program			649,385

Vocational Education Program

Vocational Instruction Equipment	\$	34,255	
Total Vocational Education Program			34,255

Support Services

Other Student Support

Secretary(ies)	\$	21,223	
Other Salaries and Wages		49,870	
Social Security		4,348	
State Retirement		5,976	
Medical Insurance		11,494	
Unemployment Compensation		43	
Employer Medicare		1,017	
Postal Charges		343	
Travel		16,408	

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Other Contracted Services	\$	895	
Other Supplies and Materials		8,379	
Other Charges		3,032	
Total Other Student Support			\$ 123,028

Regular Instruction Program

Supervisor/Director	\$	30,922	
Clerical Personnel		14,251	
Other Salaries and Wages		142,579	
In-Service Training		5,900	
Social Security		11,589	
State Retirement		17,244	
Medical Insurance		25,158	
Unemployment Compensation		87	
Employer Medicare		2,684	
Operating Lease Payments		263	
Postal Charges		88	
Travel		9,208	
Other Contracted Services		28,350	
Other Supplies and Materials		75,295	
In Service/Staff Development		14,883	
Other Charges		1,129	
Total Regular Instruction Program			379,630

Special Education Program

Supervisor/Director	\$	28,592	
Secretary(ies)		16,900	
Social Security		2,788	
State Retirement		3,752	
Medical Insurance		8,621	
Unemployment Compensation		33	
Employer Medicare		652	
Postal Charges		530	
Travel		10,619	
Other Contracted Services		43,631	
Other Charges		1,090	
Total Special Education Program			117,208

(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.)

Transportation

Bus Drivers	\$	29,063	
Other Salaries and Wages		5,213	
Social Security		2,111	
State Retirement		1,950	
Medical Insurance		11,254	
Unemployment Compensation		108	
Employer Medicare		494	
Total Transportation			<u>\$ 50,193</u>

Total School Federal Projects Fund \$ 2,197,997

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Cafeteria Personnel	\$	442,874	
In-Service Training		2,024	
Social Security		27,054	
State Retirement		24,278	
Medical Insurance		93,774	
Unemployment Compensation		1,607	
Employer Medicare		6,332	
Other Fringe Benefits		716	
Communication		4,988	
Laundry Service		479	
Maintenance and Repair Services - Equipment		8,447	
Travel		256	
Other Contracted Services		3,150	
Food Preparation Supplies		30,304	
Food Supplies		533,161	
Office Supplies		3,177	
USDA - Commodities		90,481	
Other Supplies and Materials		54	
In Service/Staff Development		760	
Other Charges		9,873	
Food Service Equipment		129,615	
Total Food Service			<u>\$ 1,413,404</u>

Total Central Cafeteria Fund 1,413,404

Total Governmental Funds - Benton County School Department \$ 21,707,172

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, 2011

	<u>Cities - Sales Tax Fund</u>
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 1,502,216
Total Cash Receipts	<u>\$ 1,502,216</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,216,795
Trustee's Commission	15,022
Contributions	<u>270,399</u>
Total Cash Disbursements	<u>\$ 1,502,216</u>
Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2010	<u>0</u>
Cash Balance, June 30, 2011	<u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



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

February 28, 2012

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, 2011, which collectively comprise Benton County's basic financial statements and have issued our report thereon dated February 28, 2012. Our report on the aggregate discretely presented component units financial statements was qualified due to not including the financial statements of the Industrial Development Board of the County of Benton, which were not available from other auditors as of the date of this report. Our report includes 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), the Benton County Library (nonmajor special revenue fund), and the Benton County Emergency Communications District (a discretely presented component unit) 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 deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness: 11.01.

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: 11.04, 11.05(C), 11.09, and 11.10.

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 or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items: 11.02, 11.03, 11.05(A,B), 11.06, 11.07, and 11.08.

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

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

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 long vertical stroke at the end.

Justin P. Wilson
Comptroller of the Treasury

JPW/yu



**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
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

February 28, 2012

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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. 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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

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 control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

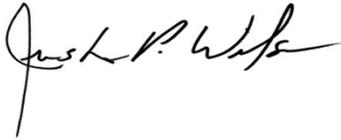
We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Benton County as of and for the year ended June 30, 2011, and have issued our report thereon dated February 28, 2012. Our report on the aggregate discretely presented component units financial statements was qualified due to not including the financial statements of the Industrial Development Board of the County of Benton, which were not available from other auditors as of the date of this report. Our audit was performed for the purpose of forming our opinions on the financial statements as a whole. The 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 financial statements. Such information is the responsibility of management and

was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

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 long vertical stroke at the end.

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

Benton County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year-Ended June 30, 2011

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	\$ 362,954
National School Lunch Program	10.555	N/A	596,493 (4)
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	90,481 (4)
Total U.S. Department of Agriculture			\$ 1,049,928
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Airport Improvement Program	20.106	03-555-0118-04	\$ 448,202
State and Community Highway Safety	20.600	Z-11-GHS273-00	2,651
Total U.S. Department of Transportation			\$ 450,853
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	\$ 117,403
Passed-through State Department of Education:			
Title I Cluster:			
Title I Grants to Local Educational Agencies	84.010	N/A	755,166
Title I Grants to Local Educational Agencies, Recovery Act	84.389	N/A	231,068
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	655,250
Special Education - Preschool Grants	84.173	N/A	19,384
Special Education - Grants to States, Recovery Act	84.391	N/A	145,160
Special Education - Preschool Grants, Recovery Act	84.392	N/A	6,396
Career and Technical Education - Basic Grants to States	84.048	N/A	48,225
Educational Technology State Grants	84.318	N/A	2,618
Rural Education	84.358	N/A	77,331
English Language Acquisition Grants	84.365	N/A	2,350
Improving Teacher Quality State Grants	84.367	N/A	126,951
State Fiscal Stabilization Fund Cluster:			
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	N/A	1,196,917
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	N/A	152,670
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	143,827
Education Jobs Fund	84.410	N/A	243,938
Total U.S. Department of Education			\$ 3,924,654
U.S. Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	(2)	\$ 12,000
Total U.S. Election Assistance Commission			\$ 12,000

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Health and Human Services:			
Passed-through Northwest Tennessee Development District:			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	(2)	\$ 53,620
Passed-through State Department of Education:			
ARRA-Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Program	93.714	(2)	22,638
Total U.S. Department of Health and Human Services			<u>\$ 76,258</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	(3)	\$ 339,988
Emergency Management Performance Grants	97.042	(2)	6,946
Total U.S. Department of Homeland Security			<u>\$ 346,934</u>
Total Expenditures of Federal Awards			<u>\$ 5,860,627</u>
<u>State Grants</u>			
Juvenile Custody Prevention - State Department of Children's Services	N/A	<u>Contract Number</u> GG-11-32251-11	\$ 88,481
State Supplement Juvenile Court Improvement - State Commission on Children and Youth	N/A	GG-10-29450-00	9,000
Airport Maintenance Program - State Department of Transportation	N/A	DG-11-31518-11	5,863
Technology Grant - Tennessee Secretary of State	N/A	(2)	16,357
Waste Tire Option Grant - State Department of Environment and Conservation	N/A	Z-08-212978-02	9,995
Local Health Services - State Department of Health	N/A	GG-11-32144-00	12,388
Litter Program - State Department of Transportation	N/A	Z-11-LIT003-00	22,573
Archives Grant - Tennessee Secretary of State	N/A	(2)	7,865
Early Childhood Education - State Department of Education	N/A	(2)	194,395
Plan/Explore Test - State Department of Education	N/A	(2)	2,993
Total State Grants			<u>\$ 369,910</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) FEMA-1839-DR-TN: \$9,540; FEMA-1909-DR-TN: \$330,448.

(4) Total for CFDA No. 10.555 is \$686,974.

Benton County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2011

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, 2010, which have not been corrected.

OFFICE OF COUNTY MAYOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
10.02	173	The Community Development/Industrial Park Fund required material audit adjustments for proper financial statement presentation
10.03	173	Requisitions and purchase orders were not issued in some instances
10.04	174	Expenditures exceeded appropriations
10.06	176	General ledger payroll deduction accounts were not reconciled with payroll reports and payments in the General Fund

OFFICE OF GENERAL SESSIONS COURT CLERK

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
10.08	177	The execution docket trial balance did not reconcile with cash journal accounts

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

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
10.10	179	Duties were not segregated adequately

BENTON COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2011

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the aggregate discretely presented component units is qualified. Our report on the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information is unqualified.
2. The audit of the financial statements of Benton County disclosed significant deficiencies in internal control. One of these deficiencies was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that were material to the financial statements of Benton County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The 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 State Fiscal Stabilization Fund Cluster: State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act and State Fiscal Stabilization Fund (SFSF) – Government Services, Recovery Act (CFDA Nos. 84.394 and 84.397); and Disaster Grants – Public Assistance (Presidentially Declared Disasters) (CFDA No. 97.036) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Benton County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

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

OFFICE OF COUNTY MAYOR

FINDING 11.01 **MATERIAL AUDIT ADJUSTMENTS WERE REQUIRED FOR PROPER FINANCIAL STATEMENT PRESENTATION**
(Internal Control – Material Weakness Under *Government Auditing Standards*)

At June 30, 2011, certain general ledger account balances of the Community Development/Industrial Park Fund 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

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

FINDING 11.02 **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 exists due to the failure of management to correct the 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.

FINDING 11.03 **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>
Rabies and Animal Control	\$ 338
Other Charges	4,345
Transfers Out	2,789,456

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.”

- B. Salaries exceeded line-item appropriations in the General Fund by amounts ranging from \$59 to \$292.

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. Also, these deficiencies are the result of management’s failure to correct the finding noted in the prior-year audit.

RECOMMENDATION

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

**FINDING 11.04 GENERAL LEDGER PAYROLL DEDUCTION ACCOUNTS
WERE NOT RECONCILED WITH PAYROLL REPORTS AND
PAYMENTS IN THE GENERAL FUND**
(Internal Control – Significant Deficiency Under *Government Auditing
Standards*)

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

RECOMMENDATION

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

**FINDING 11.05 BENTON COUNTY SPORTS COMPLEX COLLECTIONS WERE
NOT RECEIPTED, DEPOSITED, AND DISBURSED
PROPERLY**
(A. and B. – Noncompliance Under *Government Auditing Standards*;
C. – Internal Control – Significant Deficiency Under *Government
Auditing Standards*)

Collections at the Benton County Sports Complex were not receipted, deposited, or disbursed properly for the period April 2, 2011, through June 30, 2011. Prior to this period, the Benton County Sports Complex was leased to the nonprofit Benton County Ballpark Association under an agreement with the Benton County Parks and Recreation Board. The ballpark association ended the lease agreement in April 2011, and a county commissioner volunteered to begin operating the sports complex for the county. Our examination of collections and deposits for the sports complex during this period noted the following deficiencies.

- A. Receipts were not issued for collections at the sports complex. The county commissioner maintained a list of total daily collections; however, there were no official prenumbered receipts issued. Section 9-2-103, *Tennessee Code Annotated (TCA)*, requires official prenumbered receipts to be issued for all collections. The absence of official prenumbered receipts for all collections increases the risks of fraud and misappropriation. Also, funds collected at the sports complex were not deposited with the county trustee. Section 5-8-207, *TCA*, requires county officials to deposit public funds within three days of collection. Since receipts were not issued and funds were not deposited, we could not verify total collections for the complex.

- B. Disbursements were made in cash for the sports complex. We were advised by the county commissioner that supplies were purchased from available

cash on hand. These disbursements were not made by official prenumbered checks as required by Section 5-8-207, *TCA*. In addition, these cash disbursements were not appropriated by the Benton County Commission as required by Section 5-9-401, *TCA*, which states that “All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies.”

- C. Adequate documentation was not provided to support all of the cash disbursements. The county commissioner provided a list of disbursements and supporting invoices. However, there was no documentation provided to support \$472 of these cash disbursements, which were listed as purchases of an ice shaver, popcorn, and cotton candy machines. We were unable to determine if other disbursements may also have been made by cash without any documentation.

Due to the above-noted deficiencies, we could not account for all transactions of the sports complex. We attempted to reconcile receipts with available documentation and/or disbursement listings to determine the amount of cash disbursements; however, we were unable to determine the disposition of receipts totaling \$1,202 for the period. In addition, we could not determine if additional funds may have been received and disbursed by the sports complex.

It should also be noted that the county could be exposed to potential liability issues regarding the operation of the sports complex by a county commissioner instead of a county employee. In addition, the county commissioner is handling county funds but is not included in the employee insurance bond coverage.

RECOMMENDATION

Official prenumbered receipts should be issued for all collections, and all collections should be deposited with the county trustee intact within three days of collection. Disbursements should be made by the County Mayor’s Office through the budgetary process. All disbursements should be supported by adequate documentation. Officials should resolve any potential liability concerns concerning the operation of the sports complex, and all persons handling county funds should be bonded.

OFFICE OF ASSESSOR OF PROPERTY

FINDING 11.06 THE STATE DIVISION OF PROPERTY ASSESSMENTS NOTED DEFICIENCIES IN THE MAINTENANCE OF VARIOUS RECORDS BY THE ASSESSOR OF PROPERTY
(Noncompliance Under *Government Auditing Standards*)

Monitoring reports prepared by the State Division of Property Assessments disclosed the following deficiencies in the maintenance of records by the assessor of property:

- A. An adequate program of real property sales verification in accordance with procedures and rules established by the state board of equalization was not maintained as required by Section 67-5-1601(a)(4), *Tennessee Code Annotated*.
- B. Visual inspection monitoring performed by the office was unacceptable due to incorrect measurements and the failure to assess improvements.

RECOMMENDATION

A program of real property sales verification in accordance with procedures and rules established by the state board of equalization should be maintained. Visual inspection monitoring should be performed accurately, and all improvements should be assessed.

MANAGEMENT’S RESPONSE – ASSESSOR OF PROPERTY

- A. This situation has been corrected. I am monitoring sales forms and keying information. We have successfully completed and passed all quarterly reports since the finding.
- B. We have changed the system under which we monitor reviews. We no longer contract review work. I now have personnel within the office to do the review. We have corrected the situation, and I will continue to monitor all work in the office.

OFFICE OF COUNTY CLERK

FINDING 11.07 A CASH SHORTAGE OF \$55 EXISTED ON JUNE 22, 2011
(Noncompliance Under *Government Auditing Standards*)

On June 22, 2011, we performed a cash count of the county clerk’s cash drawer to determine if the amount of cash on hand agreed with amounts reflected in the accounting records. The results of our cash count revealed that the cash drawer was short \$55. However, there were various undated IOU notes in the drawer, which totaled \$55. The clerk advised us that she occasionally took cash out of the drawer to purchase gifts or other items and would put in an IOU note to document the amount she borrowed. Also, the clerk stated that she had allowed an employee to use \$24 of the funds to purchase her car registration on June 2, 2011. We were unable to determine how long the other funds may

have been missing from the cash drawer. We were also unable to determine a total of funds, which may have been used during the audit period for personal purposes and then replaced. The county clerk liquidated the cash shortage on June 22, 2011, by depositing personal funds totaling \$55 into the cash drawer.

RECOMMENDATION

The clerk should ensure that office funds are not used for personal purposes.

OFFICE OF GENERAL SESSIONS COURT CLERK

FINDING 11.08 **THE EXECUTION DOCKET TRIAL BALANCE DID NOT RECONCILE WITH CASH JOURNAL ACCOUNTS**
(Noncompliance Under *Government Auditing Standards*)

At June 30, 2011, 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.

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

FINDING 11.09 **DUTIES WERE NOT SEGREGATED ADEQUATELY**
(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 of financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions. Also, this deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

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

OFFICES OF CLERK AND MASTER AND REGISTER

FINDING 11.10 **MULTIPLE EMPLOYEES OPERATED FROM THE SAME CASH DRAWER**
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

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

RECOMMENDATION

Officials should assign each employee their own cash drawer.

BEST PRACTICE

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

Benton County does not have a central system of accounting, budgeting, and purchasing. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the County Commission resulting in decentralization and some duplication of effort. 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, 2011**

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