



**ANNUAL FINANCIAL REPORT
BENTON COUNTY, TENNESSEE**



FOR THE YEAR ENDED JUNE 30, 2013



**ANNUAL FINANCIAL REPORT
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FOR THE YEAR ENDED JUNE 30, 2013**

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

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

BENTON COUNTY, TENNESSEE

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Audit Highlights
Annual Financial Report
Benton County, Tennessee
For the Year Ended June 30, 2013

Scope

We have audited the basic financial statements of Benton County as of and for the year ended June 30, 2013.

Results

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

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

Findings and Best Practice

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

OFFICE OF COUNTY MAYOR

- ◆ The General Debt Service and Other Capital Projects funds required material audit adjustments for proper financial statement presentation.
- ◆ In some instances, requisitions and purchase orders were not issued.
- ◆ Expenditures exceeded appropriations.
- ◆ General ledger payroll deduction accounts were not reconciled with payroll reports and payments in the General Fund.
- ◆ A Report on Debt Obligation was not filed with the state Comptroller's Office.

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

- ◆ Duties were not segregated adequately.

OFFICES OF CLERK AND MASTER AND REGISTER OF DEEDS

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

BENTON COUNTY

- ◆ Benton County has a material recurring audit finding.
-

BEST PRACTICE

Benton County does not have a central system of accounting, budgeting, and purchasing. The Division of Local Government 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, 2013

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 of Deeds
Tony King, Sheriff

Board of County Commissioners

Ken Berry, Chairman	Angela Hern
Harold Albritton	Don Jordan
Jamie Barrett	Debbie Kyle
James S. Deaton	George Montgomery
Gary Evans	Fred Patterson
Dayna Ferguson	Mary Powers
Gary Furr	Brett Rogers
Sonny Hall	Darnell Scott
William Hatler	Jimmy Wiseman

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

Mary Powers, Chairman
Debbie Kyle
Bob Wessels

FINANCIAL SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
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Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Benton County, Tennessee, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Benton County Electric System, a major fund and the entire business-type activities. Also, we did not audit the financial statements of the Benton County Emergency Communications District, which represent 5.2 percent, 5.4 percent, and 1.6 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Benton County Electric System and the Benton County

Emergency Communications District, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Benton County, Tennessee, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

We draw attention to Note I.D.9. in the financial statements, which describes a prior-period adjustment to the beginning net position of the government-wide financial statements totaling \$363,626. This adjustment was necessary due to capital assets being omitted in the prior year.

Also, we draw attention to Note I.D.10. in the financial statements, which describes a restatement to beginning net position of the government-wide financial statements totaling \$97,634. This restatement was necessary because prior to July 1, 2012, debt issuance costs were deferred and amortized over the life of the debt; however, with the implementation of Governmental Accounting Standards Board (GASB) Statement No. 65, debt issuance costs become period costs.

As described in Note V.B., Benton County has adopted the provisions of GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*; Statement No. 61, *The Financial Reporting Entity: Omnibus (an amendment of GASB*

Statements No. 14 and No. 34); Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements; and Statement No. 63, Reporting Deferred Outflows, Deferred Inflows and Net Position, which became effective for the year ended June 30, 2013. Benton County early implemented Statement No. 65, Items Previously Reported as Assets and Liabilities and Statement No. 66, Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62, which have an effective date of June 30, 2014.

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the schedules of funding progress – pension plan and other postemployment benefits plans on pages 89-91 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Benton County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Benton County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Benton County School Department

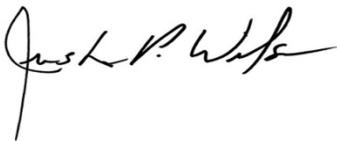
(a discretely presented component unit), and miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures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

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2014, on our consideration of Benton County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Benton County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

February 27, 2014

JPW/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

Benton County, Tennessee
Statement of Net Position
June 30, 2013

	Primary Government			Component Units	
	Governmental Activities	Business- type Activities	Total	Benton County School Department	Benton County Emergency Communications District
<u>ASSETS</u>					
Cash	\$ 1,029	\$ 1,309,779	\$ 1,310,808	\$ 301	\$ 467,823
Equity in Pooled Cash and Investments	6,741,857	0	6,741,857	3,890,481	0
Inventories	0	273,353	273,353	0	0
Accounts Receivable	32,985	1,555,744	1,588,729	0	4,232
Allowance for Uncollectibles	0	(8,600)	(8,600)	0	0
Due from Other Governments	836,138	0	836,138	448,937	0
Due from Component Units	62,401	0	62,401	0	0
Property Taxes Receivable	3,317,279	0	3,317,279	4,186,917	0
Allowance for Uncollectible Property Taxes	(146,447)	0	(146,447)	(184,685)	0
Prepaid Items	51,545	1,356,156	1,407,701	0	18,767
Other Restricted Assets	0	638,489	638,489	0	0
Deferred Charges - Debt Issuance Costs	0	125,041	125,041	0	0
Notes Receivable	0	548,885	548,885	0	0
Capital Assets Not Depreciated:					
Land	1,202,058	188,840	1,390,898	0	0
Construction in Progress	274,591	156,090	430,681	479,205	0
Assets Net of Accumulated Depreciation:					
Buildings and Improvements	9,843,852	0	9,843,852	10,940,631	0
Infrastructure	9,747,902	0	9,747,902	0	0
Other Capital Assets	1,039,585	20,538,876	21,578,461	946,899	637,797
Total Assets	\$ 33,004,775	\$ 26,682,653	\$ 59,687,428	\$ 20,708,686	\$ 1,128,619
<u>DEFERRED OUTFLOWS OF RESOURCES</u>					
Deferred Charge on Refunding	\$ 107,230	\$ 0	\$ 107,230	\$ 0	\$ 0
Total Deferred Outflows of Resources	\$ 107,230	\$ 0	\$ 107,230	\$ 0	\$ 0
<u>LIABILITIES</u>					
Accounts Payable	\$ 92,074	\$ 2,858,771	\$ 2,950,845	\$ 8,318	\$ 32,923
Accrued Payroll	0	18,852	18,852	0	1,073
Payroll Deductions Payable	34,922	0	34,922	0	0
Accrued Leave	0	371,502	371,502	0	0
Contracts Payable	199,582	0	199,582	21,046	0
Due to Primary Government	0	0	0	58,835	0
Due to State of Tennessee	1,808	0	1,808	0	0
Accrued Interest Payable	86,644	9,294	95,938	0	0
Other Current Liabilities	3,996	124,534	128,530	0	0
Customer Deposits Payable	0	748,840	748,840	0	0
Other Payables from Restricted Assets	5,880	0	5,880	0	0
Noncurrent Liabilities:					
Due Within One Year	850,087	315,000	1,165,087	0	29,999
Due in More Than One Year (net of unamortized premium on debt)	10,324,803	5,928,459	16,253,262	442,230	140,057
Total Liabilities	\$ 11,599,796	\$ 10,375,252	\$ 21,975,048	\$ 530,429	\$ 204,052

(Continued)

Exhibit A

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

	Primary Government			Component Units	
	Governmental Activities	Business- type Activities	Total	Benton County School Department	Benton County Emergency Communications District
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 3,070,108	\$ 0	\$ 3,070,108	\$ 3,872,663	\$ 0
Total Deferred Inflows of Resources	\$ 3,070,108	\$ 0	\$ 3,070,108	\$ 3,872,663	\$ 0
<u>NET POSITION</u>					
Net Investment in Capital Assets	\$ 17,706,905	\$ 16,313,634	\$ 34,020,539	\$ 12,366,735	\$ 467,741
Restricted for:					
Administration of Justice	17,938	0	17,938	0	0
Public Safety	351,700	0	351,700	0	0
Public Health and Welfare	30,176	0	30,176	0	0
Social, Cultural, and Recreational Services	251,164	0	251,164	0	0
Other Operations	134,230	0	134,230	0	0
Highway/Public Works	1,227,014	0	1,227,014	0	0
Debt Service	1,239,469	629,195	1,868,664	0	0
Capital Projects	131,480	0	131,480	0	0
Education	0	0	0	4,741	0
Operation of Non-Instructional Services	0	0	0	470,728	0
Unrestricted	(2,647,975)	(635,428)	(3,283,403)	3,463,390	456,826
Total Net Position	\$ 18,442,101	\$ 16,307,401	\$ 34,749,502	\$ 16,305,594	\$ 924,567

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

Exhibit B

Benton County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Position									
	Program Revenues					Component Units				
	Charges for Services	Expenses	Operating Grants and Contributions	Capital Grants and Contributions		Governmental Activities	Primary Government Business-type Activities	Total	Benton County School Department	Benton County Emergency Communications District
General Revenues:										
Taxes:										
Property Taxes Levied for General Purposes		\$ 2,946,188	\$ 0	\$ 2,946,188	\$ 3,955,273	\$ 0				
Property Taxes Levied for Debt Service		187,125	0	187,125	0	0				
Local Option Sales Taxes		308,693	0	308,693	1,888,012	0				
Litigation Tax		194,107	0	194,107	0	0				
Business Tax		123,541	0	123,541	0	0				
Mineral Severance Tax		129,626	0	129,626	0	0				
Wholesale Beer Tax		99,131	0	99,131	0	0				
Other Local Taxes		44,247	0	44,247	1,473	0				
Grants and Contributions Not Restricted to Specific Programs		1,898,094	0	1,898,094	11,654,290	0				
Unrestricted Investment Income		74,203	11,046	85,249	0	2,105				
Miscellaneous		66,065	0	66,065	38,922	0				
Total General Revenues		\$ 6,071,020	\$ 11,046	\$ 6,082,066	\$ 17,537,970	\$ 2,105				
Extraordinary Items		\$ 0	\$ (536,543)	\$ (536,543)	\$ 0	\$ 0				
Transfers		281,957	(281,957)	0	0	0				
Change in Net Position		\$ 679,101	\$ 356,919	\$ 1,036,020	\$ (66,758)	\$ (23,352)				
Net Position, July 1, 2012		17,497,008	15,950,482	33,447,490	16,372,352	947,919				
Prior-period Adjustment - See Note I.D.9.		363,626	0	363,626	0	0				
Restatement - See Note I.D.10.		(97,634)	0	(97,634)	0	0				
Net Position, June 30, 2013		\$ 18,442,101	\$ 16,307,401	\$ 34,749,502	\$ 16,305,594	\$ 924,567				

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, 2013

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>ASSETS</u>					
Cash	\$ 100	\$ 0	\$ 0	\$ 929	\$ 1,029
Equity in Pooled Cash and Investments	4,094,551	1,116,716	1,047,323	483,267	6,741,857
Accounts Receivable	32,351	623	0	11	32,985
Due from Other Governments	201,208	306,626	105,844	222,460	836,138
Due from Other Funds	929	0	0	0	929
Due from Component Units	0	3,566	58,835	0	62,401
Property Taxes Receivable	2,782,768	240,917	155,871	137,723	3,317,279
Allowance for Uncollectible Property Taxes	(122,748)	(10,748)	(7,869)	(5,082)	(146,447)
Prepaid Items	0	51,545	0	0	51,545
Total Assets	\$ 6,989,159	\$ 1,709,245	\$ 1,360,004	\$ 839,308	\$ 10,897,716
<u>LIABILITIES</u>					
Accounts Payable	\$ 88,569	\$ 0	\$ 0	\$ 3,505	\$ 92,074
Payroll Deductions Payable	34,922	0	0	0	34,922
Contracts Payable	0	0	0	199,582	199,582
Due to Other Funds	0	0	0	929	929
Due to State of Tennessee	1,808	0	0	0	1,808
Other Current Liabilities	3,996	0	0	0	3,996
Current Liabilities Payable from Restricted Assets:					
Other Payables from Restricted Assets	5,880	0	0	0	5,880
Total Liabilities	\$ 135,175	\$ 0	\$ 0	\$ 204,016	\$ 339,191
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 2,573,904	\$ 224,647	\$ 141,682	\$ 129,875	\$ 3,070,108
Deferred Delinquent Property Taxes	80,811	5,060	5,931	2,596	94,398
Other Deferred/Unavailable Revenue	34,733	144,606	85,548	0	264,887
Total Deferred Inflows of Resources	\$ 2,689,448	\$ 374,313	\$ 233,161	\$ 132,471	\$ 3,429,393
<u>FUND BALANCES</u>					
Nonspendable:					
Prepaid Items	\$ 0	\$ 51,545	\$ 0	\$ 0	\$ 51,545
Restricted:					
Restricted for Administration of Justice	17,938	0	0	0	17,938
Restricted for Public Safety	324,308	0	0	27,392	351,700
Restricted for Public Health and Welfare	30,176	0	0	0	30,176
Restricted for Social, Cultural, and Recreational Services	251,164	0	0	0	251,164
Restricted for Other Operations	53,194	0	0	81,036	134,230
Restricted for Highways/Public Works	0	1,026,163	0	0	1,026,163
Restricted for Capital Outlay	0	0	0	128,884	128,884
Restricted for Debt Service	0	0	1,126,843	0	1,126,843
Committed:					
Committed for Highways/Public Works	0	257,224	0	0	257,224
Committed for Capital Outlay	0	0	0	265,509	265,509
Unassigned	3,487,756	0	0	0	3,487,756
Total Fund Balances	\$ 4,164,536	\$ 1,334,932	\$ 1,126,843	\$ 502,821	\$ 7,129,132
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 6,989,159	\$ 1,709,245	\$ 1,360,004	\$ 839,308	\$ 10,897,716

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

Exhibit C-2

Benton County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
For the Year Ended June 30, 2013

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$	7,129,132
(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		274,591	
Add: buildings and improvements net of accumulated depreciation		9,843,852	
Add: infrastructure net of accumulated depreciation		9,747,902	
Add: other capital assets net of accumulated depreciation		<u>1,039,585</u>	22,107,988
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: other loan payable	\$	(108,800)	
Less: capital lease payable		(26,083)	
Less: bonds payable		(10,725,000)	
Add: deferred amount on refunding		107,230	
Less: compensated absences payable		(166,599)	
Less: other postemployment benefits liability		(87,062)	
Less: accrued interest on capital lease and bonds		(86,644)	
Less: other deferred revenue - premium on debt		<u>(61,346)</u>	(11,154,304)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>359,285</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>18,442,101</u></u>

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

Exhibit C-3

Benton County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2013

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
Revenues					
Local Taxes	\$ 3,199,477	\$ 319,608	\$ 462,668	\$ 83,999	\$ 4,065,752
Licenses and Permits	24,098	0	0	0	24,098
Fines, Forfeitures, and Penalties	198,390	0	0	20,890	219,280
Charges for Current Services	533,881	0	0	3,075	536,956
Other Local Revenues	311,149	30,912	3,278	20,109	365,448
Fees Received from County Officials	784,077	0	0	0	784,077
State of Tennessee	2,520,406	1,678,048	0	1,112,230	5,310,684
Federal Government	104,596	162,896	0	0	267,492
Other Governments and Citizens Groups	52,852	0	623,725	0	676,577
Total Revenues	\$ 7,728,926	\$ 2,191,464	\$ 1,089,671	\$ 1,240,303	\$ 12,250,364
Expenditures					
Current:					
General Government	\$ 1,133,378	\$ 0	\$ 0	\$ 0	\$ 1,133,378
Finance	577,258	0	0	0	577,258
Administration of Justice	628,490	0	0	3,075	631,565
Public Safety	3,672,763	0	0	15,894	3,688,657
Public Health and Welfare	882,916	0	0	0	882,916
Social, Cultural, and Recreational Services	380,641	0	0	10,886	391,527
Agriculture and Natural Resources	33,621	0	0	0	33,621
Other Operations	428,688	0	0	197,071	625,759
Highways	0	2,115,728	0	0	2,115,728
Debt Service:					
Principal on Debt	36,253	0	148,600	0	184,853
Interest on Debt	1,585	0	222,856	0	224,441
Other Debt Service	0	0	128,506	0	128,506
Capital Projects	0	0	0	977,554	977,554
Total Expenditures	\$ 7,775,593	\$ 2,115,728	\$ 499,962	\$ 1,204,480	\$ 11,595,763
Excess (Deficiency) of Revenues Over Expenditures					
	\$ (46,667)	\$ 75,736	\$ 589,709	\$ 35,823	\$ 654,601
Other Financing Sources (Uses)					
Capital Leases Issued	\$ 35,920	\$ 0	\$ 0	\$ 0	\$ 35,920
Refunding Debt Issued	0	0	6,350,000	0	6,350,000
Premiums on Debt Issued	0	0	66,458	0	66,458
Insurance Recovery	27,350	27,068	0	0	54,418
Transfers In	281,957	0	29,473	140,129	451,559
Transfers Out	(169,602)	0	0	0	(169,602)
Payments to Refunded Debt Escrow Agent	0	0	(6,994,718)	0	(6,994,718)
Total Other Financing Sources (Uses)	\$ 175,625	\$ 27,068	\$ (548,787)	\$ 140,129	\$ (205,965)
Net Change in Fund Balances					
	\$ 128,958	\$ 102,804	\$ 40,922	\$ 175,952	\$ 448,636
Fund Balance, July 1, 2012	4,035,578	1,232,128	1,085,921	326,869	6,680,496
Fund Balance, June 30, 2013	\$ 4,164,536	\$ 1,334,932	\$ 1,126,843	\$ 502,821	\$ 7,129,132

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, 2013

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)		\$ 448,636
<p>(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:</p>		
Add: capital assets purchased in the current period	\$ 1,067,958	
Less: current-year depreciation expense	<u>(1,525,628)</u>	(457,670)
<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, 2013	\$ 359,285	
Less: deferred delinquent property taxes and other deferred June 30, 2012	<u>(331,924)</u>	27,361
<p>(3) The issuance of long-term debt (e.g., bonds, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items.</p>		
Less: capital lease proceeds	\$ (35,920)	
Less: refunding bond proceeds	(6,350,000)	
Less: change in premium on debt issuances	(61,346)	
Add: principal payments on other loans	13,600	
Add: principal payments on capital leases	36,253	
Add: principal payments on bonds	135,000	
Add: refunded bond principal	6,875,000	
Add: change in deferred amount on refunding debt	<u>107,230</u>	719,817
<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	\$ (20,766)	
Change in compensated absences payable	(18,804)	
Change in other postemployment benefits liability	<u>(19,473)</u>	(59,043)
Change in net position of governmental activities (Exhibit B)		<u>\$ 679,101</u>

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

Exhibit C-5

Benton County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 3,199,477	\$ 3,009,336	\$ 3,009,336	\$ 190,141
Licenses and Permits	24,098	22,310	41,876	(17,778)
Fines, Forfeitures, and Penalties	198,390	169,682	186,505	11,885
Charges for Current Services	533,881	604,805	633,389	(99,508)
Other Local Revenues	311,149	307,450	353,892	(42,743)
Fees Received from County Officials	784,077	762,270	764,720	19,357
State of Tennessee	2,520,406	2,207,417	2,263,308	257,098
Federal Government	104,596	67,000	67,000	37,596
Other Governments and Citizens Groups	52,852	34,500	68,026	(15,174)
Total Revenues	\$ 7,728,926	\$ 7,184,770	\$ 7,388,052	\$ 340,874
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 12,677	\$ 41,888	\$ 41,888	\$ 29,211
Board of Equalization	2,432	2,440	2,440	8
Beer Board	272	553	753	481
Other Boards and Committees	2,950	4,164	4,164	1,214
County Mayor/Executive	246,624	234,366	259,467	12,843
County Attorney	110,823	24,000	121,339	10,516
Election Commission	150,170	170,174	170,399	20,229
Register of Deeds	159,620	152,305	163,540	3,920
County Buildings	213,793	188,537	236,746	22,953
Other General Administration	234,017	242,157	243,256	9,239
<u>Finance</u>				
Property Assessor's Office	186,265	183,561	187,834	1,569
Reappraisal Program	7,242	10,000	10,000	2,758
County Trustee's Office	157,160	161,709	162,249	5,089
County Clerk's Office	226,591	222,554	236,881	10,290
<u>Administration of Justice</u>				
Circuit Court	282,293	272,205	286,370	4,077
General Sessions Court	0	146,005	0	0
General Sessions Judge	145,944	0	148,404	2,460
Chancery Court	151,013	149,685	152,001	988
Juvenile Court	49,240	56,016	50,201	961
<u>Public Safety</u>				
Sheriff's Department	1,826,755	1,907,337	2,011,407	184,652
Administration of the Sexual Offender Registry	1,712	2,500	6,850	5,138
Jail	1,489,397	1,607,049	1,612,974	123,577
Juvenile Services	109,220	102,331	110,928	1,708
Fire Prevention and Control	2,000	2,000	2,000	0
Rural Fire Protection	112,592	113,000	113,000	408
Rescue Squad	8,000	8,000	8,000	0
Other Emergency Management	97,689	101,664	106,911	9,222
Inspection and Regulation	500	500	500	0
County Coroner/Medical Examiner	24,898	19,000	28,412	3,514
<u>Public Health and Welfare</u>				
Local Health Center	29,627	33,708	35,597	5,970

(Continued)

Exhibit C-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Health and Welfare (Cont.)</u>				
Rabies and Animal Control	\$ 78,968	\$ 65,591	\$ 86,362	\$ 7,394
Ambulance/Emergency Medical Services	667,200	587,000	667,200	0
Alcohol and Drug Programs	2,250	2,500	2,500	250
Crippled Children Services	900	900	900	0
Other Local Health Services	2,400	0	2,400	0
Appropriation to State	13,106	15,506	13,106	0
Sanitation Management	30,159	30,688	34,088	3,929
Sanitation Education/Information	42,851	45,638	45,663	2,812
Other Public Health and Welfare	15,455	26,463	26,463	11,008
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	137,505	152,508	157,623	20,118
Libraries	230,844	251,266	290,969	60,125
Other Social, Cultural, and Recreational	12,292	0	15,729	3,437
<u>Agriculture and Natural Resources</u>				
Agriculture Extension Service	33,621	39,223	39,223	5,602
<u>Other Operations</u>				
Tourism	0	0	131,160	131,160
Airport	148,046	154,712	155,663	7,617
Veterans' Services	10,584	11,603	11,603	1,019
Other Charges	154,758	87,500	148,627	(6,131)
Contributions to Other Agencies	97,798	97,798	97,798	0
Employee Benefits	17,502	46,500	18,035	533
<u>Principal on Debt</u>				
General Government	36,253	0	36,253	0
<u>Interest on Debt</u>				
General Government	1,585	0	1,585	0
Total Expenditures	\$ 7,775,593	\$ 7,774,804	\$ 8,497,461	\$ 721,868
Excess (Deficiency) of Revenues				
Over Expenditures	\$ (46,667)	\$ (590,034)	\$ (1,109,409)	\$ 1,062,742
<u>Other Financing Sources (Uses)</u>				
Capital Leases Issued	\$ 35,920	\$ 0	\$ 35,920	\$ 0
Insurance Recovery	27,350	0	8,790	18,560
Transfers In	281,957	287,046	287,046	(5,089)
Transfers Out	(169,602)	(112,744)	(112,744)	(56,858)
Total Other Financing Sources	\$ 175,625	\$ 174,302	\$ 219,012	\$ (43,387)
Net Change in Fund Balance	\$ 128,958	\$ (415,732)	\$ (890,397)	\$ 1,019,355
Fund Balance, July 1, 2012	4,035,578	3,799,459	3,799,459	236,119
Fund Balance, June 30, 2013	\$ 4,164,536	\$ 3,383,727	\$ 2,909,062	\$ 1,255,474

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

Exhibit C-6

Benton County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 319,608	\$ 0	\$ 319,608	\$ 348,016	\$ 348,016	\$ (28,408)
Other Local Revenues	30,912	0	30,912	10,000	10,000	20,912
State of Tennessee	1,678,048	0	1,678,048	1,842,927	1,935,109	(257,061)
Federal Government	162,896	0	162,896	0	161,546	1,350
Total Revenues	\$ 2,191,464	\$ 0	\$ 2,191,464	\$ 2,200,943	\$ 2,454,671	\$ (263,207)
<u>Expenditures</u>						
<u>Highways</u>						
Administration	\$ 147,847	\$ 0	\$ 147,847	\$ 162,730	\$ 162,730	\$ 14,883
Highway and Bridge Maintenance	1,095,314	0	1,095,314	1,589,990	1,734,523	639,209
Operation and Maintenance of Equipment	313,065	0	313,065	378,577	418,775	105,710
Other Charges	68,054	0	68,054	76,500	76,500	8,446
Employee Benefits	268,738	0	268,738	329,820	329,820	61,082
Capital Outlay	222,710	(4,950)	217,760	489,645	581,827	364,067
Total Expenditures	\$ 2,115,728	\$ (4,950)	\$ 2,110,778	\$ 3,027,262	\$ 3,304,175	\$ 1,193,397
Excess (Deficiency) of Revenues Over Expenditures	\$ 75,736	\$ 4,950	\$ 80,686	\$ (826,319)	\$ (849,504)	\$ 930,190
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 27,068	\$ 0	\$ 27,068	\$ 0	\$ 23,185	\$ 3,883
Total Other Financing Sources	\$ 27,068	\$ 0	\$ 27,068	\$ 0	\$ 23,185	\$ 3,883
Net Change in Fund Balance Fund Balance, July 1, 2012	\$ 102,804	\$ 4,950	\$ 107,754	\$ (826,319)	\$ (826,319)	\$ 934,073
Fund Balance, July 1, 2012	1,232,128	(4,950)	1,227,178	1,384,698	1,384,698	(157,520)
Fund Balance, June 30, 2013	\$ 1,334,932	\$ 0	\$ 1,334,932	\$ 558,379	\$ 558,379	\$ 776,553

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

Exhibit D-1

Benton County, Tennessee
Statement of Net Position
Proprietary Fund
June 30, 2013

Business-type
 Activities -
Major Fund
Benton County
Electric System

ASSETS

Current Assets:	
Cash	\$ 1,309,779
Inventories	273,353
Accounts Receivable	1,555,744
Allowance for Uncollectibles	(8,600)
Prepayments and Other Current Assets	<u>1,356,156</u>
Total Current Assets	<u>\$ 4,486,432</u>
Noncurrent Assets:	
Restricted Cash, Cash Equivalents, and Investments on Deposit	\$ 638,489
Deferred Charges - Debt Issuance Costs	125,041
Notes Receivable	548,885
Capital Assets:	
Assets Not Depreciated:	
Land	188,840
Construction in Progress	156,090
Assets Net of Accumulated Depreciation:	
Other Capital Assets	<u>20,538,876</u>
Total Noncurrent Assets	<u>\$ 22,196,221</u>
Total Assets	<u>\$ 26,682,653</u>

LIABILITIES

Current Liabilities:	
Accounts Payable	\$ 2,858,771
Accrued Payroll	18,852
Accrued Leave	371,502
Other Current Liabilities	124,534
Customer Deposits Payable	748,840
Current Liabilities Payable from Restricted Assets:	
Accrued Interest Payable	9,294
Revenue Bonds Payable - Current	<u>315,000</u>
Total Current Liabilities	<u>\$ 4,446,793</u>

(Continued)

Exhibit D-1

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

Business-type
 Activities -
Major Fund
Benton County
Electric System

LIABILITIES (CONT.)

Noncurrent Liabilities:

Advances from Home Insulation Program	\$ 558,783
Accrued Leave - Long-term	1,114,504
Debt Premium	25,172
Revenue Bonds Payable - Long-term	4,230,000
Total Noncurrent Liabilities	<u>\$ 5,928,459</u>
Total Liabilities	<u>\$ 10,375,252</u>

NET POSITION

Net Investment in Capital Assets	\$ 16,313,634
Restricted for Debt Service	629,195
Unrestricted	<u>(635,428)</u>
Total Net Position	<u>\$ 16,307,401</u>

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

Exhibit D-2

Benton County, Tennessee
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2013

	Business-type Activities - Major Fund
	<u>Benton County Electric System</u>
<u>Operating Revenues</u>	
Sale of Electric Energy	\$ 22,335,448
Forfeited Discounts	160,211
Rent from Electric Property	213,752
Other Electric Revenue	69,399
Miscellaneous Service Revenue	103,233
Total Operating Revenues	<u>\$ 22,882,043</u>
<u>Operating Expenses</u>	
Purchased Power	\$ 16,183,165
Distribution Expense:	
Station Expense	53,968
Overhead Line Expense	164,212
Street Lighting and Signal System	5,298
Meter Expense	98,109
Security Lighting	12,535
Rents	14,608
Miscellaneous	195,202
Customer Accounts Expense:	
Meter Reading Expense	121,492
Customer Records and Collection	413,559
Sales Expenses:	
Demonstration and Selling Expense	8,627
Administrative Expenses:	
Salaries	419,451
Office Supplies and Expense	86,284
Outside Services Employed	136,581
Insurance	44,254
Injuries and Damages	195,764

(Continued)

Exhibit D-2

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

	Business-type Activities - Major Fund
	<u>Benton County Electric System</u>
<u>Operating Expenses (Cont.)</u>	
Administrative Expenses (Cont.):	
Employee Pension and Benefits	\$ 824,888
General Advertising	6,678
Miscellaneous	27,697
Maintenance Expenses:	
Station Equipment	17,122
Overhead Lines	909,675
Underground Lines	8,485
Line Transformers	41,832
Street Lights and Signal System	12,080
Meters	57,470
Security Lighting	30,198
General Plant and Equipment	20,716
Depreciation and Amortization	1,057,445
Taxes and Tax Equivalent	427,020
Total Operating Expenses	<u>\$ 21,594,415</u>
Operating Income	<u>\$ 1,287,628</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 11,046
Interest Expense	(116,251)
Amortization of Debt Expense	(7,004)
Total Nonoperating Revenues (Expenses)	<u>\$ (112,209)</u>
Income (Loss) Before Transfers	\$ 1,175,419
Transfers Out	(281,957)
Extraordinary Item	(536,543)
Change in Net Position	<u>\$ 356,919</u>
Net Position, July 1, 2012	<u>15,950,482</u>
Net Position, June 30, 2013	<u>\$ 16,307,401</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, 2013

	Business-type Activities - Major Fund
	<u>Benton County Electric System</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 22,978,875
Payments to Suppliers	(19,010,005)
Payments to Employees and for Employee Benefits	(1,244,339)
Payments for in-Lieu-of Tax Payments	(427,020)
Customer Deposits Received	198,365
Customer Deposits Refunded	109,950
Net Cash Provided By (Used In) Operating Activities	<u>\$ 2,605,826</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Construction and Acquisition of Plant	\$ (3,653,166)
Plant Removal Cost	(150,715)
Materials Salvaged from Retirements	50,742
Principal Paid on Bonds	(330,000)
Interest Paid on Bonds	(116,888)
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (4,200,027)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Repayment of TVA Advances	\$ 68,091
Transfers to Other Funds	(281,957)
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ (213,866)</u>
<u>Cash Flows from Investing Activities</u>	
Collection of Notes Receivable	\$ (68,427)
Interest Earned	11,046
Net Cash Provided By (Used In) Investing Activities	<u>\$ (57,381)</u>
Net Increase (Decrease) in Cash	\$ (1,865,448)
Cash, July 1, 2012	<u>3,813,716</u>
Cash, June 30, 2013	<u><u>\$ 1,948,268</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 Provided By (Used In) Operating Activities</u>	
Operating Income	\$ 1,287,628
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Depreciation Expense	1,057,445
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	96,832
(Increase) Decrease in Inventories	8,448
(Increase) Decrease in Prepayments and Other Current Assets	168,406
Increase (Decrease) in Accounts Payable and Other Current Liabilities	(101,348)
Increase (Decrease) in Customer Deposits	88,415
	<u>2,605,826</u>
Net Cash Provided By (Used In) Operating Activities	\$ <u>2,605,826</u>
<u>Reconciliation of Cash With the Statement of Net Position</u>	
Cash Per Net Position	\$ 1,309,779
Other Restricted Assets Per Net Position	<u>638,489</u>
Cash, June 30, 2013	\$ <u><u>1,948,268</u></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, 2013

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 686,344
Due from Other Governments	<u>269,531</u>
Total Assets	<u><u>\$ 955,875</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 269,531
Due to Litigants, Heirs, and Others	<u>686,344</u>
Total Liabilities	<u><u>\$ 955,875</u></u>

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

BENTON COUNTY, TENNESSEE
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BENTON COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

The Benton County School Department operates the public school system in the county, and the voters of Benton County elect its board. The School Department is fiscally dependent on the county because it may not issue debt and its budget and property tax levy are subject to the County Commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

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

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

Development Board of the County of Benton were not available from other auditors in time for inclusion in this report; however, in our opinion, this omission is not material to the component units' opinion unit.

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Benton County issues all debt for the discretely presented Benton County School Department. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2013.

Separate financial statements are provided for governmental funds, proprietary funds (enterprise), and fiduciary funds. The fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and the major enterprise fund are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary funds financial statements, except for agency funds, which have no measurement focus. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund financial statements of Benton County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. Benton County reports one proprietary fund, a major enterprise fund.

Separate financial statements are provided for governmental funds, the proprietary fund, and fiduciary funds. Major individual governmental funds and the major enterprise fund are reported as separate columns in the fund financial statements. All other governmental funds are aggregated into a single column on the fund financial statements. The fiduciary funds in total are reported in a single column.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the county considers revenues other than grants to be available if they are collected within 30 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the

revenues are available. Benton County considers grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the General Debt Service Fund for payments to be made early in the following year.

Property taxes for the period levied, in-lieu-of tax payments, sales taxes, interest, and miscellaneous taxes are all considered to be susceptible to accrual and have been recognized as revenues of the current period. Applicable business taxes, litigation taxes, state-shared excise taxes, fines, forfeitures, and penalties are not susceptible to accrual since they are not measurable (reasonably estimable). All other revenue items are considered to be measurable and available only when the county receives cash.

Fiduciary funds financial statements are reported using the economic resources measurement focus, except for agency funds, which have no measurement focus, and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Benton County reports the following major governmental funds:

General Fund – This is the county’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

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.

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 types:

Capital Projects Funds – These funds account for the financial resources to be used for the acquisition or construction of major capital projects.

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

The discretely presented Benton County School Department reports the following major governmental fund:

General Purpose School Fund – This fund is the primary operating fund for the School Department. It is used to account for general operations of the School Department.

Additionally, the Benton County School Department reports the following fund type:

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

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

1. Deposits and Investments

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

The county trustee maintains a cash and internal investment pool that is used by all funds (excluding the Public Utility Fund, enterprise fund) and the discretely presented Benton County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments.

Most income from these pooled investments is assigned to the General Fund. Benton County (excluding the 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 are reported at cost. Investments in the State Treasurer's Investment Pool are reported at fair value. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Accordingly, the pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value.

2. Receivables and Payables

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

All property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 2.36 percent of total taxes levied.

Property taxes receivable are recognized as of the date an enforceable legal claim to the taxable property arises. This date is January 1 and is referred to as the lien date. However, revenues from property taxes are recognized in the period for which the taxes are levied, which is the ensuing fiscal year. Since the receivable is recognized before the period of revenue recognition, the entire amount of the receivable, less an estimated allowance for uncollectible taxes, is reported as a deferred inflow of resources as of June 30.

Property taxes receivable are also reported as of June 30 for the taxes that are levied, collected, and reported as revenue during the current fiscal year. These property taxes receivable are presented on the balance sheet as a deferred inflow of resources to reflect amounts not available as of June 30. Property taxes collected within 30 days of year-end are considered available and accrued. The allowance for uncollectible taxes represents the estimated amount of the receivable that will be filed in court for collection. Delinquent taxes filed in court for collection are not included in taxes receivable, since they are neither measurable nor available.

Property taxes are levied as of the first Monday in October. Taxes become delinquent and begin accumulating interest and penalty the following March 1. Suit must be filed in Chancery Court between the following February 1 to April 1 for any remaining unpaid taxes. Additional costs attach to delinquent taxes after a court suit has been filed.

3. Prepaid Items

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

4. Capital Assets

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental and business-type columns in the government-wide financial statements. Capital assets are defined by the government (excluding the 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. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

6. Compensated Absences

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

7. Long-term Obligations

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

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

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

8. Net Position and Fund Balance

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

- a. Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of restricted or net investment in capital assets.

The government-wide Statement of Net Position reports \$3,383,171 of restricted net position, in governmental activities for the primary government, of which \$134,230 is restricted by enabling legislation.

As of June 30, 2013, Benton County had \$6,458,800 of outstanding debt for capital purposes for the discretely presented Benton County School Department. This debt is a liability of Benton County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Benton County has incurred a liability significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.

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

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

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

Restricted Fund Balance – includes amounts that have constraints placed on the use of the resources that are either (a) externally imposed by creditors, grantors, contributors or

laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

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

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

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

9. Prior-period Adjustment

Capital assets of the primary government were restated \$363,626 from the prior year because a portion of the construction in progress for the new jail had been omitted.

10. Restatement

Prior to July 1, 2012, debt issuance costs were deferred and amortized over the life of the debt; however, with the implementation of GASB Statement No. 65, debt issuance costs become period costs. A restatement to beginning net position totaling \$97,634 has been recognized for accumulated debt issuance costs on the government-wide financial statements.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

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

Discretely Presented Benton County School Department

Exhibit 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 Position.

B. Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the government-wide Statement of Activities

Primary Government

Exhibit C-4 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net position of governmental activities reported in the government-wide Statement of Activities.

Discretely Presented Benton County School Department

Exhibit 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 position of governmental activities reported in the government-wide Statement of Activities.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

In prior years, the budgetary statements for the General Fund and major special revenue funds were presented as required supplementary information in the financial statements of its external financial report. Effective for the year ended June 30, 2013, these budgetary statements are presented as part of the basic financial statements. This change in presentation was done to be consistent in the presentation of the information for both municipal and county governments in Tennessee.

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 Community Development/Industrial Park and Other Capital Projects funds, which adopt project length budgets. All annual appropriations lapse at fiscal year end.

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

The budgetary level of control is at the major category level established by the County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, Beer Board, Other Boards and Committees, etc.). Management may make revisions within major categories, but only the County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

At June 30, 2013, the Benton County School Department reported the following significant encumbrance:

Fund	Description	Amount
School Department:		
Major Fund:		
General Purpose School	School Improvements	\$ 291,922

B. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the County Commission in the Other Charges and Transfers Out major appropriation categories (the legal level of control) of the General Fund by \$6,131 and \$56,858, respectively. Expenditures exceeded total appropriations in the General Capital Projects Fund by \$669,036. Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balance in the General Fund and by a grant in the General Capital Projects Fund.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Benton County (excluding the Public Utility Fund, enterprise fund) and the School Department participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the

county and in this capacity is responsible for receiving, disbursing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets or statements of net position represents nonpooled amounts held separately by individual funds.

Deposits

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

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

Investments

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

Investment Balances. As of June 30, 2013, Benton County had the following investments carried at fair value. All investments are in the county trustee's investment pool. Separate disclosures concerning pooled investments cannot be made for Benton County (excluding the Public Utility Fund, enterprise fund) and the discretely presented Benton County School Department since both pool their deposits and investments through the county trustee.

Investment	Weighted Average Maturity (days)	Fair Value
State Treasurer's Investment Pool	11 to 138	\$ 389,993

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, 2013, 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, 2013, was as follows:

Primary Government

Governmental Activities:

	* Restated			
	Balance			Balance
	7-1-12	Increases	Decreases	6-30-13
Capital Assets Not Depreciated:				
Land	\$ 1,202,058	\$ 0	\$ 0	\$ 1,202,058
Construction in Progress	7,911,206	274,591	(7,911,206)	274,591
Total Capital Assets Not Depreciated	\$ 9,113,264	\$ 274,591	\$ (7,911,206)	\$ 1,476,649

Governmental Activities (Cont.):

	* Restated			
	Balance			Balance
	7-1-12	Increases	Decreases	6-30-13
Capital Assets Depreciated:				
Buildings and				
Improvements	\$ 5,147,787	\$ 7,911,206	\$ 0	\$ 13,058,993
Roads and Bridges	18,431,747	92,182	0	18,523,929
Other Capital Assets	4,498,948	701,185	(27,538)	5,172,595
Total Capital Assets				
Depreciated	<u>\$ 28,078,482</u>	<u>\$ 8,704,573</u>	<u>\$ (27,538)</u>	<u>\$ 36,755,517</u>
Less Accumulated				
Depreciation For:				
Buildings and				
Improvements	\$ 2,850,505	\$ 364,636	\$ 0	\$ 3,215,141
Roads and Bridges	7,915,250	860,777	0	8,776,027
Other Capital Assets	3,860,333	300,215	(27,538)	4,133,010
Total Accumulated				
Depreciation	<u>\$ 14,626,088</u>	<u>\$ 1,525,628</u>	<u>\$ (27,538)</u>	<u>\$ 16,124,178</u>
Total Capital Assets				
Depreciated, Net	<u>\$ 13,452,394</u>	<u>\$ 7,178,945</u>	<u>\$ 0</u>	<u>\$ 20,631,339</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 22,565,658</u>	<u>\$ 7,453,536</u>	<u>\$ (7,911,206)</u>	<u>\$ 22,107,988</u>

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	368,261
Public Health and Welfare	40,578
Social, Cultural, and Recreational Services	51,228
Agriculture and Natural Resources	1,854
Other Operations	274,827
Highways/Public Works	<u>740,595</u>
Total Depreciation Expense -	
Governmental Activities	<u><u>\$ 1,525,628</u></u>

Discretely Presented Benton County School Department

Governmental Activities:

	Balance 7-1-12	Increases	Balance 6-30-13
	<u> </u>		<u> </u>
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	\$ 20,639,366	\$ 0	\$ 20,639,366
Other Capital Assets	2,386,459	52,001	2,438,460
Total Capital Assets Depreciated	<u>\$ 23,025,825</u>	<u>\$ 52,001</u>	<u>\$ 23,077,826</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 9,197,286	\$ 501,449	\$ 9,698,735
Other Capital Assets	1,381,497	110,064	1,491,561
Total Accumulated Depreciation	<u>\$ 10,578,783</u>	<u>\$ 611,513</u>	<u>\$ 11,190,296</u>
Total Capital Assets Depreciated, Net	<u>\$ 12,447,042</u>	<u>\$ (559,512)</u>	<u>\$ 11,887,530</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 12,926,247</u></u>	<u><u>\$ (559,512)</u></u>	<u><u>\$ 12,366,735</u></u>

There were no decreases in capital assets to report during the year ended June 30, 2013. Depreciation expense was charged to functions of the discretely presented Benton County School Department as follows:

Governmental Activities:

Instruction	\$ 388,557
Support Services	197,313
Operation of Non-Instructional Services	<u>25,643</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 611,513</u></u>

C. Construction Commitments

At June 30, 2013, the School Department had uncompleted construction contracts of \$291,922 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, 2013, was as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental	\$ 929

This balance 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>
	Component Unit:	
Primary Government:	School Department:	
Highway/Public Works	General Purpose School	\$ 3,566
General Debt Service	"	58,835

The receivable in the Highway/Public Works Fund totaling \$3,566 was in transit from the General Purpose School Fund at June 30, 2013.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2013, consisted of the following amounts:

Primary Government

<u>Transfers Out</u>	<u>Transfers In</u>		
	<u>General Fund</u>	<u>General Debt Service Fund</u>	<u>Nonmajor Governmental Fund</u>
General Fund	\$ 0	\$ 29,473	\$ 140,129
Nonmajor governmental fund	0	0	0
Public Utility Fund	281,957	0	0
Total	\$ 281,957	\$ 29,473	\$ 140,129

Discretely Presented Benton County School Department

Transfer Out	Transfer In General Purpose School Fund
Nonmajor governmental fund	\$ 23,227

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 March 13, 2013, Benton County entered into a three-year lease-purchase agreement for a Sheriff's Department truck. The terms of the agreement require total lease payments of \$35,920 plus interest payments of 6.45 percent. Title to the truck transfers to Benton County at the end of the lease period. The lease payments are made from the General Fund.

The asset acquired through the capital lease is as follows:

Asset	Governmental Activities
Sheriff's Department Truck	\$ 35,920
Less: Accumulated Depreciation	<u>(2,395)</u>
Total Book Value	<u><u>\$ 33,525</u></u>

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2013, were as follows:

Year Ending June 30	Governmental Funds
2014	\$ 9,839
2015	9,839
2016	<u>9,839</u>
Total Minimum Lease Payments	\$ 29,517
Less: Amount Representing Interest	<u>(3,434)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 26,083</u></u>

F. Long-term Obligations

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

General Obligation Bonds, Notes, and Other Loans

Benton County issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented School Department. In addition, general obligation bonds have been issued to refund other general obligation bonds. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds and the other loan outstanding were issued for original terms of up to 25 years for bonds and up to 15 years for the other loan. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and the other loan included in long-term debt as of June 30, 2013, will be retired from the General Debt Service Fund.

General obligation bonds, the other loan, and the capital lease outstanding as of June 30, 2013, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-13
General Obligation Bonds	4 %	10-1-32	\$ 5,000,000	\$ 4,375,000
General Obligation Bonds - Refunding	1 to 2	12-1-21	6,350,000	6,350,000
Other Loan	0	12-28-20	204,000	108,800
Capital Lease	6.45	3-13-16	35,920	26,083

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

The annual requirements to amortize all general obligation bonds and the other loan outstanding as of June 30, 2013, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2014	\$ 820,000	\$ 245,844	\$ 1,065,844
2015	830,000	233,319	1,063,319
2016	850,000	220,419	1,070,419
2017	860,000	207,144	1,067,144
2018	870,000	193,619	1,063,619
2019-2023	3,830,000	719,009	4,549,009
2024-2028	1,180,000	419,400	1,599,400
2029-2033	1,485,000	153,900	1,638,900
Total	\$ 10,725,000	\$ 2,392,654	\$ 13,117,654

Year Ending June 30	Other Loan		
	Principal	Other Fees	Total
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
2019-2021	40,800	195	40,995
Total	\$ 108,800	\$ 520	\$ 109,320

There is \$1,126,843 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds, the other loan, and the capital lease totaled \$659, based on the 2010 federal census.

Changes in Long-term Obligations

Long-term obligations activity for the primary government (excluding the Public Utility Fund, enterprise fund) for the year ended June 30, 2013, was as follows:

	Bonds	Other Loan	Capital Lease
Balance, July 1, 2012	\$ 11,385,000	\$ 122,400	\$ 26,416
Additions	6,350,000	0	35,920
Reductions	(7,010,000)	(13,600)	(36,253)
Balance, June 30, 2013	\$ 10,725,000	\$ 108,800	\$ 26,083
Balance Due			
Within One Year	\$ 820,000	\$ 13,600	\$ 8,157

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2012	\$ 147,795	\$ 67,589
Additions	152,680	27,834
Reductions	(133,876)	(8,361)
Balance, June 30, 2013	<u>\$ 166,599</u>	<u>\$ 87,062</u>
Balance Due		
Within One Year	<u>\$ 8,330</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2013	\$ 11,113,544
Add: Unamortized Premium on Debt	61,346
Less: Balance Due Within One Year	<u>(850,087)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 10,324,803</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.

Current Refunding

On October 31, 2012, Benton County issued \$6,350,000 in school bonds for a current refunding of \$6,875,000 in School Bonds, Series 2003 Refunding. As a result, the refunded bonds are considered defeased, and the liability has been removed from the county's long-term debt. As a result of the refunding, total debt service payments over the next nine years will be reduced by \$665,774, and an economic gain of \$629,466 was obtained.

Discretely Presented Benton County School Department

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Benton County School Department for the year ended June 30, 2013, was as follows:

Governmental Activities:

	<u>Other Postemployment Benefits</u>
Balance, July 1, 2012	\$ 384,471
Additions	247,055
Reductions	<u>(189,296)</u>
Balance, June 30, 2013	<u>\$ 442,230</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, \$55,015), and contributed (General Purpose School Fund, \$339,739, City of Camden, \$268,580, and City of Big Sandy, \$16,145) to the General Debt Service Fund, as a result of this sales tax increase, totaled \$679,479 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, 2013, were \$79,693 and \$23,559, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. OTHER INFORMATION

A. Risk Management

Employee Health Insurance

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

Benton County participates in the Local Government Group Insurance Fund (LGGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local governments and quasi-governmental entities that was established for the primary purpose of providing services for or on behalf of state and local governments. In accordance with Section 8-27-207, *Tennessee Code Annotated (TCA)*, all local governments and quasi-governmental entities described above are eligible to participate. The LGGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. The state statute provides for the LGGIF to be self-sustaining through member premiums.

Discretely Presented Benton County School Department

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

Liability, Property, Casualty, and Workers' Compensation Insurance

Benton County (excluding the Public Utility Fund, enterprise fund) and the discretely presented School Department participate in the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. The government pays annual premiums to the TN-RMT for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of the TN-RMT provides for it to be self-sustaining through member premiums.

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*; Statement No. 61, *The Financial Reporting Entity: Omnibus (an amendment of GASB Statements No. 14 and No. 34)*; Statement No. 62,

Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements; and Statement No. 63, *Reporting Deferred Outflows, Deferred Inflows and Net Position* became effective for the year ended June 30, 2013. Benton County early implemented Statement No. 65, *Items Previously Reported as Assets and Liabilities* and Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62*, which have an effective date of June 30, 2014.

GASB Statement No. 60 provides accounting and financial reporting guidance related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The standard establishes criteria for determining whether a SCA exists, how to account for SCAs, and requires certain disclosures associated with a SCA.

GASB Statement No. 61 amends Statements No. 14 and No. 34 and modifies certain requirements for inclusion of component units in the financial reporting entity to ensure that the reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. Statement No. 61 also clarifies the criteria for blending component units and presenting business-type component units.

GASB Statement No. 62 incorporates into GASB's literature the provisions in Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants' Committee on Accounting Procedure issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements. The option to use subsequent FASB guidance has been removed.

GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources that were introduced and defined by Concepts Statement No. 4, *Elements of Financial Statements*. Previous financial reporting standards did not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. In addition, the previous Statement of Net Assets was renamed to a Statement of Financial Position.

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassifies, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

GASB Statement No. 66 resolves conflicting guidance by removing the provision that limits fund based reporting of an entity's risk financing activities to the General Fund and the internal service fund type. Under Statement No. 66 decisions about fund type classifications are based on the

nature of the activity to be reported as required by Statements No. 54 and No. 34. This statement also modifies guidance on operating lease payments, purchased loans, and servicing fees related to mortgage loans.

C. Subsequent Events

Director of Schools Randall Robertson retired on June 30, 2013, and was succeeded by Mark Florence on July 1, 2013.

On November 14, 2013, Benton County issued a tax anticipation note of \$400,000 for the General Fund for temporary operating funds.

D. 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, 2013, future principal and interest requirements were \$888,233 and \$110,262, respectively.

E. Joint Ventures

The Twenty-fourth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Twenty-fourth Judicial District, Benton, Carroll, Decatur, Hardin, and Henry counties, and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors, including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Benton County made no contributions to the DTF for the year ended June 30, 2013.

The Benton-Decatur Special Sewer District was created through a joint agreement between Benton and Decatur counties. The agreement established the Benton-Decatur Special Sewer District Management Board, which plans, constructs, and manages a public sewer system for residents of Benton and Decatur counties. The management board includes six members, three of whom are appointed by the mayor of Benton County and three are appointed by the mayor of Decatur County. Benton County has control over budgeting and financing only to the extent of representation by the three board members appointed.

Benton County does not retain an equity interest in either of the joint ventures. Complete financial statements for the Twenty-fourth Judicial District Drug Task Force and the Benton-Decatur Special Sewer District can be obtained from their administrative offices at the following addresses:

Administrative Offices:

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

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

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, 2013, was 6.8 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, 2013, Benton County's annual pension cost of \$487,996 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2011, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected three percent annual rate of inflation, (c) 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), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) 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, 2011, was eight years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-13	\$487,996	100%	\$0
6-30-12	488,457	100	0
6-30-11	475,082	100	0

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 91.87 percent funded. The actuarial accrued liability for benefits was \$15.18 million, and the actuarial value of assets was \$13.95 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$1.23 million. The covered payroll (annual payroll of active employees covered by the plan) was \$6.94 million, and the ratio of the UAAL to the covered payroll was 17.77 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.

SCHOOL TEACHERS

Plan Description

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

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

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, 2013, was 8.88 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, 2013, 2012, and 2011, were \$826,775, \$869,672, and \$846,441, respectively, equal to the required contributions for each year.

G. Other Postemployment Benefits (OPEB)

Plan Description

Benton County and the School Department participate in the state-administered Local Government Group Insurance Plan and Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-207, *Tennessee Code Annotated (TCA)*, for local governments and Section 8-27-302, *TCA*, for local education employees. Prior to reaching the age of 65, all members have the option of choosing between the standard or partnership preferred provider organization (PPO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://www.tn.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop their own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. Retirees' contributions vary depending on the insurance options they select. During the year ended June 30, 2013, Benton County and the School Department contributed \$8,361 and \$189,296, respectively, for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Local Government Group Plan
ARC	\$ 248,000	\$ 28,000
Interest on the NOPEBO	15,379	2,704
Adjustment to the ARC	(16,324)	(2,870)
Annual OPEB cost	\$ 247,055	\$ 27,834
Less: Amount of contribution	(189,296)	(8,361)
Increase/decrease in NOPEBO	\$ 57,759	\$ 19,473
Net OPEB obligation, 7-1-12	384,471	67,589
Net OPEB obligation, 6-30-13	\$ 442,230	\$ 87,062

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-11	Local Education Group	\$ 213,788	102%	\$ 328,204
6-30-12	"	244,193	77	384,471
6-30-13	"	247,055	77	442,230
6-30-11	Local Government Group	35,067	44	47,584
6-30-12	"	27,883	28	67,589
6-30-13	"	27,834	30	87,062

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2011, was as follows:

	Local Education Group Plan	Local Government Group Plan
Actuarial valuation date	7-1-11	7-1-11
Actuarial accrued liability (AAL)	\$ 2,250,000	\$ 110,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 2,250,000	\$ 110,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 10,509,536	\$ 3,913,712
UAAL as a % of covered payroll	21%	3%

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

Actuarial Methods and Assumptions

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

In the July 1, 2011, actuarial valuation for the Local Education Group and the Local Government Group plans, the projected unit credit actuarial cost method was used and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 8.75 percent for fiscal year 2013. The trend will decrease to 8.25 percent in fiscal year 2014 and then be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. Both rates include a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with July 1, 2007.

H. Purchasing Laws

Office of County Mayor

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

Office of Road Supervisor

Purchasing procedures for the Highway Department are governed by provisions of Chapter 250, Private Acts of 1943, and the Uniform Road Law, Section 54-7-113, *TCA*. Provisions of the private act stipulate that after

taking bids, all purchases must be approved by the road supervisor, county mayor, and the County Highway Committee. The Uniform Road Law provides for purchases exceeding \$10,000 to be made after public advertisement and solicitation of competitive bids.

Office of Director of Schools

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

VI. OTHER NOTES – BENTON COUNTY ELECTRIC SYSTEM (PUBLIC UTILITY FUND, ENTERPRISE FUND)

A. Significant Accounting Policies

1. Reporting Entity

The Benton County Electric System is a proprietary fund of Benton County. *Tennessee Code Annotated*, Section 7-52-117(c) states “Subject to the provisions of Section 7-52-132, the superintendent, with the approval of the supervisory body, may acquire and dispose of all property, real and personal, necessary to effectuate the purposes of this part. The title of such property shall be taken in the name of the municipality” (county). Therefore, Benton County Electric System does not possess sufficient corporate powers that distinguish it as a legally separate entity, and is considered a proprietary fund of Benton County, Tennessee.

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

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The electric system’s financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The accounting policies

of the electric system conform to applicable accounting principles generally accepted in the United States of America as defined by the Governmental Accounting Standards Board (GASB).

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the electric system are charges to customers for sales and service. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

3. Assets, Liabilities, and Net Position

a. Deposits and Investments

The electric system's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the electric system to invest in certificates of deposit, obligations of the U.S. Treasury, agencies and instrumentalities, obligations guaranteed by the U.S. government or its agencies, repurchase agreements, and the state's investment pool.

Investments were made up entirely of certificates of deposits with a maturity of three months or more for the fiscal year ended June 30, 2013.

b. Accounts Receivable

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

c. Inventories and Prepaid Items

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

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

d. Restricted Assets

Certain proceeds of the bond issues, as well as certain resources set aside for their repayment, are classified as restricted assets on the Statement of Net Position because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The electric system elects to use restricted assets before unrestricted assets when a situation arises where either can be used.

e. Capital Assets

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

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

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

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

f. Compensated Absences

It is the electric system's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay has been accrued and is reflected as a

long-term liability on the financial statements. All sick leave has been accrued at 75 percent of the total value and is reflected as a long-term liability on the financial statements.

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

g. Long-term Obligations

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

h. Deferred Outflows/Inflows of Resources

During the year ended June 30, 2013, the electric system adopted the provisions of Governmental Accounting Standards Board Statement No. 63, *Reporting Deferred Outflows, Deferred Inflows and Net Position*. The objective of the statement is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources.

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The electric system currently has no items that qualify for reporting in the category.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents acquisition of the net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The electric system does not have any items that qualify for reporting in this category as of June 30, 2013.

i. Net Position Flow Assumption

Sometimes the electric system will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the electric system's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

j. Net Position

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

- Net investment in capital assets – Consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds that are attributable to the acquisition, construction, or improvement of those assets; debt related to unspent proceeds or other restricted cash and investments is excluded from the determination.
- Restricted for debt service – Consists of net position for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations and enabling legislation, including self-imposed legal mandates, less any related liabilities.
- Unrestricted – All other net position that does not meet the description of the above categories.

k. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent amounts and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from the estimates that were used.

B. Stewardship, Compliance, and Accountability

Budgetary Information

The electric system adopts flexible annual operating and capital budgets. Budgets are adopted on a basis consistent with generally accepted accounting principles. The current operating budget details the electric system's plans to earn and expend funds for charges incurred for operation, maintenance, certain interest and general functions, and other charges for the fiscal year. The capital budget details the plan to receive and expend cash basis capital contribution fees, special assessments, grants, borrowings, and certain revenues for capital projects.

All unexpended appropriations in the operating budget remaining at the end of the fiscal year lapse. Management submits a proposed budget to the board prior to the July meeting, and the budget is adopted at that meeting for the next fiscal year. During the year, management is authorized to transfer budgeted amounts between line items.

C. Detailed Notes on All Funds

1. Deposits and Investments

Custodial Credit Risk. The electric system's policies limit deposits and investments to those instruments allowed by applicable state laws and are described below. State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105 percent of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the electric system's agent in the electric system's name, or by the Federal Reserve banks acting as third-party agents. State statutes also authorize the electric system to invest in bonds, notes or treasury bills of the United States or any of its agencies, certificates of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities, and the state pooled investment fund. Statutes also require that securities underlying repurchase agreements must have a market value at least equal to the amount of funds invested in the repurchase transaction. As of June 30, 2013, 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, 2013, consisted of the following:

	<u>Receivables</u>
Billed Services for Utility Customers	\$ 1,555,744
Allowance for Doubtful Accounts	<u>(8,600)</u>
Total Accounts Receivable	<u>\$ 1,547,144</u>

Restricted Assets

All deposits required by the 2005 and 2012 Electric Plant Revenue Bonds have been made. Transactions in funds other than the 2005 and 2012 Electric Plant Revenue Bond funds are at the discretion of the board of directors, and there are no applicable legal requirements or restrictions on these funds.

The restricted assets consist of the following:

2005 and 2012 Electric Plant Revenue Bond funds	
Interest and Sinking Fund	\$ 193,136
Reserve Fund	<u>445,353</u>
Total Restricted Assets	<u>\$ 638,489</u>

The total of these funds is represented by:

Certificates of Deposit and Bank Accounts	<u>\$ 638,489</u>
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3. Capital Assets

Capital assets activity during the year was as follows:

	Balance 7-1-12	Additions	Disposals	Balance 6-30-13
Capital Assets Not Depreciated:				
Land	\$ 178,328	\$ 10,512	\$ 0	\$ 188,840
Construction in Progress	492,691	0	336,601	156,090
Total Capital Assets Not Depreciated	<u>\$ 671,019</u>	<u>\$ 10,512</u>	<u>\$ 336,601</u>	<u>\$ 344,930</u>
Capital Assets Depreciated:				
Other Capital Assets	<u>\$ 31,821,711</u>	<u>\$ 3,979,255</u>	<u>\$ 1,547,995</u>	<u>\$ 34,252,971</u>
Total Capital Assets Depreciated	<u>\$ 31,821,711</u>	<u>\$ 3,979,255</u>	<u>\$ 1,547,995</u>	<u>\$ 34,252,971</u>

<u>Capital Assets (Cont.)</u>	Balance 7-1-12	Additions	Disposals	Balance 6-30-13
Less Accumulated Depreciation For:				
Other Capital Assets	\$ 13,768,075	\$ 1,072,582	\$ 1,126,562	\$ 13,714,095
Total Accumulated Depreciation	<u>\$ 13,768,075</u>	<u>\$ 1,072,582</u>	<u>\$ 1,126,562</u>	<u>\$ 13,714,095</u>
Total Capital Assets Depreciated, Net	<u>\$ 18,053,636</u>	<u>\$ 2,906,673</u>	<u>\$ 421,433</u>	<u>\$ 20,538,876</u>
Total Capital Assets, Net	<u>\$ 18,724,655</u>	<u>\$ 2,917,185</u>	<u>\$ 758,034</u>	<u>\$ 20,883,806</u>

Depreciation expense of \$1,072,582 (including \$15,137 of transportation expense clearing) was recorded by the electric system.

4. Long-term Debt

Long-term debt consists of the following:

<u>Type</u>	<u>Interest Rate</u>	<u>Balance 6-30-13</u>
Electric System Revenue Refunding Bonds, Series 2005	3.9%	\$ 845,000
Electric System Revenue Refunding and Improvement Bonds, Series 2012	2 to 2.5	<u>3,700,000</u>
Total		<u>\$ 4,545,000</u>

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

On February 14, 2012, Benton County Electric System issued at par \$3,975,000 of Electric System Revenue Refunding Bonds, Series 2012, to refund \$1,690,000 of then-outstanding series 2000 and 2004 bonds. The 2012 bonds bear an interest rate varying between two and 2.5 percent and will be repaid in variable amounts, with the final payment due December 1, 2027. The refunded 2000 and 2004 bonds carried an interest rate varying between 1.1 and 5.25 percent and also were due in variable amounts, with the final payment due December 1, 2021.

The following is a summary of long-term debt transactions for the year ended June 30, 2013.

	Balance 7-1-12	Additions	Retirements	Balance 6-30-13
Revenue bonds payable	\$ 4,875,000	\$ 0	\$ 330,000	\$ 4,545,000

The scheduled annual requirements for long-term debt at June 30, 2013, including interest of \$828,556, are as follows:

Year Ending June 30	Revenue Bonds		
	Principal	Interest	Total
2014	\$ 315,000	\$ 107,857	\$ 422,857
2015	325,000	100,365	425,365
2016	330,000	92,675	422,675
2017	345,000	84,737	429,737
2018	275,000	77,302	352,302
2019-2023	1,495,000	279,325	1,774,325
2024-2028	1,460,000	86,295	1,546,295
Total	<u>\$ 4,545,000</u>	<u>\$ 828,556</u>	<u>\$ 5,373,556</u>

5. Net Position

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

Net Investment in Capital Assets:	
Net Property, Plant, and Equipment in Service	\$ 20,883,806
Unamortized Bond Premium	(25,172)
Less: Revenue Bonds Payable	<u>(4,545,000)</u>
Total Net Investment in Capital Assets	<u>\$ 16,313,634</u>
Restricted for Debt Service:	
Restricted Cash and Investments	\$ 638,489
Less: Current Liabilities Payable from Restricted Assets - Accrued Interest Payable	<u>(9,294)</u>
Total Restricted for Debt Service	<u>\$ 629,195</u>
Unrestricted	<u>\$ (635,428)</u>
Total Net Position	<u><u>\$ 16,307,401</u></u>

D. Other Information

1. Pension Costs

The following pension information for the year ended June 30, 2013, 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 electric system's payroll for these employees totaled \$1,338,838 with employer contributions of \$91,072 (6.8 percent of covered wages) and employee contributions of \$66,965. Additional disclosures pertaining to the electric system's employees may be obtained by referring to Note V.F.

Central Service Association Plan (CSA)

The 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 electric system funds both the employee and employer portion of the pension plan. Contributions to the plan were \$330,786. The electric system's payroll for employees covered by the plan for the year ended June 30, 2013, was \$1,011,686, and the total payroll for the year was \$2,459,935.

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 electric 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, 2013, the electric system's annual pension cost of \$330,786 for the plan was equal to the electric system's required and actual contributions. The required contribution was determined as part of the October 1, 2012, 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
9-30-12	\$ 303,879	108.85 %	\$ 26,907
9-30-11	303,879	103.67	11,157
9-30-10	289,409	107.90	22,876

2. Power Contract

The electric system has a power contract with the Tennessee Valley Authority (TVA), whereby the electric system purchases all its electric power from TVA and is subject to certain restrictions and conditions as provided for in the power contract. Such restrictions include, but are not limited to, prohibitions against furnishings, advancing, lending, pledging, or otherwise diverting electric system funds, revenues, or property to other operations of the county and the purchase or payment of, or providing security for indebtedness on other obligations applicable to such other operations.

3. Risk Management

The electric system is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2013, the electric system purchased commercial insurance for all of the above risks. Settled claims have not exceeded this commercial coverage in any of the past three years and there has been no significant reduction in the amount of coverage provided.

4. Other Postemployment Benefits (OPEB)

Plan Description

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

Funding Policy

The electric system intends to continue its policy of funding OPEB liabilities on a pay-as-you-go basis and not to pre-fund any unfunded annual required contribution as determined under Governmental Accounting Standards Board (GASB) Statement No. 45.

Annual OPEB Cost and Net OPEB Obligation

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

Components of Net OPEB Obligation

Annual Required Contribution	\$ 46,964
Interest on Net OPEB Obligation	3,952
Adjustment to Annual Required Contribution	<u>(5,080)</u>
Annual OPEB Cost (Expense)	\$ 45,836
Contributions Made	<u>(18,097)</u>
Increase in Net Obligation	\$ 27,739
Net OPEB Obligation, 7-1-12	<u>87,825</u>
 Net OPEB Obligation, 6-30-13	 <u>\$ 115,564</u>

The electric system's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012-13 is as follows:

Fiscal Year Ended	Annual OPEB Cost	OPEB Cost Contributed	Net OPEB Obligation
6-30-13	\$ 45,836	39.5 %	\$ 115,564
6-30-12	45,069	58.2	87,825
6-30-11	55,751	40.7	68,991
6-30-10	54,743	57.4	35,928

Funded Status and Funding Progress

As of July 1, 2012, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$477,829, and the actuarial value of assets was zero resulting in an unfunded actuarial accrued liability (UAAL) of \$477,829. The covered payroll (annual payroll of active employees covered by the plan) was \$2,183,460, and the ratio of the UAAL to the covered payroll was 21.9 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, 2012, 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, 2012, was 26 years.

E. Extraordinary Item

In 2013, the electric system retired all old meters totaling \$953,493, which exceeded the balance in the associated accumulated depreciation account by \$536,543. This resulted in the extraordinary loss that is reflected on the Statement of Activities.

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

A. Significant Accounting Policies

1. Reporting Entity

The Benton County Emergency Communications District was created on August 4, 1988, by a referendum of voters in Benton County, Tennessee, to be an emergency communications district as defined by Tennessee state law. As such, it is considered to be a "municipality" or public corporation in perpetuity under its corporate name and shall be a body politic and corporate with power of perpetual succession, but

without power to levy or collect taxes. All Tennessee emergency communications districts are required to follow the *Accounting and Financial Reporting Manual for Tennessee Emergency Communications Districts* developed by the Office of the Comptroller of the Treasury, Division of Local Government Audit, pursuant to Section 7-86-304, *Tennessee Code Annotated*.

In evaluating how to define the district for financial reporting purposes, management has considered whether the district is a primary government or a component unit of another primary government. The Board of Directors of the district are appointed by the County Commission. The County Commission has the authority to adjust the rates charged by the district, and the district must obtain the approval of the Commission before issuance of most debt instruments. The county has determined that this constitutes fiscal dependency by the district, and has, therefore, included the district as a component unit of Benton County in its financial statements.

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

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

The district accounts for its financial position and results of operations in accordance with generally accepted accounting principles as defined in the statements of the Governmental Accounting Standards Board (GASB) for proprietary funds. Proprietary fund types are reported using the economic resources measurement focus and the accrual basis of accounting. The aim of this measurement is to report all inflows, outflows, and balances affecting or reflecting the entity's net position. The accrual basis of accounting recognizes income as it is earned and expenses as they are incurred, whether or not cash is received or paid out at that time.

Operating revenues in the proprietary funds are those revenues generated from the primary operations of the fund. All other revenues are reported as nonoperating revenues. The state has defined grants and reimbursements from the Tennessee Emergency Communications Board to be nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

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, 2013, the district prepared its budget within the guidelines of the *Accounting and Financial Reporting Manual for Tennessee Emergency Communications*

Districts, which permits emergency communications districts to adopt budgets that are not in accordance with generally accepted accounting principles. The approved budget did not include noncash expenses, such as depreciation, amortization, and loss on disposal of capital assets, or expenses to be paid after current year end. The legal level of control is at each line-item of expense; therefore, each line-item must be amended prior to expending funds. For the year ended June 30, 2013, the district had four line-items that exceeded the amounts budgeted for a total of \$20,535.

4. **Assets, Liabilities, and Net Position**

a. **Deposits and Investments**

The district's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of inception. State statutes authorize the district to invest in certificates of deposit, obligations of the U.S. Treasury, agencies and instrumentalities, obligations by the U.S. government or its agencies, repurchase agreements as approved by the state director of Local Finance, and the State Treasurer's 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, leasehold improvements, and other equipment, which are depreciated using the straight-line method over estimated useful lives ranging from five to ten years.

d. **Impact of Recently Issued Accounting Pronouncements**

In December 2010, the Governmental Accounting Standards Board (GASB) issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB Statement No. 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in non-governmental pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. This statement is effective for periods beginning after December 15, 2011. The adoption of GASB Statement No. 62 had no impact on the district's financial statements.

In June 2011, the GASB issued Statement No. 63, *Reporting Deferred Outflows, Deferred Inflows and Net Position*. GASB Statement No. 63 provides guidance for reporting deferred outflows and inflows of resources, which are distinct from assets and liabilities, and also renames as net position, rather than net assets, the residual of all other elements presented in a statement of financial position. The provisions of this statement are effective for financial statements for periods beginning after December 15, 2011. As of June 30, 2013, the district had no deferred outflows or deferred inflows of resources.

e. **Net Position Flow Assumption**

Sometimes the district will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the district's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

f. 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.

g. Personnel

The district has no employees other than the director. All dispatch functions are conducted by employees of Benton County.

B. Detailed Notes on Accounts

1. Deposits and Investments

As of June 30, 2013, 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 VII.A.4.a. State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105 percent of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the district's agent in the district's name, or by the Federal Reserve banks acting as third-party agents. Statutes also require that securities underlying repurchase agreements must have a market value of at least equal to the amount of funds invested in the repurchase transaction. As of June 30, 2013, all of the district's deposits were insured or collateralized.

2. Capital Assets

Capital assets activity during the year was as follows:

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Capital Assets				
Depreciated:				
Communications Equipment	\$ 210,928	\$ 391,853	\$ (47,213)	\$ 555,568
Leasehold Improvements	26,962	0	(18,542)	8,420
Other Equipment	73,037	0	(17,064)	55,973
Furniture and Fixtures	30,248	0	(3,412)	26,836
Vehicles	0	5,500	0	5,500
Intangible Assets	0	115,572	0	115,572
Total Capital Assets				
Depreciated	\$ 341,175	\$ 512,925	\$ (86,231)	\$ 767,869
Less Accumulated				
Depreciation For:				
Communications Equipment	\$ 58,794	\$ 53,938	\$ (40,859)	\$ 71,873
Leasehold Improvements	7,855	842	(6,387)	2,310
Other Equipment	49,842	7,996	(17,064)	40,774
Furniture and Fixtures	1,182	2,700	(874)	3,008
Vehicles	0	550	0	550
Intangible Assets	0	11,557	0	11,557
Total Accumulated				
Depreciation	\$ 117,673	\$ 77,583	\$ (65,184)	\$ 130,072
Total Capital Assets, Net	\$ 223,502	\$ 435,342	\$ (21,047)	\$ 637,797

3. Capital Lease

The district financed \$200,000 of new equipment purchased during the current fiscal year with a capital lease. The lease is with AT&T and calls for monthly payments of \$3,777 over 60 months with a five percent interest rate. Future minimum lease payments as of June 30, 2013, are as follows:

Year Ended	Amount
2014	\$ 45,329
2015	45,329
2016	45,329
2017	45,329
2018	7,380
Total Requirements	\$ 188,696
Less: Interest	(18,640)
Present Value of Remaining Payments	\$ 170,056

Equipment and related accumulated amortization under the capital lease are \$200,000 and \$20,000, respectively. Amortization of leased equipment under capital assets is included with depreciation expense.

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. Subsequent Events

The district anticipates receiving reimbursement from the TECB for the NG 911 equipment purchased and related expenditures. The total cost amounted to \$471,500, of which \$458,852 was capitalized and \$12,648 was expensed. The district paid \$271,500 in cash and financed the remaining \$200,000 through a capital lease agreement (see Note VII.B.3).

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

Benton County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Benton County School Department
June 30, 2013

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Frozen 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)
7-1-11	\$ 13,949	\$ 15,183	\$ 1,234	91.87	% \$ 6,945	17.77 %
7-1-09	10,965	11,355	390	96.56	6,598	5.92
7-1-07	9,933	10,373	440	95.76	5,742	7.66

Exhibit F-2

Benton County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Benton County School Department
June 30, 2013

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Projected Unit Credit (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>PRIMARY GOVERNMENT</u>							
Local Government Group	7-1-09	\$ 0	\$ 137	\$ 137	0%	\$ 3,730	4%
"	7-1-10	0	146	146	0	3,664	4
"	7-1-11	0	110	110	0	3,914	3
Benton County Electric System	7-1-10	0	587	587	0	2,445	24
"	7-1-11	0	465	465	0	2,242	21
"	7-1-12	0	478	478	0	2,183	22
<u>DISCRETELY PRESENTED BENTON COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-09	0	2,054	2,054	0	11,306	18
"	7-1-10	0	2,131	2,131	0	10,445	20
"	7-1-11	0	2,250	2,250	0	10,510	21

BENTON COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2013

BUDGETARY INFORMATION

In prior years, the budgetary statements for the General Fund and major special revenue funds were presented as required supplementary information in the financial statements of its external financial report. Effective for the year ended June 30, 2013, these budgetary statements are presented as part of the basic financial statements. This change in presentation was done to be consistent in the presentation of the information for both municipal and county governments in Tennessee.

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

Other Special Revenue Fund – The Other Special Revenue Fund is used to account for revenues generated by the Tennessee River Resort District Act and expended for tourism.

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

Community Development/Industrial Park Fund – The Community Development/Industrial Park Fund is used to account for bond proceeds and local revenues to be used for the acquisition and construction of a new jail.

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

Exhibit G-1

Benton County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2013

	Special Revenue Funds			Capital Projects Funds				Total Nonmajor Governmental Funds
	Drug Control	Other Special Revenue	Constituti- onal Officers - Fees	Total	General Capital Projects	Community Development/ Industrial Park	Other Capital Projects	
Cash	\$ 0	\$ 0	\$ 929	\$ 929	\$ 0	\$ 0	\$ 0	\$ 929
Equity in Pooled Cash and Investments	27,392	71,215	0	98,607	77,572	265,490	41,598	483,267
Accounts Receivable	0	11	0	11	0	0	0	11
Due from Other Governments	0	13,315	0	13,315	0	0	209,145	222,460
Property Taxes Receivable	0	0	0	0	137,723	0	0	137,723
Allowance for Uncollectible Property Taxes	0	0	0	0	(5,082)	0	0	(5,082)
Total Assets	\$ 27,392	\$ 84,541	\$ 929	\$ 112,862	\$ 210,213	\$ 265,490	\$ 250,743	\$ 726,446
Accounts Payable	\$ 0	\$ 3,505	\$ 0	\$ 3,505	\$ 0	\$ 0	\$ 0	\$ 3,505
Contracts Payable	0	0	0	0	0	0	199,582	199,582
Due to Other Funds	0	0	929	929	0	0	0	929
Total Liabilities	\$ 0	\$ 3,505	\$ 929	\$ 4,434	\$ 0	\$ 0	\$ 199,582	\$ 204,016
Deferred Current Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 129,875	\$ 0	\$ 0	\$ 129,875
Deferred Delinquent Property Taxes	0	0	0	0	2,596	0	0	2,596
Total Deferred Inflows of Resources	\$ 0	\$ 0	\$ 0	\$ 0	\$ 132,471	\$ 0	\$ 0	\$ 132,471
Restricted:								
Restricted for Public Safety	\$ 27,392	\$ 0	\$ 0	\$ 27,392	\$ 0	\$ 0	\$ 0	\$ 27,392
Restricted for Other Operations	0	81,036	0	81,036	0	0	0	81,036
Restricted for Capital Outlay	0	0	0	0	77,723	0	51,161	128,884
Committed:								
Committed for Capital Outlay	0	0	0	0	19	265,490	0	265,509
Total Fund Balances	\$ 27,392	\$ 81,036	\$ 0	\$ 108,428	\$ 77,742	\$ 265,490	\$ 51,161	\$ 502,821
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 27,392	\$ 84,541	\$ 929	\$ 112,862	\$ 210,213	\$ 265,490	\$ 250,743	\$ 726,446

ASSETS

LIABILITIES

DEFERRED INFLOWS OF RESOURCES

FUND BALANCES

Exhibit G-2

Benton County, Tennessee
 Combining Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2013

	Special Revenue Funds			Capital Projects Funds				Total Nonmajor Governmental Funds
	Drug Control	Other Special Revenue	Constituti- onal Officers - Fees	Total	General Capital Projects	Community Development/ Industrial Park	Other Capital Projects	
Revenues								
Local Taxes	\$ 0 \$	0 \$	0 \$	0 \$	83,999 \$	0 \$	0 \$	83,999 \$
Fines, Forfeitures, and Penalties	20,890	0	0	20,890	0	0	0	20,890
Charges for Current Services	0	0	3,075	3,075	0	0	0	3,075
Other Local Revenues	1,817	3,250	0	5,067	0	15,042	0	20,109
State of Tennessee	0	143,634	0	143,634	692,761	0	275,835	968,596
Total Revenues	\$ 22,707 \$	146,884 \$	3,075 \$	172,666 \$	776,760 \$	15,042 \$	275,835 \$	1,067,637 \$
Expenditures								
Current:								
Administration of Justice	\$ 0 \$	0 \$	3,075 \$	3,075 \$	0 \$	0 \$	0 \$	3,075
Public Safety	15,894	0	0	15,894	0	0	0	15,894
Social, Cultural, and Recreational Services	0	10,886	0	10,886	0	0	0	10,886
Other Operations	151	195,091	0	195,242	1,678	151	0	1,829
Capital Projects	0	0	0	0	697,340	5,177	275,037	977,554
Total Expenditures	\$ 16,045 \$	205,977 \$	3,075 \$	225,097 \$	699,018 \$	5,328 \$	275,037 \$	979,383 \$
Excess (Deficiency) of Revenues Over Expenditures	\$ 6,662 \$	(59,093) \$	0 \$	(52,431) \$	77,742 \$	9,714 \$	798 \$	88,254 \$
Other Financing Sources (Uses)								
Transfers In	\$ 0 \$	140,129 \$	0 \$	140,129 \$	0 \$	0 \$	0 \$	140,129
Total Other Financing Sources (Uses)	\$ 0 \$	140,129 \$	0 \$	140,129 \$	0 \$	0 \$	0 \$	140,129
Net Change in Fund Balances Fund Balance, July 1, 2012	\$ 6,662 \$	81,036 \$	0 \$	87,698 \$	77,742 \$	9,714 \$	798 \$	88,254 \$
Fund Balance, June 30, 2013	20,730	0	0	20,730	0	255,776	50,363	306,139
Fund Balance, June 30, 2013	\$ 27,392 \$	81,036 \$	0 \$	108,428 \$	77,742 \$	265,490 \$	51,161 \$	394,393 \$

Exhibit G-3

Benton County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 20,890	\$ 14,495	\$ 16,222	\$ 4,668
Other Local Revenues	1,817	3,525	3,705	(1,888)
Other Governments and Citizens Groups	0	500	500	(500)
Total Revenues	<u>\$ 22,707</u>	<u>\$ 18,520</u>	<u>\$ 20,427</u>	<u>\$ 2,280</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 15,894	\$ 9,100	\$ 31,007	\$ 15,113
<u>Other Operations</u>				
Other Charges	151	213	213	62
<u>Support Services</u>				
Other Student Support	0	5,000	0	0
Total Expenditures	<u>\$ 16,045</u>	<u>\$ 14,313</u>	<u>\$ 31,220</u>	<u>\$ 15,175</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 6,662</u>	<u>\$ 4,207</u>	<u>\$ (10,793)</u>	<u>\$ 17,455</u>
Net Change in Fund Balance	\$ 6,662	\$ 4,207	\$ (10,793)	\$ 17,455
Fund Balance, July 1, 2012	<u>20,730</u>	<u>3,894</u>	<u>18,894</u>	<u>1,836</u>
Fund Balance, June 30, 2013	<u>\$ 27,392</u>	<u>\$ 8,101</u>	<u>\$ 8,101</u>	<u>\$ 19,291</u>

Exhibit G-4

Benton County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Other Special Revenue Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 3,250	\$ 0	\$ 3,218	\$ 32
State of Tennessee	143,634	152,000	152,000	(8,366)
Total Revenues	<u>\$ 146,884</u>	<u>\$ 152,000</u>	<u>\$ 155,218</u>	<u>\$ (8,334)</u>
<u>Expenditures</u>				
<u>Social, Cultural, and Recreational Services</u>				
Parks and Fair Boards	\$ 10,886	\$ 6,300	\$ 15,269	\$ 4,383
<u>Other Operations</u>				
Tourism	193,788	153,308	232,048	38,260
Other Charges	1,303	1,672	1,672	369
Total Expenditures	<u>\$ 205,977</u>	<u>\$ 161,280</u>	<u>\$ 248,989</u>	<u>\$ 43,012</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (59,093)</u>	<u>\$ (9,280)</u>	<u>\$ (93,771)</u>	<u>\$ 34,678</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 140,129	\$ 112,744	\$ 112,765	\$ 27,364
Total Other Financing Sources	<u>\$ 140,129</u>	<u>\$ 112,744</u>	<u>\$ 112,765</u>	<u>\$ 27,364</u>
Net Change in Fund Balance	\$ 81,036	\$ 103,464	\$ 18,994	\$ 62,042
Fund Balance, July 1, 2012	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance, June 30, 2013	<u>\$ 81,036</u>	<u>\$ 103,464</u>	<u>\$ 18,994</u>	<u>\$ 62,042</u>

Exhibit G-5

Benton County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Capital Projects Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 83,999	\$ 80,396	\$ 80,396	\$ 3,603
State of Tennessee	692,761	0	0	692,761
Total Revenues	<u>\$ 776,760</u>	<u>\$ 80,396</u>	<u>\$ 80,396</u>	<u>\$ 696,364</u>
<u>Expenditures</u>				
<u>Other Operations</u>				
Other Charges	\$ 1,678	\$ 0	\$ 0	\$ (1,678)
<u>Capital Projects</u>				
General Administration Projects	692,760	13,344	13,344	(679,416)
Public Safety Projects	80	11,638	11,638	11,558
Public Health and Welfare Projects	4,500	5,000	5,000	500
Total Expenditures	<u>\$ 699,018</u>	<u>\$ 29,982</u>	<u>\$ 29,982</u>	<u>\$ (669,036)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 77,742</u>	<u>\$ 50,414</u>	<u>\$ 50,414</u>	<u>\$ 27,328</u>
Net Change in Fund Balance	\$ 77,742	\$ 50,414	\$ 50,414	\$ 27,328
Fund Balance, July 1, 2012	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance, June 30, 2013	<u>\$ 77,742</u>	<u>\$ 50,414</u>	<u>\$ 50,414</u>	<u>\$ 27,328</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, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 462,668	\$ 512,051	\$ 512,051	\$ (49,383)
Other Local Revenues	3,278	0	3,278	0
Other Governments and Citizens Groups	623,725	627,162	627,162	(3,437)
Total Revenues	<u>\$ 1,089,671</u>	<u>\$ 1,139,213</u>	<u>\$ 1,142,491</u>	<u>\$ (52,820)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 135,000	\$ 135,000	\$ 135,000	\$ 0
Education	13,600	595,483	13,695	95
<u>Interest on Debt</u>				
General Government	177,700	177,700	177,700	0
Education	45,156	230,388	116,209	71,053
<u>Other Debt Service</u>				
General Government	6,572	12,531	12,781	6,209
Education	121,934	1,600	122,334	400
Total Expenditures	<u>\$ 499,962</u>	<u>\$ 1,152,702</u>	<u>\$ 577,719</u>	<u>\$ 77,757</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 589,709</u>	<u>\$ (13,489)</u>	<u>\$ 564,772</u>	<u>\$ 24,937</u>
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 6,350,000	\$ 0	\$ 6,350,000	\$ 0
Premiums on Debt Issued	66,458	0	66,458	0
Transfers In	29,473	0	0	29,473
Payments to Refunded Debt Escrow Agent	(6,994,718)	0	(6,994,718)	0
Total Other Financing Sources	<u>\$ (548,787)</u>	<u>\$ 0</u>	<u>\$ (578,260)</u>	<u>\$ 29,473</u>
Net Change in Fund Balance	\$ 40,922	\$ (13,489)	\$ (13,488)	\$ 54,410
Fund Balance, July 1, 2012	1,085,921	1,063,496	1,063,496	22,425
Fund Balance, June 30, 2013	<u>\$ 1,126,843</u>	<u>\$ 1,050,007</u>	<u>\$ 1,050,008</u>	<u>\$ 76,835</u>

Fiduciary Funds

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

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

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, 2013

	<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	\$ 686,344	\$ 686,344
Due from Other Governments	269,531	0	269,531
Total Assets	<u>\$ 269,531</u>	<u>\$ 686,344</u>	<u>\$ 955,875</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 269,531	\$ 0	\$ 269,531
Due to Litigants, Heirs, and Others	0	686,344	686,344
Total Liabilities	<u>\$ 269,531</u>	<u>\$ 686,344</u>	<u>\$ 955,875</u>

Exhibit I-2

Benton County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2013

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,581,806	\$ 1,581,806	\$ 0
Due from Other Governments	267,178	269,531	267,178	269,531
Total Assets	\$ 267,178	\$ 1,851,337	\$ 1,848,984	\$ 269,531
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 267,178	\$ 1,851,337	\$ 1,848,984	\$ 269,531
Total Liabilities	\$ 267,178	\$ 1,851,337	\$ 1,848,984	\$ 269,531
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 945,543	\$ 3,236,313	\$ 3,495,512	\$ 686,344
Total Assets	\$ 945,543	\$ 3,236,313	\$ 3,495,512	\$ 686,344
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 945,543	\$ 3,236,313	\$ 3,495,512	\$ 686,344
Total Liabilities	\$ 945,543	\$ 3,236,313	\$ 3,495,512	\$ 686,344
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 945,543	\$ 3,236,313	\$ 3,495,512	\$ 686,344
Equity in Pooled Cash and Investments	0	1,581,806	1,581,806	0
Due from Other Governments	267,178	269,531	267,178	269,531
Total Assets	\$ 1,212,721	\$ 5,087,650	\$ 5,344,496	\$ 955,875
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 267,178	\$ 1,851,337	\$ 1,848,984	\$ 269,531
Due to Litigants, Heirs, and Others	945,543	3,236,313	3,495,512	686,344
Total Liabilities	\$ 1,212,721	\$ 5,087,650	\$ 5,344,496	\$ 955,875

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, 2013

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 12,198,464	\$ 0	\$ 1,400,128	\$ (10,798,336)
Support Services	7,122,462	52,090	680,946	(6,389,426)
Operation of Non-Instructional Services	1,690,995	268,789	1,344,401	(77,805)
Other Debt Service	339,161	0	0	(339,161)
Total Governmental Activities	\$ 21,351,082	\$ 320,879	\$ 3,425,475	\$ (17,604,728)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 3,955,273
Local Option Sales Taxes				1,888,012
Other Local Taxes				1,473
Grants and Contributions Not Restricted to Specific Programs				11,654,290
Miscellaneous				38,922
Total General Revenues				\$ 17,537,970
Change in Net Position				\$ (66,758)
Net Position, July 1, 2012				16,372,352
Net Position, June 30, 2013				<u>\$ 16,305,594</u>

Exhibit J-2

Benton County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Benton County School Department
June 30, 2013

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 301	\$ 301
Equity in Pooled Cash and Investments	3,418,127	472,354	3,890,481
Due from Other Governments	448,937	0	448,937
Property Taxes Receivable	4,186,917	0	4,186,917
Allowance for Uncollectible Property Taxes	(184,685)	0	(184,685)
Total Assets	<u>\$ 7,869,296</u>	<u>\$ 472,655</u>	<u>\$ 8,341,951</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 8,318	\$ 0	\$ 8,318
Contracts Payable	21,046	0	21,046
Due to Primary Government	58,835	0	58,835
Total Liabilities	<u>\$ 88,199</u>	<u>\$ 0</u>	<u>\$ 88,199</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 3,872,663	\$ 0	\$ 3,872,663
Deferred Delinquent Property Taxes	121,586	0	121,586
Other Deferred/Unavailable Revenue	136,854	0	136,854
Total Deferred Inflows of Resources	<u>\$ 4,131,103</u>	<u>\$ 0</u>	<u>\$ 4,131,103</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 2,814	\$ 1,927	\$ 4,741
Restricted for Operation of Non-Instructional Services	0	470,728	470,728
Assigned:			
Assigned for Education	307,532	0	307,532
Unassigned	3,339,648	0	3,339,648
Total Fund Balances	<u>\$ 3,649,994</u>	<u>\$ 472,655</u>	<u>\$ 4,122,649</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 7,869,296</u>	<u>\$ 472,655</u>	<u>\$ 8,341,951</u>

Exhibit J-3

Benton County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
Discretely Presented Benton County School Department
June 30, 2013

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

Total fund balances - balance sheet - governmental funds (Exhibit J-2)		\$	4,122,649
(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		10,940,631	
Add: other capital assets net of accumulated depreciation		<u>946,899</u>	12,366,735
(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			(442,230)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>258,440</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>16,305,594</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, 2013

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General	Other	Total
	Purpose	Govern-	Governmental
	School	mental	Funds
	Funds	Funds	Funds
<u>Revenues</u>			
Local Taxes	\$ 6,074,086	\$ 0	\$ 6,074,086
Licenses and Permits	1,683	0	1,683
Charges for Current Services	49,900	270,979	320,879
Other Local Revenues	37,798	4,382	42,180
State of Tennessee	12,003,589	13,752	12,017,341
Federal Government	54,345	2,715,680	2,770,025
Other Governments and Citizens Groups	6,552	0	6,552
Total Revenues	<u>\$ 18,227,953</u>	<u>\$ 3,004,793</u>	<u>\$ 21,232,746</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 10,480,616	\$ 1,190,977	\$ 11,671,593
Support Services	6,100,169	430,626	6,530,795
Operation of Non-Instructional Services	277,324	1,378,280	1,655,604
Capital Outlay	537,744	0	537,744
Debt Service:			
Other Debt Service	339,161	0	339,161
Total Expenditures	<u>\$ 17,735,014</u>	<u>\$ 2,999,883</u>	<u>\$ 20,734,897</u>
Excess (Deficiency) of Revenues			
Over Expenditures	<u>\$ 492,939</u>	<u>\$ 4,910</u>	<u>\$ 497,849</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 1,086	\$ 0	\$ 1,086
Transfers In	23,227	0	23,227
Transfers Out	0	(23,227)	(23,227)
Total Other Financing Sources (Uses)	<u>\$ 24,313</u>	<u>\$ (23,227)</u>	<u>\$ 1,086</u>
Net Change in Fund Balances	\$ 517,252	\$ (18,317)	\$ 498,935
Fund Balance, July 1, 2012	<u>3,132,742</u>	<u>490,972</u>	<u>3,623,714</u>
Fund Balance, June 30, 2013	<u>\$ 3,649,994</u>	<u>\$ 472,655</u>	<u>\$ 4,122,649</u>

Exhibit J-5

Benton County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Benton County School Department
For the Year Ended June 30, 2013

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)		\$ 498,935
<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	\$ 52,001	
Less: current-year depreciation expense	<u>(611,513)</u>	(559,512)
<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, 2013	\$ 258,440	
Less: deferred delinquent property taxes and other deferred June 30, 2012	<u>(206,862)</u>	51,578
<p>(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.</p>		
Change in other postemployment benefits liability		<u>(57,759)</u>
Change in net position of governmental activities (Exhibit B)		<u><u>\$ (66,758)</u></u>

Exhibit J-6

Benton County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Benton County School Department
June 30, 2013

	<u>Special Revenue Funds</u>		Total
	School	Central	Nonmajor
	Federal	Cafeteria	Governmental
	Projects		Funds
	<hr/>		<hr/>
<u>ASSETS</u>			
Cash	\$ 0	\$ 301	\$ 301
Equity in Pooled Cash and Investments	1,927	470,427	472,354
	<hr/>		<hr/>
Total Assets	\$ 1,927	\$ 470,728	\$ 472,655
	<hr/> <hr/>		<hr/> <hr/>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 1,927	\$ 0	\$ 1,927
Restricted for Operation of Non-Instructional Services	0	470,728	470,728
	<hr/>		<hr/>
Total Fund Balances	\$ 1,927	\$ 470,728	\$ 472,655
	<hr/> <hr/>		<hr/> <hr/>

Exhibit J-7

Benton County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Benton County School Department
For the Year Ended June 30, 2013

	<u>Special Revenue Funds</u>		Total
	School	Central	Nonmajor
	Federal	Cafeteria	Governmental
	Projects		Funds
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 270,979	\$ 270,979
Other Local Revenues	0	4,382	4,382
State of Tennessee	0	13,752	13,752
Federal Government	1,643,086	1,072,594	2,715,680
Total Revenues	<u>\$ 1,643,086</u>	<u>\$ 1,361,707</u>	<u>\$ 3,004,793</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 1,190,977	\$ 0	\$ 1,190,977
Support Services	430,626	0	430,626
Operation of Non-Instructional Services	0	1,378,280	1,378,280
Total Expenditures	<u>\$ 1,621,603</u>	<u>\$ 1,378,280</u>	<u>\$ 2,999,883</u>
Excess (Deficiency) of Revenues			
Over Expenditures	<u>\$ 21,483</u>	<u>\$ (16,573)</u>	<u>\$ 4,910</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (23,227)	\$ 0	\$ (23,227)
Total Other Financing Sources (Uses)	<u>\$ (23,227)</u>	<u>\$ 0</u>	<u>\$ (23,227)</u>
Net Change in Fund Balances			
Fund Balance, July 1, 2012	\$ 3,671	\$ 487,301	\$ 490,972
Fund Balance, June 30, 2013	<u>\$ 1,927</u>	<u>\$ 470,728</u>	<u>\$ 472,655</u>

Exhibit J-8

Benton County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Benton County School Department
General Purpose School Fund
For the Year Ended June 30, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 6,074,086	\$ 0	\$ 0	\$ 6,074,086	\$ 5,984,717	\$ 5,983,682	\$ 90,404
Licenses and Permits	1,683	0	0	1,683	100	1,135	548
Charges for Current Services	49,900	0	0	49,900	41,100	41,100	8,800
Other Local Revenues	37,798	0	0	37,798	28,300	42,979	(5,181)
State of Tennessee	12,003,589	0	0	12,003,589	11,804,527	11,958,561	45,028
Federal Government	54,345	0	0	54,345	73,564	85,430	(31,085)
Other Governments and Citizens Groups	6,552	0	0	6,552	5,000	5,000	1,552
Total Revenues	\$ 18,227,953	\$ 0	\$ 0	\$ 18,227,953	\$ 17,937,308	\$ 18,117,887	\$ 110,066
Expenditures							
<u>Instruction</u>							
Regular Instruction Program	\$ 8,606,208	\$ 0	\$ 8,335	\$ 8,614,543	\$ 8,781,597	\$ 8,805,100	\$ 190,557
Special Education Program	1,108,694	0	0	1,108,694	1,144,693	1,141,786	33,092
Vocational Education Program	645,489	0	0	645,489	654,579	654,578	9,089
Adult Education Program	120,225	0	0	120,225	131,641	141,005	20,780
<u>Support Services</u>							
Attendance	87,268	0	0	87,268	87,717	87,717	449
Health Services	262,497	(1,000)	0	261,497	275,627	283,292	21,795
Other Student Support	301,569	0	0	301,569	313,130	313,130	11,561
Regular Instruction Program	626,562	0	0	626,562	633,106	633,106	6,544
Special Education Program	98,246	0	0	98,246	96,132	99,039	793
Vocational Education Program	132,450	0	382	132,832	134,231	134,231	1,399
Adult Programs	83,279	0	0	83,279	82,755	86,901	3,622
Other Programs	103,252	0	0	103,252	0	103,252	0
Board of Education	389,733	0	0	389,733	503,172	503,172	113,439
Director of Schools	125,456	0	0	125,456	127,624	127,624	2,168
Office of the Principal	953,843	0	0	953,843	964,519	964,519	10,676
Fiscal Services	164,678	0	0	164,678	165,823	165,823	1,145

(Continued)

Exhibit J-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Operation of Plant	\$ 1,218,988	\$ 0	\$ 5,700	\$ 1,224,688	\$ 1,433,438	\$ 1,433,438	\$ 208,750
Maintenance of Plant	542,062	0	10,053	552,115	541,646	554,606	2,491
Transportation	918,623	0	0	918,623	951,682	951,682	33,059
Central and Other	91,663	0	0	91,663	92,584	92,584	921
<u>Operation of Non-Instructional Services</u>							
Food Service	58,207	0	0	58,207	72,414	72,414	14,207
Community Services	2,000	0	0	2,000	2,000	2,000	0
Early Childhood Education	217,117	0	0	217,117	225,268	225,268	8,151
<u>Capital Outlay</u>							
Regular Capital Outlay	537,744	(324,645)	283,062	496,161	180,030	825,364	329,203
<u>Other Debt Service</u>							
Education	339,161	0	0	339,161	0	375,000	35,839
Total Expenditures	\$ 17,735,014	\$ (325,645)	\$ 307,532	\$ 17,716,901	\$ 17,595,408	\$ 18,776,631	\$ 1,059,730
Excess (Deficiency) of Revenues Over Expenditures	\$ 492,939	\$ 325,645	\$ (307,532)	\$ 511,052	\$ 341,900	\$ (658,744)	\$ 1,169,796
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 1,086	\$ 0	\$ 0	\$ 1,086	\$ 100	\$ 100	\$ 986
Transfers In	23,227	0	0	23,227	33,000	33,000	(9,773)
Transfers Out	0	0	0	0	(375,000)	0	0
Total Other Financing Sources	\$ 24,313	\$ 0	\$ 0	\$ 24,313	\$ (341,900)	\$ 33,100	\$ (8,787)
Net Change in Fund Balance Fund Balance, July 1, 2012	\$ 517,252	\$ 325,645	\$ (307,532)	\$ 535,365	\$ 0	\$ (625,644)	\$ 1,161,009
Fund Balance, July 1, 2012	\$ 3,132,742	\$ (325,645)	\$ 0	\$ 2,807,097	\$ 3,283,739	\$ 3,283,739	\$ (476,642)
Fund Balance, June 30, 2013	\$ 3,649,994	\$ 0	\$ (307,532)	\$ 3,342,462	\$ 3,283,739	\$ 2,658,095	\$ 684,367

Exhibit J-9

Benton County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Benton County School Department
School Federal Projects Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 1,643,086	\$ 1,862,701	\$ 1,892,506	\$ (249,420)
Total Revenues	\$ 1,643,086	\$ 1,862,701	\$ 1,892,506	\$ (249,420)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 703,782	\$ 788,413	\$ 788,981	\$ 85,199
Special Education Program	455,278	497,434	525,525	70,247
Vocational Education Program	31,917	30,290	31,917	0
<u>Support Services</u>				
Other Student Support	114,561	124,048	122,780	8,219
Regular Instruction Program	189,255	262,924	262,147	72,892
Special Education Program	70,986	82,669	82,950	11,964
Vocational Education Program	441	1,200	441	0
Transportation	55,383	52,182	55,678	295
Total Expenditures	\$ 1,621,603	\$ 1,839,160	\$ 1,870,419	\$ 248,816
Excess (Deficiency) of Revenues Over Expenditures	\$ 21,483	\$ 23,541	\$ 22,087	\$ (604)
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (23,227)	\$ (25,497)	\$ (27,555)	\$ 4,328
Total Other Financing Sources	\$ (23,227)	\$ (25,497)	\$ (27,555)	\$ 4,328
Net Change in Fund Balance	\$ (1,744)	\$ (1,956)	\$ (5,468)	\$ 3,724
Fund Balance, July 1, 2012	3,671	3,671	5,468	(1,797)
Fund Balance, June 30, 2013	\$ 1,927	\$ 1,715	\$ 0	\$ 1,927

Exhibit J-10

Benton County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Benton County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 270,979	\$ 390,600	\$ 390,600	\$ (119,621)
Other Local Revenues	4,382	10,000	10,000	(5,618)
State of Tennessee	13,752	15,000	15,000	(1,248)
Federal Government	1,072,594	1,116,400	1,122,040	(49,446)
Total Revenues	<u>\$ 1,361,707</u>	<u>\$ 1,532,000</u>	<u>\$ 1,537,640</u>	<u>\$ (175,933)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,378,280	\$ 1,532,000	\$ 1,537,640	\$ 159,360
Total Expenditures	<u>\$ 1,378,280</u>	<u>\$ 1,532,000</u>	<u>\$ 1,537,640</u>	<u>\$ 159,360</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (16,573)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (16,573)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 13,000	\$ 0	\$ 0
Transfers Out	0	(13,000)	0	0
Total Other Financing Sources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (16,573)	\$ 0	\$ 0	\$ (16,573)
Fund Balance, July 1, 2012	487,301	477,403	477,403	9,898
Fund Balance, June 30, 2013	<u>\$ 470,728</u>	<u>\$ 477,403</u>	<u>\$ 477,403</u>	<u>\$ (6,675)</u>

MISCELLANEOUS SCHEDULES

Exhibit K-1

Benton County, Tennessee
Schedule of Changes in Long-term Other Loan, Capital Leases, and Bonds
For the Year Ended June 30, 2013

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-12	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-13
<u>OTHER LOAN PAYABLE</u>									
Payable through General Debt Service Fund									
Qualified Zone Academy Bonds:									
Career and Technical Center	\$ 204,000	0 %	7-7-06	12-28-20	\$ 122,400	0 \$	13,600 \$	0 \$	108,800
Total Other Loan Payable					\$ 122,400	0 \$	13,600 \$	0 \$	108,800
<u>CAPITAL LEASES PAYABLE</u>									
Payable through General Fund									
Sheriff's Patrol Cars	79,334	6	1-12-11	1-12-13	\$ 26,416	0 \$	26,416 \$	0 \$	0
Sheriff's Department Truck	35,920	6.45	3-13-13	3-13-16	0	35,920	9,837	0	26,083
Total Capital Leases Payable					\$ 26,416	35,920 \$	36,253 \$	0 \$	26,083
<u>BONDS PAYABLE</u>									
Payable through General Debt Service Fund									
School Bonds, Series 2003 Refunding	9,020,000	3.5	6-12-03	10-31-12	\$ 6,875,000	0 \$	0 \$	6,875,000 \$	0
Jail Bonds, Series 2007	5,000,000	4	10-1-07	10-1-32	4,510,000	0	135,000	0	4,375,000
School Bonds, Series 2012 Refunding	6,350,000	1 to 2	10-31-12	12-1-21	0	6,350,000	0	0	6,350,000
Total Bonds Payable					\$ 11,385,000	6,350,000 \$	135,000 \$	6,875,000 \$	10,725,000

Exhibit K-2

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

Year Ending June 30	Other Loan		
	Principal	Other Fees	Total
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	\$ 108,800	\$ 520	\$ 109,320

Year Ending June 30	Capital Lease		
	Principal	Interest	Total
2014	\$ 8,157	\$ 1,682	\$ 9,839
2015	8,683	1,156	9,839
2016	9,243	596	9,839
Total	\$ 26,083	\$ 3,434	\$ 29,517

Year Ending June 30	Bonds		
	Principal	Interest	Total
2014	\$ 820,000	\$ 245,844	\$ 1,065,844
2015	830,000	233,319	1,063,319
2016	850,000	220,419	1,070,419
2017	860,000	207,144	1,067,144
2018	870,000	193,619	1,063,619
2019	885,000	179,744	1,064,744
2020	895,000	161,944	1,056,944
2021	915,000	142,409	1,057,409
2022	930,000	124,212	1,054,212
2023	205,000	110,700	315,700
2024	215,000	102,300	317,300
2025	225,000	93,500	318,500
2026	235,000	84,300	319,300
2027	245,000	74,700	319,700
2028	260,000	64,600	324,600
2029	270,000	54,000	324,000
2030	285,000	42,900	327,900
2031	295,000	31,300	326,300
2032	310,000	19,200	329,200
2033	325,000	6,500	331,500
Total	\$ 10,725,000	\$ 2,392,654	\$ 13,117,654

Exhibit K-3

Benton County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Benton County School Department
For the Year Ended June 30, 2013

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	General Debt Service	Debt payments	\$ 29,473
"	Other Special Revenue	Operations	140,129
Public Utility	General	Payment in-lieu-of taxes	<u>281,957</u>
Total Transfers Primary Government			<u>\$ 451,559</u>
<u>DISCRETELY PRESENTED BENTON COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	<u>\$ 23,227</u>
Total Transfers Discretely Presented Benton County School Department			<u>\$ 23,227</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, 2013

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 67,843	\$ 50,000	RLI Insurance Company
Road Supervisor	Section 8-24-102, TCA	64,613	100,000	"
Director of Schools	State Board of Education and Benton County	94,338	50,000	"
Trustee	Board of Education			
Assessor of Property	Section 8-24-102, TCA	58,739	744,800	"
County Clerk	Section 8-24-102, TCA	58,739	50,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, TCA	58,739	50,000	"
Clerk and Master	Section 8-24-102, TCA, and Chancery Court Judge	58,739 (1)	50,000	"
Register of Deeds	Section 8-24-102, TCA	58,739	25,000	"
Sheriff	Section 8-24-102, TCA	64,813 (2)	25,000	"
Employee Blanket Bond:				
County Mayor and Road Supervisor:				
All Employees			150,000	Tennessee Risk Management Trust
Schools Employees' Blanket Bond			150,000	"

(1) Does not include special commissioner fees of \$3,075.

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

Exhibit K-5

Benton County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2013

	Special Revenue Funds				
	General	Drug Control	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 2,427,555	\$ 0	\$ 0	\$ 0	\$ 211,584
Trustee's Collections - Prior Year	76,174	0	0	0	6,593
Circuit/Clerk & Master Collections - Prior Years	77,874	0	0	0	6,750
Interest and Penalty	16,420	0	0	0	1,454
Payments in-Lieu-of Taxes - T.V.A.	7,320	0	0	0	0
Payments in-Lieu-of Taxes - Other	1,116	0	0	0	52
<u>County Local Option Taxes</u>					
Local Option Sales Tax	32,369	0	0	0	0
Hotel/Motel Tax	34,120	0	0	0	0
Litigation Tax - General	70,108	0	0	0	0
Litigation Tax - Special Purpose	20,940	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	103,059	0	0	0	0
Business Tax	125,426	0	0	0	0
Mineral Severance Tax	36,451	0	0	0	93,175
Other County Local Option Taxes	7,763	0	0	0	0
<u>Statutory Local Taxes</u>					
Bank Excise Tax	61,698	0	0	0	0
Wholesale Beer Tax	99,131	0	0	0	0
Beer Privilege Tax	900	0	0	0	0
Interstate Telecommunications Tax	1,053	0	0	0	0
Total Local Taxes	\$ 3,199,477	\$ 0	\$ 0	\$ 0	\$ 319,608
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Animal Vaccination	\$ 14,630	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	4,862	0	0	0	0
<u>Permits</u>					
Beer Permits	500	0	0	0	0
Other Permits	4,106	0	0	0	0
Total Licenses and Permits	\$ 24,098	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 11,583	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	3,925	0	0	0	0
Drug Control Fines	1	5,170	0	0	0

(Continued)

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

	Special Revenue Funds				
	General	Drug Control	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>Circuit Court (Cont.)</u>					
Drug Court Fees	\$ 1,540	\$ 0	\$ 0	\$ 0	\$ 0
Jail Fees	8,198	0	0	0	0
DUI Treatment Fines	332	0	0	0	0
Data Entry Fee - Circuit Court	862	0	0	0	0
Victims Assistance Assessments	1,848	0	0	0	0
<u>General Sessions Court</u>					
Fines	22,485	0	0	0	0
Officers Costs	55,434	0	0	0	0
Drug Control Fines	0	15,720	0	0	0
Drug Court Fees	5,418	0	0	0	0
Jail Fees	30,191	0	0	0	0
DUI Treatment Fines	4,988	0	0	0	0
Data Entry Fee - General Sessions Court	9,153	0	0	0	0
Courtroom Security Fee	541	0	0	0	0
Victims Assistance Assessments	17,355	0	0	0	0
<u>Juvenile Court</u>					
Fines	1,327	0	0	0	0
<u>Chancery Court</u>					
Officers Costs	1,051	0	0	0	0
Data Entry Fee - Chancery Court	1,886	0	0	0	0
Courtroom Security Fee	3,449	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	16,823	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 198,390	\$ 20,890	\$ 0	\$ 0	\$ 0
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Surcharge - Host Agency Fees	\$ 497,132	\$ 0	\$ 0	\$ 0	\$ 0
Copy Fees	4,861	0	0	0	0
Library Fees	4,062	0	0	0	0
Telephone Commissions	17,636	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	3,075	0
Data Processing Fee - Register	6,280	0	0	0	0
Sexual Offender Registration Fees - Sheriff	3,750	0	0	0	0
Data Processing Fee - County Clerk	160	0	0	0	0
Total Charges for Current Services	\$ 533,881	\$ 0	\$ 0	\$ 3,075	\$ 0

(Continued)

Exhibit K-5

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

	Special Revenue Funds				
	General	Drug Control	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 70,694	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	73,157	0	0	0	0
Sale of Materials and Supplies	721	0	0	0	8,453
Commissary Sales	7,048	0	0	0	0
Sale of Gasoline	99,126	0	0	0	12,264
Sale of Recycled Materials	1,486	0	0	0	2,764
Miscellaneous Refunds	19,940	90	3,250	0	7,431
<u>Nonrecurring Items</u>					
Sale of Equipment	20,784	0	0	0	0
Sale of Property	10,055	0	0	0	0
Damages Recovered from Individuals	2,866	1,727	0	0	0
Contributions and Gifts	2,137	0	0	0	0
<u>Other Local Revenues</u>					
Other Local Revenues	3,135	0	0	0	0
Total Other Local Revenues	\$ 311,149	\$ 1,817	\$ 3,250	\$ 0	\$ 30,912
<u>Fees Received from County Officials</u>					
<u>Fees in-Lieu-of Salary</u>					
County Clerk	\$ 161,546	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	37,895	0	0	0	0
General Sessions Court Clerk	147,275	0	0	0	0
Clerk and Master	88,048	0	0	0	0
Register	69,053	0	0	0	0
Sheriff	11,592	0	0	0	0
Trustee	268,668	0	0	0	0
Total Fees Received from County Officials	\$ 784,077	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 88,906	\$ 0	\$ 0	\$ 0	\$ 0
Airport Maintenance Program	2,046	0	0	0	0
Aging Programs	54,976	0	0	0	0
Solid Waste Grants	8,920	0	0	0	0
Public Safety Grants					
Law Enforcement Training Programs	10,200	0	0	0	0

(Continued)

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

	Special Revenue Funds				
	General	Drug Control	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works
<u>State of Tennessee (Cont.)</u>					
<u>Health and Welfare Grants</u>					
Public Works Grants					
Bridge Program	0	0	0	0	92,182
Litter Program	27,632	0	0	0	0
<u>Other State Revenues</u>					
Income Tax	25,788	0	0	0	0
Resort District Sales Tax	170,754	0	143,634	0	0
Beer Tax	9,800	0	0	0	0
Alcoholic Beverage Tax	37,930	0	0	0	0
Mixed Drink Tax	827	0	0	0	0
State Revenue Sharing - T.V.A.	1,543,401	0	0	0	50,000
Emergency Hospital - Prisoners	15,795	0	0	0	0
Prisoner Transportation	691	0	0	0	0
Contracted Prisoner Boarding	490,116	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	1,523,968
Petroleum Special Tax	0	0	0	0	11,898
Registrar's Salary Supplement	15,164	0	0	0	0
Other State Grants	2,054	0	0	0	0
Total State of Tennessee	\$ 2,520,406 \$	0 \$	143,634 \$	0 \$	1,678,048
<u>Federal Government</u>					
Federal Through State					
Disaster Relief	0 \$	0 \$	0 \$	0 \$	162,896
Homeland Security Grants	104,596	0	0	0	0
Total Federal Government	\$ 104,596 \$	0 \$	0 \$	0 \$	162,896
<u>Other Governments and Citizens Groups</u>					
Other Governments					
Contributions	34,447	0	0	0	0
Citizens Groups	18,405	0	0	0	0
Donations	52,852	0	0	0	0
Total Other Governments and Citizens Groups	\$ 7,728,926 \$	22,707 \$	146,884 \$	3,075 \$	2,191,464
Total					

(Continued)

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

	Debt Service Fund		Capital Projects Funds				Total
	General Debt Service	General Capital Projects	General Capital Projects	Community Development/Industrial Park	Other Capital Projects		
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 178,169	\$ 77,943	\$ 0	\$ 0	\$ 0	\$ 2,895,251	
Trustee's Collections - Prior Year	4,600	2,782	0	0	0	90,149	
Circuit/Clerk & Master Collections - Prior Years	5,018	2,733	0	0	0	92,375	
Interest and Penalty	1,288	522	0	0	0	19,684	
Payments in-Lieu-of Taxes - T.V.A.	0	0	0	0	0	7,320	
Payments in-Lieu-of Taxes - Other	44	19	0	0	0	1,231	
<u>County Local Option Taxes</u>							
Local Option Sales Tax	273,549	0	0	0	0	305,918	
Hotel/Motel Tax	0	0	0	0	0	34,120	
Litigation Tax - General	0	0	0	0	0	70,108	
Litigation Tax - Special Purpose	0	0	0	0	0	20,940	
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	103,059	
Business Tax	0	0	0	0	0	125,426	
Mineral Severance Tax	0	0	0	0	0	129,626	
Other County Local Option Taxes	0	0	0	0	0	7,763	
<u>Statutory/Local Taxes</u>							
Bank Excise Tax	0	0	0	0	0	61,698	
Wholesale Beer Tax	0	0	0	0	0	99,131	
Beer Privilege Tax	0	0	0	0	0	900	
Interstate Telecommunications Tax	0	0	0	0	0	1,053	
Total Local Taxes	\$ 462,668	\$ 83,999	\$ 0	\$ 0	\$ 0	\$ 4,065,752	
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Animal Vaccination	0	0	0	0	0	14,630	
Cable TV Franchise	0	0	0	0	0	4,862	
<u>Permits</u>							
Beer Permits	0	0	0	0	0	500	
Other Permits	0	0	0	0	0	4,106	
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 24,098	
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Fines	0	0	0	0	0	11,583	
Officers Costs	0	0	0	0	0	3,925	
Drug Control Fines	0	0	0	0	0	5,171	

(Continued)

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

	Debt Service Fund	Capital Projects Funds				Total
		General Debt Service	General Capital Projects	Community Development/Industrial Park	Other Capital Projects	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Circuit Court (Cont.)</u>						
Drug Court Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,540	
Jail Fees	0	0	0	0	8,198	
DUI Treatment Fines	0	0	0	0	332	
Data Entry Fee - Circuit Court	0	0	0	0	862	
Victims Assistance Assessments	0	0	0	0	1,848	
<u>General Sessions Court</u>						
Fines	0	0	0	0	22,485	
Officers Costs	0	0	0	0	55,434	
Drug Control Fines	0	0	0	0	15,720	
Drug Court Fees	0	0	0	0	5,418	
Jail Fees	0	0	0	0	30,191	
DUI Treatment Fines	0	0	0	0	4,988	
Data Entry Fee - General Sessions Court	0	0	0	0	9,153	
Courtroom Security Fee	0	0	0	0	541	
Victims Assistance Assessments	0	0	0	0	17,355	
<u>Juvenile Court</u>						
Fines	0	0	0	0	1,327	
<u>Chancery Court</u>						
Officers Costs	0	0	0	0	1,051	
Data Entry Fee - Chancery Court	0	0	0	0	1,886	
Courtroom Security Fee	0	0	0	0	3,449	
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	0	0	16,823	
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 219,280	
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Surcharge - Host Agency Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 497,132	
Copy Fees	0	0	0	0	4,861	
Library Fees	0	0	0	0	4,062	
Telephone Commissions	0	0	0	0	17,636	
Constitutional Officers' Fees and Commissions	0	0	0	0	3,075	
Data Processing Fee - Register	0	0	0	0	6,280	
Sexual Offender Registration Fees - Sheriff	0	0	0	0	3,750	
Data Processing Fee - County Clerk	0	0	0	0	160	
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 536,956	

(Continued)

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

	Capital Projects Funds					Total
	Debt Service Fund	General Capital Projects	Community Development/Industrial Park	Other Capital Projects		
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 3,278	\$ 0	\$ 231	\$ 0	\$ 0	\$ 74,203
Lease/Rentals	0	0	14,809	0	0	87,966
Sale of Materials and Supplies	0	0	0	0	0	9,174
Commissary Sales	0	0	0	0	0	7,048
Sale of Gasoline	0	0	0	0	0	111,390
Sale of Recycled Materials	0	0	0	0	0	4,250
Miscellaneous Refunds	0	0	2	0	0	30,713
<u>Nonrecurring Items</u>						
Sale of Equipment	0	0	0	0	0	20,784
Sale of Property	0	0	0	0	0	10,055
Damages Recovered from Individuals	0	0	0	0	0	4,593
Contributions and Gifts	0	0	0	0	0	2,137
<u>Other Local Revenues</u>						
Other Local Revenues	0	0	0	0	0	3,135
Total Other Local Revenues	\$ 3,278	\$ 0	\$ 15,042	\$ 0	\$ 0	\$ 365,448
<u>Fees Received from County Officials</u>						
<u>Fees in-Lieu-of Salary</u>						
County Clerk	0	0	0	0	0	161,546
Circuit Court Clerk	0	0	0	0	0	37,895
General Sessions Court Clerk	0	0	0	0	0	147,275
Clerk and Master	0	0	0	0	0	88,048
Register	0	0	0	0	0	69,053
Sheriff	0	0	0	0	0	11,592
Trustee	0	0	0	0	0	268,668
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 784,077
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	0	0	0	0	0	88,906
Airport Maintenance Program	0	0	0	275,835	0	277,881
Aging Programs	0	0	0	0	0	54,976
Solid Waste Grants	0	0	0	0	0	8,920
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	0	0	0	0	0	10,200

(Continued)

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

	Debt Service Fund		Capital Projects Funds				Total
	General Debt Service	General Capital Projects	General Capital Projects	Community Development/Industrial Park	Other Capital Projects		
<u>State of Tennessee (Cont.)</u>							
<u>Health and Welfare Grants</u>							
Health Department Programs	0	0	0	0	0	15,406	
<u>Public Works Grants</u>							
Bridge Program	0	0	0	0	0	92,182	
Litter Program	0	0	0	0	0	27,632	
<u>Other State Revenues</u>							
Income Tax	0	0	0	0	0	25,788	
Resort District Sales Tax	0	0	0	0	0	314,388	
Beer Tax	0	0	0	0	0	9,800	
Alcoholic Beverage Tax	0	0	0	0	0	37,930	
Mixed Drink Tax	0	0	0	0	0	827	
State Revenue Sharing - T.V.A.	0	0	0	0	0	1,593,401	
Emergency Hospital - Prisoners	0	0	0	0	0	15,795	
Prisoner Transportation	0	0	0	0	0	691	
Contracted Prisoner Boarding	0	0	0	0	0	490,116	
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,523,968	
Petroleum Special Tax	0	0	0	0	0	11,898	
Registrar's Salary Supplement	0	0	0	0	0	15,164	
Other State Grants	0	692,761	0	0	0	694,815	
Total State of Tennessee	0	692,761	0	0	275,835	5,310,684	
<u>Federal Government</u>							
<u>Federal Through State</u>							
Disaster Relief	0	0	0	0	0	162,896	
Homeland Security Grants	0	0	0	0	0	104,596	
Total Federal Government	0	0	0	0	0	267,492	
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Contributions	623,725	0	0	0	0	658,172	
Citizens Groups	0	0	0	0	0	18,405	
Donations	0	0	0	0	0	0	
Total Other Governments and Citizens Groups	623,725	0	0	0	0	676,577	
Total	1,089,671	776,760	15,042	275,835	12,250,364		

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, 2013

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 3,652,453	\$ 0	\$ 0	\$ 3,652,453
Trustee's Collections - Prior Year	113,726	0	0	113,726
Circuit/Clerk & Master Collections - Prior Years	116,534	0	0	116,534
Interest and Penalty	24,832	0	0	24,832
Payments in-Lieu-of Taxes - Local Utilities	280,000	0	0	280,000
Payments in-Lieu-of Taxes - Other	906	0	0	906
<u>County Local Option Taxes</u>				
Local Option Sales Tax	1,884,229	0	0	1,884,229
<u>Statutory Local Taxes</u>				
Interstate Telecommunications Tax	1,406	0	0	1,406
Total Local Taxes	\$ 6,074,086	\$ 0	\$ 0	\$ 6,074,086
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 1,435	\$ 0	\$ 0	\$ 1,435
<u>Permits</u>				
Other Permits	248	0	0	248
Total Licenses and Permits	\$ 1,683	\$ 0	\$ 0	\$ 1,683
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Lunch Payments - Children	\$ 0	\$ 0	\$ 157,478	\$ 157,478
Lunch Payments - Adults	0	0	39,777	39,777
Income from Breakfast	0	0	12	12
A la carte Sales	0	0	71,522	71,522
Receipts from Individual Schools	49,900	0	0	49,900
<u>Other Charges for Services</u>				
Other Charges for Services	0	0	2,190	2,190
Total Charges for Current Services	\$ 49,900	\$ 0	\$ 270,979	\$ 320,879
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 3,258	\$ 3,258
Refund of Telecommunication and Internet Fees (E-Rate)	21,530	0	0	21,530
Miscellaneous Refunds	15,654	0	729	16,383
<u>Nonrecurring Items</u>				
Damages Recovered from Individuals	614	0	0	614
Contributions and Gifts	0	0	395	395
Total Other Local Revenues	\$ 37,798	\$ 0	\$ 4,382	\$ 42,180

(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	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 103,252	\$ 0	\$ 0	\$ 103,252
<u>State Education Funds</u>				
Basic Education Program	11,250,149	0	0	11,250,149
Early Childhood Education	254,797	0	0	254,797
School Food Service	0	0	13,752	13,752
Energy Efficient School Initiative	19,118	0	0	19,118
Other State Education Funds	130,153	0	0	130,153
Statewide Student Management System (SSMS) - ARRA	5,951	0	0	5,951
Career Ladder Program	100,029	0	0	100,029
Career Ladder - Extended Contract	22,400	0	0	22,400
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	115,000	0	0	115,000
Other State Grants	2,740	0	0	2,740
Total State of Tennessee	\$ 12,003,589	\$ 0	\$ 13,752	\$ 12,017,341
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 646,665	\$ 646,665
USDA - Commodities	0	0	75,375	75,375
Breakfast	0	0	350,554	350,554
Adult Education State Grant Program	54,345	0	0	54,345
Vocational Education - Basic Grants to States	0	43,034	0	43,034
Title I Grants to Local Education Agencies	0	690,251	0	690,251
Special Education - Grants to States	0	571,124	0	571,124
Special Education Preschool Grants	0	18,307	0	18,307
Rural Education	0	68,168	0	68,168
Eisenhower Professional Development State Grants	0	105,065	0	105,065
Race-to-the-Top - ARRA	0	145,462	0	145,462
Other Federal through State	0	1,675	0	1,675
Total Federal Government	\$ 54,345	\$ 1,643,086	\$ 1,072,594	\$ 2,770,025
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 6,552	\$ 0	\$ 0	\$ 6,552
Total Other Governments and Citizens Groups	\$ 6,552	\$ 0	\$ 0	\$ 6,552
Total	\$ 18,227,953	\$ 1,643,086	\$ 1,361,707	\$ 21,232,746

Exhibit K-7

Benton County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2013

General FundGeneral GovernmentCounty Commission

Board and Committee Members Fees	\$	7,150	
Social Security		470	
Employer Medicare		110	
Audit Services		4,947	
Total County Commission			\$ 12,677

Board of Equalization

Board and Committee Members Fees	\$	2,100	
Social Security		235	
Unemployment Compensation		42	
Employer Medicare		55	
Total Board of Equalization			2,432

Beer Board

Board and Committee Members Fees	\$	250	
Social Security		18	
Employer Medicare		4	
Total Beer Board			272

Other Boards and Committees

Advertising	\$	83	
Legal Services		1,540	
Postal Charges		100	
Travel		1,227	
Total Other Boards and Committees			2,950

County Mayor/Executive

County Official/Administrative Officer	\$	67,843	
Accountants/Bookkeepers		27,377	
Salary Supplements		1,539	
Secretary(ies)		29,043	
Part-time Personnel		10,379	
In-Service Training		485	
Social Security		8,035	
State Retirement		7,357	
Medical Insurance		19,240	
Unemployment Compensation		597	
Employer Medicare		1,874	
Advertising		2,397	
Communication		10,652	
Data Processing Services		8,000	
Operating Lease Payments		2,220	
Maintenance Agreements		1,178	
Postal Charges		19,438	
Printing, Stationery, and Forms		2,698	
Travel		2,990	
Data Processing Supplies		945	
Duplicating Supplies		841	
Office Supplies		690	
Other Charges		10,251	
Data Processing Equipment		10,555	
Total County Mayor/Executive			246,624

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

County Attorney

Legal Services	\$ 110,823	
Total County Attorney		\$ 110,823

Election Commission

County Official/Administrative Officer	\$ 52,865	
Deputy(ies)	18,923	
Part-time Personnel	2,622	
Election Commission	3,328	
Election Workers	18,466	
In-Service Training	2,350	
Social Security	5,158	
State Retirement	5,021	
Medical Insurance	7,123	
Unemployment Compensation	647	
Employer Medicare	1,202	
Advertising	2,307	
Communication	2,591	
Data Processing Services	11,810	
Dues and Memberships	50	
Postal Charges	3,005	
Printing, Stationery, and Forms	7,741	
Rentals	1,000	
Travel	1,134	
Data Processing Supplies	288	
Duplicating Supplies	256	
Office Supplies	365	
Other Supplies and Materials	178	
Other Charges	873	
Office Equipment	692	
Other Equipment	175	
Total Election Commission		150,170

Register of Deeds

County Official/Administrative Officer	\$ 58,739	
Deputy(ies)	50,800	
Social Security	6,124	
State Retirement	8,024	
Medical Insurance	18,251	
Unemployment Compensation	405	
Employer Medicare	1,428	
Communication	3,157	
Data Processing Services	6,088	
Dues and Memberships	100	
Operating Lease Payments	2,018	
Maintenance Agreements	872	
Data Processing Supplies	1,245	
Office Supplies	179	
Other Supplies and Materials	1,071	
Data Processing Equipment	1,119	
Total Register of Deeds		159,620

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

County Buildings

Custodial Personnel	\$	26,645	
Part-time Personnel		16,798	
Social Security		2,563	
State Retirement		1,953	
Medical Insurance		6,591	
Unemployment Compensation		591	
Employer Medicare		595	
Maintenance and Repair Services - Buildings		61,325	
Pest Control		1,577	
Other Contracted Services		25	
Custodial Supplies		4,161	
Electricity		70,124	
Natural Gas		10,835	
Water and Sewer		5,610	
Other Charges		2,747	
Other Equipment		1,653	
Total County Buildings			\$ 213,793

Other General Administration

Dues and Memberships	\$	1,196	
Liability Insurance		155,218	
Workers' Compensation Insurance		57,049	
Other Equipment		20,554	
Total Other General Administration			234,017

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	58,739	
Deputy(ies)		21,000	
Clerical Personnel		46,346	
Social Security		7,402	
State Retirement		9,227	
Medical Insurance		24,845	
Unemployment Compensation		658	
Employer Medicare		1,726	
Audit Services		3,950	
Communication		634	
Data Processing Services		9,584	
Legal Notices, Recording, and Court Costs		88	
Printing, Stationery, and Forms		106	
Travel		797	
Data Processing Supplies		366	
Office Supplies		273	
Premiums on Corporate Surety Bonds		524	
Total Property Assessor's Office			186,265

Reappraisal Program

Data Processing Services	\$	3,118	
Maintenance Agreements		3,000	
Travel		870	
Other Charges		254	
Total Reappraisal Program			7,242

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office

County Official/Administrative Officer	\$	58,739	
Deputy(ies)		63,881	
In-Service Training		125	
Social Security		7,393	
State Retirement		7,994	
Medical Insurance		6,111	
Unemployment Compensation		622	
Employer Medicare		1,703	
Advertising		616	
Communication		1,147	
Data Processing Services		6,940	
Dues and Memberships		200	
Printing, Stationery, and Forms		101	
Travel		288	
Data Processing Supplies		910	
Office Supplies		308	
Other Supplies and Materials		47	
Other Charges		35	
Total County Trustee's Office			\$ 157,160

County Clerk's Office

County Official/Administrative Officer	\$	58,739	
Deputy(ies)		92,684	
Part-time Personnel		5,130	
Social Security		9,158	
State Retirement		11,093	
Medical Insurance		28,779	
Unemployment Compensation		1,032	
Employer Medicare		2,137	
Communication		1,988	
Data Processing Services		12,257	
Dues and Memberships		100	
Operating Lease Payments		2,220	
Printing, Stationery, and Forms		493	
Travel		86	
Data Processing Supplies		58	
Office Supplies		591	
Office Equipment		46	
Total County Clerk's Office			226,591

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	58,739	
Deputy(ies)		125,045	
Jury and Witness Expense		6,907	
In-Service Training		22	
Social Security		10,823	
State Retirement		13,466	
Medical Insurance		39,170	
Unemployment Compensation		1,023	

(Continued)

Exhibit K-7

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

General Fund (Cont.)Administration of Justice (Cont.)Circuit Court (Cont.)

Employer Medicare	\$	2,527	
Communication		2,176	
Data Processing Services		8,643	
Dues and Memberships		65	
Operating Lease Payments		3,031	
Legal Notices, Recording, and Court Costs		125	
Maintenance Agreements		1,605	
Printing, Stationery, and Forms		579	
Office Supplies		2,243	
Other Charges		1,239	
Data Processing Equipment		4,745	
Office Equipment		120	
Total Circuit Court			\$ 282,293

General Sessions Judge

Judge(s)	\$	86,321	
Assistant(s)		24,994	
In-Service Training		410	
Social Security		6,578	
State Retirement		8,144	
Medical Insurance		12,298	
Unemployment Compensation		221	
Employer Medicare		1,534	
Communication		961	
Dues and Memberships		120	
Operating Lease Payments		1,084	
Maintenance Agreements		860	
Printing, Stationery, and Forms		645	
Travel		1,265	
Office Supplies		222	
Other Charges		287	
Total General Sessions Judge			145,944

Chancery Court

County Official/Administrative Officer	\$	58,739	
Deputy(ies)		53,298	
Social Security		6,531	
State Retirement		8,172	
Medical Insurance		12,298	
Unemployment Compensation		394	
Employer Medicare		1,523	
Communication		1,020	
Data Processing Services		7,031	
Dues and Memberships		65	
Maintenance Agreements		241	
Printing, Stationery, and Forms		349	
Travel		507	
Duplicating Supplies		347	
Office Supplies		483	
Other Charges		15	
Total Chancery Court			151,013

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court

Guidance Personnel	\$	27,555	
Social Security		1,633	
State Retirement		1,961	
Medical Insurance		8,673	
Unemployment Compensation		111	
Employer Medicare		387	
Communication		1,483	
Travel		952	
Other Charges		6,485	
Total Juvenile Court			\$ 49,240

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	64,813
Supervisor/Director		44,309
Deputy(ies)		308,901
Investigator(s)		75,243
Lieutenant(s)		38,947
Sergeant(s)		131,417
Accountants/Bookkeepers		23,794
Paraprofessionals		22,875
Salary Supplements		136,358
Dispatchers/Radio Operators		221,487
Part-time Personnel		11,928
School Resource Officer		33,636
Other Salaries and Wages		67,831
In-Service Training		505
Social Security		70,678
State Retirement		83,822
Medical Insurance		208,520
Unemployment Compensation		6,481
Employer Medicare		16,424
Communication		15,730
Data Processing Services		29,516
Dues and Memberships		1,500
Operating Lease Payments		2,060
Maintenance and Repair Services - Equipment		2,626
Maintenance and Repair Services - Office Equipment		25
Maintenance and Repair Services - Vehicles		27,945
Postal Charges		1,270
Printing, Stationery, and Forms		1,117
Towing Services		4,022
Travel		1,369
Data Processing Supplies		3,712
Duplicating Supplies		992
Gasoline		92,529
Law Enforcement Supplies		3,174
Office Supplies		635
Tires and Tubes		5,403
Uniforms		6,540

(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.)

Other Supplies and Materials	\$	1,946	
Premiums on Corporate Surety Bonds		1,950	
Other Charges		3,629	
Communication Equipment		11,106	
Data Processing Equipment		541	
Furniture and Fixtures		240	
Law Enforcement Equipment		2,828	
Motor Vehicles		35,920	
Other Equipment		461	
Total Sheriff's Department			\$ 1,826,755

Administration of the Sexual Offender Registry

Other Charges	\$	1,712	
Total Administration of the Sexual Offender Registry			1,712

Jail

Supervisor/Director	\$	44,304	
Lieutenant(s)		31,073	
Sergeant(s)		100,325	
Salary Supplements		63,349	
Guards		453,162	
Cafeteria Personnel		59,042	
Maintenance Personnel		24,183	
Social Security		44,574	
State Retirement		53,013	
Medical Insurance		186,110	
Unemployment Compensation		6,717	
Employer Medicare		10,217	
Maintenance and Repair Services - Equipment		4,266	
Pest Control		1,857	
Printing, Stationery, and Forms		90	
Travel		435	
Custodial Supplies		12,073	
Drugs and Medical Supplies		10,140	
Duplicating Supplies		313	
Electricity		65,813	
Food Preparation Supplies		2,102	
Food Supplies		87,112	
Natural Gas		8,285	
Office Supplies		193	
Prisoners Clothing		946	
Uniforms		580	
Water and Sewer		9,385	
Other Supplies and Materials		4,268	
Medical Claims		203,503	
Other Charges		1,967	
Total Jail			1,489,397

Juvenile Services

Supervisor/Director	\$	9,875	
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(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Juvenile Services (Cont.)

Youth Service Officer(s)	\$	34,824	
Salary Supplements		2,900	
Clerical Personnel		25,970	
In-Service Training		600	
Social Security		4,253	
State Retirement		5,415	
Medical Insurance		11,452	
Unemployment Compensation		377	
Employer Medicare		981	
Communication		841	
Postal Charges		900	
Travel		4,208	
Data Processing Supplies		1,963	
Instructional Supplies and Materials		1,426	
Other Supplies and Materials		1,085	
Other Charges		2,150	
Total Juvenile Services			\$ 109,220

Fire Prevention and Control

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

Rural Fire Protection

Contributions	\$	112,592	
Total Rural Fire Protection			112,592

Rescue Squad

Contributions	\$	8,000	
Total Rescue Squad			8,000

Other Emergency Management

Supervisor/Director	\$	22,229	
Social Security		1,316	
Unemployment Compensation		320	
Employer Medicare		308	
Communication		2,334	
Dues and Memberships		15	
Maintenance and Repair Services - Equipment		94	
Maintenance and Repair Services - Vehicles		6,615	
Travel		566	
Data Processing Supplies		329	
Gasoline		2,234	
Office Supplies		246	
Other Supplies and Materials		92	
Other Charges		490	
Other Equipment		60,501	
Total Other Emergency Management			97,689

Inspection and Regulation

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

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

County Coroner/Medical Examiner

Other Per Diem and Fees	\$	20,225	
Social Security		967	
Employer Medicare		226	
Contracts with Government Agencies		3,480	
Total County Coroner/Medical Examiner			\$ 24,898

Public Health and Welfare

Local Health Center

Custodial Personnel	\$	10,799	
Social Security		644	
Unemployment Compensation		216	
Employer Medicare		151	
Communication		1,487	
Dues and Memberships		200	
Maintenance and Repair Services - Buildings		1,592	
Maintenance and Repair Services - Equipment		220	
Pest Control		319	
Custodial Supplies		1,954	
Drugs and Medical Supplies		393	
Office Supplies		625	
Utilities		7,255	
Other Supplies and Materials		1,272	
Other Charges		100	
Building Improvements		2,400	
Total Local Health Center			29,627

Rabies and Animal Control

Part-time Personnel	\$	17,581	
Other Salaries and Wages		18,000	
In-Service Training		200	
Social Security		2,120	
State Retirement		1,348	
Medical Insurance		6,459	
Unemployment Compensation		681	
Employer Medicare		168	
Communication		1,902	
Maintenance and Repair Services - Vehicles		763	
Travel		261	
Veterinary Services		10,840	
Animal Food and Supplies		5,241	
Custodial Supplies		445	
Gasoline		3,454	
Office Supplies		213	
Utilities		7,854	
Other Charges		1,438	
Total Rabies and Animal Control			78,968

Ambulance/Emergency Medical Services

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

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Alcohol and Drug Programs

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

Crippled Children Services

Contributions	\$ 900	
Total Crippled Children Services		900

Other Local Health Services

Other Charges	\$ 2,400	
Total Other Local Health Services		2,400

Appropriation to State

Salary Supplements	\$ 13,106	
Total Appropriation to State		13,106

Sanitation Management

Laborers	\$ 10,494	
Social Security	626	
Unemployment Compensation	239	
Employer Medicare	146	
Communication	482	
Other Contracted Services	17,212	
Gasoline	114	
Utilities	814	
Other Supplies and Materials	32	
Total Sanitation Management		30,159

Sanitation Education/Information

Laborers	\$ 24,255	
Social Security	1,394	
State Retirement	1,776	
Unemployment Compensation	210	
Employer Medicare	326	
Maintenance and Repair Services - Vehicles	161	
Gasoline	3,423	
Instructional Supplies and Materials	6,177	
Tires and Tubes	222	
Other Supplies and Materials	1,748	
Other Charges	2,770	
Maintenance Equipment	389	
Total Sanitation Education/Information		42,851

Other Public Health and Welfare

Other Salaries and Wages	\$ 13,769	
Social Security	798	
Unemployment Compensation	281	
Employer Medicare	187	
Travel	420	
Total Other Public Health and Welfare		15,455

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Supervisor/Director	\$	23,000	
Deputy(ies)		22,000	
Social Workers		22,000	
Other Salaries and Wages		11,624	
Social Security		4,596	
State Retirement		4,911	
Medical Insurance		19,188	
Unemployment Compensation		899	
Employer Medicare		1,070	
Communication		3,364	
Contracts with Other Public Agencies		4,498	
Operating Lease Payments		804	
Licenses		810	
Postal Charges		37	
Travel		8,525	
Custodial Supplies		500	
Food Supplies		2,219	
Office Supplies		2,070	
Other Charges		5,390	
Total Senior Citizens Assistance			\$ 137,505

Libraries

Librarians	\$	55,596	
Part-time Personnel		57,453	
Social Security		6,736	
State Retirement		4,242	
Medical Insurance		14,415	
Unemployment Compensation		1,495	
Employer Medicare		1,571	
Communication		11,152	
Data Processing Services		355	
Operating Lease Payments		4,038	
Maintenance Agreements		15,435	
Travel		1,983	
Custodial Supplies		812	
Data Processing Supplies		226	
Library Books/Media		11,227	
Office Supplies		1,884	
Utilities		22,603	
Other Supplies and Materials		4,171	
Other Charges		10,014	
Data Processing Equipment		5,436	
Total Libraries			230,844

Other Social, Cultural, and Recreational

Maintenance Agreements	\$	8,336	
Furniture and Fixtures		3,956	
Total Other Social, Cultural, and Recreational			12,292

(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	\$	18,411	
Clerical Personnel		7,504	
Part-time Personnel		5,000	
Social Security		289	
Unemployment Compensation		93	
Employer Medicare		67	
Communication		1,758	
Travel		300	
Custodial Supplies		199	
Total Agriculture Extension Service			\$ 33,621

Other Operations

Airport

Supervisor/Director	\$	29,110	
Salary Supplements		798	
In-Service Training		275	
Social Security		1,749	
State Retirement		2,188	
Medical Insurance		6,540	
Unemployment Compensation		186	
Employer Medicare		409	
Bank Charges		360	
Communication		1,642	
Maintenance Agreements		1,150	
Maintenance and Repair Services - Buildings		154	
Maintenance and Repair Services - Equipment		2,035	
Maintenance and Repair Services - Vehicles		413	
Travel		420	
Other Contracted Services		574	
Custodial Supplies		113	
Equipment and Machinery Parts		723	
Gasoline		78,384	
Lubricants		344	
Office Supplies		165	
Utilities		13,604	
Other Supplies and Materials		613	
Other Charges		6,097	
Total Airport			148,046

Veterans' Services

Supervisor/Director	\$	9,083	
Social Security		541	
Employer Medicare		127	
Communication		713	
Dues and Memberships		25	
Office Supplies		95	
Total Veterans' Services			10,584

Other Charges

Contracts with Government Agencies	\$	45,000	
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(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Other Charges (Cont.)

Maintenance Agreements	\$	15,127	
Rentals		800	
Electricity		3,755	
Trustee's Commission		90,076	
Total Other Charges			\$ 154,758

Contributions to Other Agencies

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

Employee Benefits

Social Security	\$	12,600	
Medical Insurance		4,831	
Unemployment Compensation		71	
Total Employee Benefits			17,502

Principal on Debt

General Government

Principal on Capital Leases	\$	36,253	
Total General Government			36,253

Interest on Debt

General Government

Interest on Capital Leases	\$	1,585	
Total General Government			1,585

Total General Fund \$ 7,775,593

Drug Control Fund

Public Safety

Drug Enforcement

Confidential Drug Enforcement Payments	\$	1,500	
Dues and Memberships		300	
Maintenance and Repair Services - Vehicles		529	
Towing Services		165	
Gasoline		2,439	
Instructional Supplies and Materials		527	
Law Enforcement Supplies		283	
Office Supplies		79	
Uniforms		111	
Trustee's Commission		67	
Other Charges		94	
Motor Vehicles		9,800	
Total Drug Enforcement			\$ 15,894

Other Operations

Other Charges

Trustee's Commission	\$	151	
Total Other Charges			151

Total Drug Control Fund 16,045

(Continued)

Exhibit K-7

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

Other Special Revenue Fund

Social, Cultural, and Recreational Services

Parks and Fair Boards

Social Security	\$	114	
Unemployment Compensation		37	
Employer Medicare		27	
Maintenance and Repair Services - Equipment		301	
Electricity		5,089	
Other Supplies and Materials		547	
Other Charges		4,771	
Total Parks and Fair Boards			\$ 10,886

Other Operations

Tourism

Contributions	\$	193,788	
Total Tourism			193,788

Other Charges

Trustee's Commission	\$	1,303	
Total Other Charges			1,303

Total Other Special Revenue Fund \$ 205,977

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Constitutional Officers' Operating Expenses	\$	3,075	
Total Chancery Court			\$ 3,075

Total Constitutional Officers - Fees Fund 3,075

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	64,613	
Accountants/Bookkeepers		30,534	
Secretary(ies)		30,534	
Other Salaries and Wages		903	
Advertising		410	
Communication		5,421	
Data Processing Services		4,154	
Dues and Memberships		2,423	
Maintenance and Repair Services - Office Equipment		654	
Pest Control		164	
Printing, Stationery, and Forms		61	
Travel		1,015	
Data Processing Supplies		132	
Electricity		3,440	
Natural Gas		1,396	
Office Supplies		286	
Water and Sewer		719	
Other Supplies and Materials		804	
Office Equipment		184	
Total Administration			\$ 147,847

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance

Equipment Operators	\$	258,316	
Truck Drivers		281,490	
Other Salaries and Wages		6,302	
Medical and Dental Services		1,201	
Permits		1,340	
Other Contracted Services		37,597	
Asphalt		290,932	
Concrete		719	
Crushed Stone		168,282	
Pipe - Metal		44,178	
Road Signs		1,856	
Salt		270	
Wood Products		35	
Other Supplies and Materials		1,380	
Other Charges		463	
Other Equipment		953	
Total Highway and Bridge Maintenance			\$ 1,095,314

Operation and Maintenance of Equipment

Mechanic(s)	\$	65,178	
Other Salaries and Wages		1,156	
Diesel Fuel		91,256	
Equipment and Machinery Parts		71,049	
Garage Supplies		575	
Gasoline		56,400	
Lubricants		4,813	
Small Tools		256	
Tires and Tubes		21,013	
Other Supplies and Materials		390	
Other Charges		979	
Total Operation and Maintenance of Equipment			313,065

Other Charges

Trustee's Commission	\$	21,562	
Workers' Compensation Insurance		46,492	
Total Other Charges			68,054

Employee Benefits

Social Security	\$	56,086	
State Retirement		43,931	
Medical Insurance		163,094	
Unemployment Compensation		5,627	
Total Employee Benefits			268,738

Capital Outlay

Engineering Services	\$	694	
Bridge Construction		92,182	
Highway Equipment		129,834	
Total Capital Outlay			222,710

Total Highway/Public Works Fund \$ 2,115,728

(Continued)

Exhibit K-7

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

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 135,000	
Total General Government		\$ 135,000

Education

Principal on Other Loans	\$ 13,600	
Total Education		13,600

Interest on Debt

General Government

Interest on Bonds	\$ 177,700	
Total General Government		177,700

Education

Interest on Bonds	\$ 45,156	
Total Education		45,156

Other Debt Service

General Government

Bank Charges	\$ 250	
Trustee's Commission	6,322	
Total General Government		6,572

Education

Bank Charges	\$ 1,015	
Underwriter's Discount	60,000	
Other Debt Issuance Charges	60,919	
Total Education		121,934

Total General Debt Service Fund		\$ 499,962
---------------------------------	--	------------

General Capital Projects Fund

Other Operations

Other Charges

Trustee's Commission	\$ 1,678	
Total Other Charges		\$ 1,678

Capital Projects

General Administration Projects

Architects	\$ 43,800	
Consultants	23,000	
Other Charges	2,146	
Motor Vehicles	34,762	
Other Equipment	589,052	
Total General Administration Projects		692,760

Public Safety Projects

Other Equipment	\$ 80	
Total Public Safety Projects		80

(Continued)

Exhibit K-7

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

General Capital Projects Fund (Cont.)

Capital Projects (Cont.)

Public Health and Welfare Projects

Maintenance and Repair Services - Vehicles	\$	404	
Tires and Tubes		596	
Motor Vehicles		<u>3,500</u>	
Total Public Health and Welfare Projects			<u>\$ 4,500</u>

Total General Capital Projects Fund \$ 699,018

Community Development/Industrial Park Fund

Other Operations

Other Charges

Trustee's Commission	\$	<u>151</u>	
Total Other Charges			<u>\$ 151</u>

Capital Projects

General Administration Projects

Maintenance Agreements	\$	5,042	
Furniture and Fixtures		<u>135</u>	
Total General Administration Projects			<u>5,177</u>

Total Community Development/Industrial Park Fund 5,328

Other Capital Projects Fund

Capital Projects

General Administration Projects

Advertising	\$	446	
Engineering Services		51,466	
Other Contracted Services		9,975	
Other Construction		<u>213,150</u>	
Total General Administration Projects			<u>\$ 275,037</u>

Total Other Capital Projects Fund 275,037

Total Governmental Funds - Primary Government \$ 11,595,763

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, 2013

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 5,649,841	
Career Ladder Program	50,490	
Career Ladder Extended Contracts	19,965	
Homebound Teachers	6,018	
Clerical Personnel	22,761	
Educational Assistants	194,736	
Other Salaries and Wages	23,346	
Non-certified Substitute Teachers	73,779	
Social Security	355,261	
State Retirement	517,730	
Medical Insurance	1,041,584	
Unemployment Compensation	8,237	
Employer Medicare	83,932	
Other Fringe Benefits	52	
Communication	17,067	
Evaluation and Testing	287	
Legal Notices, Recording, and Court Costs	200	
Travel	82	
Tuition	169	
Other Contracted Services	97,103	
Instructional Supplies and Materials	114,406	
Textbooks	184,985	
Fee Waivers	7,338	
Other Charges	3,541	
Regular Instruction Equipment	98,623	
Other Equipment	34,675	
Total Regular Instruction Program		\$ 8,606,208

Special Education Program

Teachers	\$ 645,695	
Career Ladder Program	5,000	
Homebound Teachers	12,105	
Educational Assistants	40,722	
Speech Pathologist	92,190	
Non-certified Substitute Teachers	6,488	
Social Security	48,418	
State Retirement	69,672	
Medical Insurance	145,952	
Unemployment Compensation	2,170	
Employer Medicare	11,068	
Communication	2,000	
Postal Charges	1,000	
Other Contracted Services	26,214	
Total Special Education Program		1,108,694

Vocational Education Program

Teachers	\$ 413,468
Career Ladder Program	1,695
Guidance Personnel	47,132

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Vocational Education Program (Cont.)

Non-certified Substitute Teachers	\$	8,000	
Social Security		28,689	
State Retirement		42,148	
Medical Insurance		74,646	
Unemployment Compensation		1,054	
Employer Medicare		6,846	
Other Fringe Benefits		52	
Maintenance and Repair Services - Equipment		2,632	
Instructional Supplies and Materials		11,589	
Vocational Instruction Equipment		7,538	
Total Vocational Education Program			\$ 645,489

Adult Education Program

Teachers	\$	79,003	
Career Ladder Program		1,000	
Paraprofessionals		13,811	
Social Security		4,252	
State Retirement		5,832	
Medical Insurance		12,240	
Unemployment Compensation		620	
Employer Medicare		1,072	
Communication		1,378	
Instructional Supplies and Materials		1,017	
Total Adult Education Program			120,225

Support Services

Attendance

Supervisor/Director	\$	65,370	
Career Ladder Program		1,000	
Social Security		3,731	
State Retirement		5,894	
Medical Insurance		9,564	
Unemployment Compensation		62	
Employer Medicare		910	
Travel		737	
Total Attendance			87,268

Health Services

Medical Personnel	\$	111,493	
Paraprofessionals		11,480	
Other Salaries and Wages		36,752	
Non-certified Substitute Teachers		106	
Social Security		9,877	
State Retirement		9,340	
Medical Insurance		29,860	
Unemployment Compensation		372	
Employer Medicare		2,273	
Postal Charges		500	
Travel		6,052	

(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.)

Health Services (Cont.)

Other Contracted Services	\$	8,747	
Drugs and Medical Supplies		3,542	
Instructional Supplies and Materials		17,379	
Other Supplies and Materials		105	
In Service/Staff Development		741	
Other Charges		578	
Health Equipment		13,300	
Total Health Services			\$ 262,497

Other Student Support

Career Ladder Program	\$	1,985	
Guidance Personnel		217,724	
Social Security		13,078	
State Retirement		19,487	
Medical Insurance		30,160	
Unemployment Compensation		310	
Employer Medicare		3,082	
Evaluation and Testing		15,276	
Travel		467	
Total Other Student Support			301,569

Regular Instruction Program

Supervisor/Director	\$	157,644	
Career Ladder Program		8,520	
Librarians		230,080	
Instructional Computer Personnel		53,698	
Social Security		23,761	
State Retirement		36,894	
Medical Insurance		66,248	
Unemployment Compensation		558	
Employer Medicare		6,048	
Legal Notices, Recording, and Court Costs		493	
Postal Charges		883	
Travel		6,039	
Library Books/Media		29,816	
In Service/Staff Development		5,810	
Other Charges		70	
Total Regular Instruction Program			626,562

Special Education Program

Supervisor/Director	\$	31,755	
Career Ladder Program		1,000	
Psychological Personnel		42,566	
Social Security		4,412	
State Retirement		6,688	
Medical Insurance		9,040	
Unemployment Compensation		124	
Employer Medicare		1,032	
Travel		1,629	
Total Special Education Program			98,246

(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

Supervisor/Director	\$	69,510	
Career Ladder Program		1,000	
Secretary(ies)		22,161	
Social Security		5,724	
State Retirement		7,768	
Medical Insurance		11,944	
Unemployment Compensation		124	
Employer Medicare		1,339	
Travel		10,611	
Custodial Supplies		2,044	
Gasoline		225	
Total Vocational Education Program			\$ 132,450

Adult Programs

Supervisor/Director	\$	60,400	
Career Ladder Program		1,000	
Social Security		3,559	
State Retirement		5,454	
Medical Insurance		8,800	
Unemployment Compensation		62	
Employer Medicare		833	
Travel		3,171	
Total Adult Programs			\$ 83,279

Other Programs

On-Behalf Payments to OPEB	\$	103,252	
Total Other Programs			103,252

Board of Education

Secretary to Board	\$	300	
Board and Committee Members Fees		6,250	
Social Security		406	
State Retirement		20	
Employer Medicare		95	
Audit Services		16,950	
Dues and Memberships		8,114	
Legal Services		1,444	
Legal Notices, Recording, and Court Costs		599	
Travel		430	
Building and Contents Insurance		125,591	
Trustee's Commission		131,580	
Workers' Compensation Insurance		89,223	
In Service/Staff Development		850	
Criminal Investigation of Applicants - TBI		834	
Refund to Applicant for Criminal Investigation		600	
Other Charges		6,447	
Total Board of Education			389,733

(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	\$	94,338	
Social Security		5,729	
State Retirement		8,377	
Life Insurance		802	
Medical Insurance		5,840	
Unemployment Compensation		62	
Employer Medicare		1,340	
Communication		4,602	
Dues and Memberships		1,077	
Postal Charges		1,500	
Travel		1,789	
Total Director of Schools			\$ 125,456

Office of the Principal

Principals	\$	365,012	
Career Ladder Program		11,000	
Assistant Principals		223,496	
Secretary(ies)		104,795	
Social Security		42,891	
State Retirement		60,378	
Medical Insurance		114,880	
Unemployment Compensation		992	
Employer Medicare		9,814	
Communication		18,185	
Postal Charges		2,400	
Total Office of the Principal			953,843

Fiscal Services

Accountants/Bookkeepers	\$	30,876	
Clerical Personnel		80,013	
Social Security		6,766	
State Retirement		7,541	
Medical Insurance		24,440	
Unemployment Compensation		248	
Employer Medicare		1,582	
Data Processing Services		9,172	
Travel		33	
Office Supplies		2,199	
Administration Equipment		1,808	
Total Fiscal Services			164,678

Operation of Plant

Custodial Personnel	\$	304,248	
Social Security		17,494	
State Retirement		17,220	
Medical Insurance		132,200	
Unemployment Compensation		1,798	
Employer Medicare		4,325	
Other Fringe Benefits		52	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Janitorial Services	\$	13,288	
Pest Control		7,203	
Disposal Fees		18,105	
Permits		545	
Custodial Supplies		62,342	
Electricity		486,762	
Natural Gas		84,414	
Water and Sewer		45,996	
Other Supplies and Materials		13,985	
Plant Operation Equipment		9,011	
Total Operation of Plant			\$ 1,218,988

Maintenance of Plant

Supervisor/Director	\$	38,930	
Maintenance Personnel		252,482	
Social Security		17,989	
State Retirement		19,816	
Medical Insurance		72,600	
Unemployment Compensation		744	
Employer Medicare		4,207	
Communication		973	
Maintenance and Repair Services - Equipment		42,899	
Maintenance and Repair Services - Vehicles		4,881	
Other Contracted Services		1,051	
Diesel Fuel		2,982	
Equipment and Machinery Parts		23,347	
Gasoline		9,950	
Other Supplies and Materials		43,423	
Maintenance Equipment		5,788	
Total Maintenance of Plant			542,062

Transportation

Other Fringe Benefits	\$	1,653	
Communication		505	
Contracts with Vehicle Owners		815,742	
Maintenance and Repair Services - Vehicles		15,756	
Travel		382	
Other Contracted Services		25,406	
Diesel Fuel		25,699	
Other Charges		30,376	
Transportation Equipment		3,104	
Total Transportation			918,623

Central and Other

Computer Programmer(s)	\$	66,837	
Social Security		4,129	
State Retirement		4,545	
Medical Insurance		12,240	
Unemployment Compensation		124	

(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.)

Central and Other (Cont.)

Employer Medicare	\$	966	
Travel		<u>2,822</u>	
Total Central and Other			\$ 91,663

Operation of Non-Instructional Services

Food Service

Medical Insurance	\$	<u>58,207</u>	
Total Food Service			58,207

Community Services

Contributions	\$	<u>2,000</u>	
Total Community Services			2,000

Early Childhood Education

Teachers	\$	85,536	
Educational Assistants		41,956	
Non-certified Substitute Teachers		1,500	
Social Security		7,855	
State Retirement		10,505	
Medical Insurance		36,707	
Unemployment Compensation		496	
Employer Medicare		1,837	
Dues and Memberships		960	
Maintenance and Repair Services - Equipment		723	
Postal Charges		750	
Travel		1,653	
Instructional Supplies and Materials		12,613	
Other Charges		3,243	
Regular Instruction Equipment		<u>10,783</u>	
Total Early Childhood Education			217,117

Capital Outlay

Regular Capital Outlay

Other Contracted Services	\$	4,818	
Building Improvements		304,372	
Heating and Air Conditioning Equipment		185,806	
Site Development		<u>42,748</u>	
Total Regular Capital Outlay			537,744

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	<u>339,161</u>	
Total Education			<u>339,161</u>

Total General Purpose School Fund \$ 17,735,014

(Continued)

Exhibit K-8

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

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	414,070	
Educational Assistants		83,551	
Non-certified Substitute Teachers		3,921	
Social Security		29,685	
State Retirement		41,598	
Medical Insurance		119,191	
Unemployment Compensation		952	
Employer Medicare		7,114	
Instructional Supplies and Materials		3,162	
Regular Instruction Equipment		538	
Total Regular Instruction Program			\$ 703,782

Special Education Program

Teachers	\$	21,746	
Educational Assistants		192,084	
Other Salaries and Wages		38,981	
Non-certified Substitute Teachers		901	
Social Security		15,047	
State Retirement		17,158	
Medical Insurance		119,448	
Unemployment Compensation		1,248	
Employer Medicare		3,519	
Other Fringe Benefits		260	
Contracts with Other School Systems		5,000	
Maintenance and Repair Services - Equipment		566	
Other Contracted Services		27,000	
Instructional Supplies and Materials		9,033	
Special Education Equipment		3,287	
Total Special Education Program			455,278

Vocational Education Program

Instructional Supplies and Materials	\$	7,694	
Vocational Instruction Equipment		24,223	
Total Vocational Education Program			31,917

Support Services

Other Student Support

Secretary(ies)	\$	17,915	
Other Salaries and Wages		51,850	
Social Security		3,895	
State Retirement		5,823	
Medical Insurance		16,844	
Unemployment Compensation		127	
Employer Medicare		911	
Operating Lease Payments		1,002	
Postal Charges		47	
Travel		11,342	
Other Contracted Services		478	
Other Supplies and Materials		3,992	
Other Charges		335	
Total Other Student Support			114,561

(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.)

Regular Instruction Program

Supervisor/Director	\$	37,972	
Other Salaries and Wages		96,810	
In-Service Training		5,940	
Non-certified Substitute Teachers		901	
Social Security		6,211	
State Retirement		9,124	
Medical Insurance		13,756	
Unemployment Compensation		148	
Employer Medicare		2,005	
Operating Lease Payments		368	
Postal Charges		200	
Travel		6,763	
Other Supplies and Materials		3,570	
In Service/Staff Development		2,302	
Other Equipment		3,185	
Total Regular Instruction Program			\$ 189,255

Special Education Program

Supervisor/Director	\$	31,755	
Secretary(ies)		16,000	
Social Security		2,967	
State Retirement		3,908	
Medical Insurance		9,058	
Unemployment Compensation		127	
Employer Medicare		686	
Operating Lease Payments		1,128	
Postal Charges		200	
Travel		4,708	
Other Charges		449	
Total Special Education Program			70,986

Vocational Education Program

Travel	\$	441	
Total Vocational Education Program			441

Transportation

Bus Drivers	\$	29,418	
Other Salaries and Wages		5,805	
Social Security		2,169	
State Retirement		2,132	
Medical Insurance		15,130	
Unemployment Compensation		222	
Employer Medicare		507	
Total Transportation			55,383

Total School Federal Projects Fund \$ 1,621,603

(Continued)

Exhibit K-8

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

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Cafeteria Personnel	\$	429,553	
Social Security		26,044	
State Retirement		23,087	
Medical Insurance		146,414	
Unemployment Compensation		2,317	
Employer Medicare		6,057	
Communication		2,924	
Maintenance and Repair Services - Equipment		10,321	
Postal Charges		99	
Travel		580	
Other Contracted Services		3,150	
Food Preparation Supplies		34,214	
Food Supplies		597,060	
Office Supplies		3,001	
USDA - Commodities		75,375	
In Service/Staff Development		460	
Other Charges		3,464	
Food Service Equipment		14,160	
Total Food Service			\$ 1,378,280

Total Central Cafeteria Fund \$ 1,378,280

Total Governmental Funds - Benton County School Department \$ 20,734,897

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, 2013

	<u>Cities - Sales Tax Fund</u>
<u>Cash Receipts</u>	
Local Option Sales Tax	<u>\$ 1,581,806</u>
Total Cash Receipts	<u>\$ 1,581,806</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,281,263
Trustee's Commission	15,818
Contributions	<u>284,725</u>
Total Cash Disbursements	<u>\$ 1,581,806</u>
Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2012	<u>0</u>
Cash Balance, June 30, 2013	<u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



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

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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Benton County, Tennessee, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Benton County's basic financial statements, and have issued our report thereon dated February 27, 2014. Our report includes a reference to other auditors who audited the financial statements of the Benton County Electric System and the discretely presented Benton County Emergency Communications District, as described in our report on Benton County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Benton County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on

the effectiveness of Benton County's internal control. Accordingly, we do not express an opinion on the effectiveness of Benton County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses: 2013-001 and 2013-008.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 2013-004, 2013-006, and 2013-007.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Benton County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items: 2013-002, 2013-003, and 2013-005.

Benton County's Responses to Findings

Benton County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Benton County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

February 27, 2014

JPW/sb



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
SUITE 1500
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NASHVILLE, TENNESSEE 37243-1402
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Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Benton County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Benton County's major federal programs for the year ended June 30, 2013. Benton County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Benton County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan

and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Benton County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Benton County's compliance.

Opinion on Each Major Federal Program

In our opinion, Benton County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of Benton County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Benton County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Benton County's internal control over compliance.

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

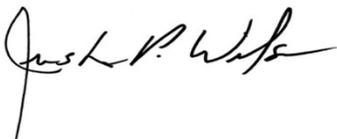
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Benton County, Tennessee, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Benton County's basic financial statements. We issued our report thereon dated February 27, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the 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 Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

February 27, 2014

JPW/sb

Benton County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year-Ended June 30, 2013

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	\$ 350,554
National School Lunch Program	10.555	N/A	646,665 (5)
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	75,375 (5)
Total U.S. Department of Agriculture			\$ 1,072,594
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants - State's Program	14.228	33004-79313	\$ 692,761
Total U.S. Department of Housing and Urban Development			\$ 692,761
U.S. Department of Labor:			
Passed-through Dyersburg State Community College:			
WIA Youth Activities	17.259	12-12-13-300-070-YTHPT	\$ 10,620
Total U.S. Department of Labor			\$ 10,620
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Airport Improvement Program	20.106	AERO-13-102-00	\$ 275,835
Total U.S. Department of Transportation			\$ 275,835
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - Basic Grants to States	84.002	DG1338264	\$ 54,345
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	690,545
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	572,714
Special Education - Preschool Grants	84.173	N/A	18,309
Career and Technical Education - Basic Grants to States	84.048	N/A	43,034
Rural Education	84.358	N/A	68,164
English Language Acquisition State Grants	84.365	N/A	1,675
Improving Teacher Quality State Grants	84.367	N/A	104,910
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	145,479
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	N/A	5,951
Total U.S. Department of Education			\$ 1,705,126
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)	\$ 54,976
Total U.S. Department of Health and Human Services			\$ 54,976

(Continued)

Benton County, Tennessee

Schedule of Expenditures of Federal Awards and State Grants (1) (Cont.)

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-1974-DR-TN	\$ 162,896
Emergency Management Performance Grants	97.042	34101-001133	13,000
Homeland Security Grant Program	97.067	(3)	91,596
Total U.S. Department of Homeland Security			\$ 267,492
Total Federal Awards			\$ 4,079,404
<u>State Grants</u>		<u>Contract Number</u>	
Juvenile Custody Prevention - State Department of Children's Services	N/A	35910-20114	\$ 79,906
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	AERO-M13-270-00	2,046
Waste Tire Option Grant - State Department of Environment and Conservation	N/A	25703	8,920
Local Health Services - State Department of Health	N/A	GG1338845	15,406
Litter Program - State Department of Transportation	N/A	(4)	27,632
Coordinated School Health - State Department of Education	N/A	(2)	95,000
Energy Efficient School Initiative - State Department of Education	N/A	(2)	19,118
Early Childhood Education - State Department of Education	N/A	(2)	254,797
Adult Education- State Department of Labor and Workforce Development	N/A	DG1338264	18,115
Student Ticket Subsidy Grant - Tennessee Arts Commission	N/A	(2)	2,740
Project Diabetes Initiative Service - State Department of Health	N/A	34351-15713	6,418
Rural Library Computer Grant - Tennessee Secretary of State	N/A	(2)	2,054
Total State Grants			\$ 541,152

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) DHS-2009-HSGP-Z-10156: \$29,956; 34101-31211: \$61,640.
(4) Z-12-LIT003-00: \$16,886; Z-13-LIT003-00: \$10,746.
(5) Total for CFDA No. 10.555 is \$722,040.

Benton County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2013

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, 2012, which have not been corrected.

OFFICE OF COUNTY MAYOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
12.01	160	Material audit adjustments were required for proper financial statement presentation
12.02	160	Requisitions and purchase orders were not issued in some instances
12.03	161	Expenditures exceeded appropriations
12.04	161	General ledger payroll deduction accounts were not reconciled with payroll reports and payments in the General Fund

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

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
12.06	162	Duties were not segregated adequately

OFFICES OF CLERK AND MASTER AND REGISTER OF DEEDS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
12.07	163	Multiple employees operated from the same cash drawer

BENTON COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2013

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Benton County is unmodified.
2. The audit of the financial statements of Benton County disclosed significant deficiencies in internal control. Two of these deficiencies were considered to be material weaknesses.
3. The audit disclosed no instances of noncompliance that were material to the financial statements of Benton County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unmodified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555), Community Development Block Grants/State's Program (CFDA No. 14.228), and the Special Education Cluster: Special Education – Grants to States and Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Benton County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

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

OFFICE OF COUNTY MAYOR

FINDING 2013-001

THE GENERAL DEBT SERVICE AND OTHER CAPITAL PROJECTS FUNDS REQUIRED MATERIAL AUDIT ADJUSTMENTS FOR PROPER FINANCIAL STATEMENT PRESENTATION

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

At June 30, 2013, certain general ledger account balances in the General Debt Service and Other Capital Projects funds were not materially correct, and audit adjustments totaling \$78,867 and \$408,727, respectively, were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require Benton County to have adequate internal controls over the maintenance of its accounting records. Material audit adjustments were required because the county's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the county has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – COUNTY MAYOR

These were audit adjustments for receivables and payables that we did not know about until the fiscal year was closed. The books for the fiscal year were closed July 30, 2013.

FINDING 2013-002

IN SOME INSTANCES, REQUISITIONS AND PURCHASE ORDERS WERE NOT ISSUED

(Noncompliance Under *Government Auditing Standards*)

As part of our audit procedures for determining whether the purchasing process was operating as designed, we selected a sample of 31 disbursements totaling \$197,518 from a population of 2,868 vendor checks totaling \$8,361,264. Our sample revealed that in six of 16 applicable purchases, the office did not issue requisitions and purchase orders. 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 audit finding noted in the prior-year audit report.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – COUNTY MAYOR

We plan to start using blanket purchase orders for leases and quarterly purchases.

AUDITOR'S COMMENT

The proper use of blanket purchase orders would have resolved some of the instances noted in our sample. However, there were also items for non-recurring purchases that required a purchase order. All potential purchases should be reviewed before the purchase is actually made to determine if requisitions and purchase orders have been properly issued.

FINDING 2013-003

EXPENDITURES EXCEEDED APPROPRIATIONS

(Noncompliance Under *Governmental Auditing Standards*)

We noted the following deficiencies in budget operations:

- A. Expenditures exceeded appropriations approved by the County Commission in two of 52 major appropriation categories (the legal level of control) of the General Fund: Other Operations – Other Charges by \$6,131 and Other Financing Uses – Transfers Out by \$56,858.
- B. Total expenditures of the General Capital Projects Fund exceeded appropriations approved by the County Commission by \$669,036.

Section 5-9-401, *Tennessee Code Annotated*, states that “All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs for the various departments,

commissions, institutions, boards, offices, and agencies of county governments shall be appropriated to such use by the county legislative bodies.” These deficiencies exist because management failed to hold spending to the limits authorized by the County Commission, which resulted in unauthorized expenditures, and management failed to correct the finding noted in the prior-year audit report.

RECOMMENDATION

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

MANAGEMENT’S RESPONSE – COUNTY MAYOR

The General Fund category overspent \$6,131, which was due to the trustee’s commissions. This budget was short after the trustee’s report was entered for June, and it was then too late to put a resolution on the County Commission’s agenda. The County Commission hired an advisor to prepare the budget. The advisor set up a new fund for the Tennessee River Resort District revenue. We transferred monies from the General Fund to the new fund to cover expenditures incurred before revenue was received. This resulted in transfers being overspent.

The General Capital Projects Fund was being used for our community development grants. The advisor decided to use this fund as a capital projects fund and did not include an account for our grants, which resulted in those funds not being budgeted.

FINDING 2013-004

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

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

RECOMMENDATION

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

MANAGEMENT’S RESPONSE – COUNTY MAYOR

We have problems with the insurance companies getting us changes in employees and coverage dates.

FINDING 2013-005

**A REPORT ON DEBT OBLIGATION WAS NOT FILED
WITH THE STATE COMPTROLLER'S OFFICE**
(Noncompliance Under *Government Auditing Standards*)

Benton County did not file a Report on Debt Obligation with the state Comptroller's Office for a \$35,920 lease-purchase agreement that was entered into March 13, 2013. Section 9-21-151, *Tennessee Code Annotated*, requires that within 45 days following the issuance of debt, a county must provide to the state Comptroller's Office certain information, such as a description of the purchase for which debt is issued, a description of the debt obligation, and an itemized description of the cost of issuance. This deficiency was the result of a lack of management oversight.

RECOMMENDATION

Benton County should file a Report on Debt Obligation with the state Comptroller's Office for each debt issuance.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

This was an oversight by the County Mayor's Office.

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

FINDING 2013-006

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 of Deeds, and Sheriff. Officials and employees responsible for maintaining accounting records in these offices were also involved in receipting, depositing, and/or disbursing funds. 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 OF DEEDS

FINDING 2013-007 **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 of Deeds. 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. Also, this deficiency is the result of management’s failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

Officials should assign each employee their own cash drawer.

BENTON COUNTY

FINDING 2013-008 **BENTON COUNTY HAS A MATERIAL RECURRING AUDIT FINDING**
(Internal Control – Material Weakness Under *Government Auditing Standards*)

Benton County has a material audit finding that has been reported in its Annual Financial Report for three or more consecutive years. This recurring material finding is listed below:

<u>Finding Numbers</u>	<u>Description</u>
2013-001, 12.01, 11.01	Several funds required material audit adjustments for proper financial statement presentation.

The recurring nature of the above-noted finding indicates that management is either unwilling or unable to address the deficiency. Benton County has established an Audit Committee to address financial and other reporting practices, internal control, compliance with laws and regulations, and ethics.

RECOMMENDATION

Benton County should work with its Audit Committee to correct the above-noted material weakness in internal control.

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 Local Government 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, 2013**

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