

**ANNUAL FINANCIAL REPORT
OF
VAN BUREN COUNTY, TENNESSEE
AND
VAN BUREN COUNTY SCHOOL DEPARTMENT**

SINGLE AUDIT REPORT



FOR THE YEAR ENDED JUNE 30, 2007



**ANNUAL FINANCIAL REPORT
VAN BUREN COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2007**

*DEPARTMENT OF AUDIT
JOHN G. MORGAN
Comptroller of the Treasury*

*DIVISION OF COUNTY AUDIT
RICHARD V. NORMENT
Assistant to the Comptroller*

*JAMES R. ARNETTE
Director*

*CARL LOWE, CGFM
Audit Manager*

*ANITA SCARLETT, CPA
Auditor 4*

*RODNEY MALIN, CGFM
KELLEY J. McNEAL, CPA, CGFM
State Auditors*

This financial report is available at www.comptroller.state.tn.us

VAN BUREN COUNTY, TENNESSEE TABLE OF CONTENTS

	Exhibit	Page(s)
Audit Highlights		1-2
<u>INTRODUCTORY SECTION</u>		3
Van Buren County Officials		5
<u>FINANCIAL SECTION</u>		7
Independent Auditor's Report		9-11
BASIC FINANCIAL STATEMENTS:		13
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	A	15-16
Statement of Revenues, Expenditures, and Changes in Fund Balances	B	17-18
Fiduciary Funds:		
Statement of Fiduciary Assets and Liabilities	C	19
Notes to the Financial Statements		21-36
REQUIRED SUPPLEMENTARY INFORMATION:		37
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Fund	D-1	39-41
Ambulance Service Fund	D-2	42
Highway/Public Works Fund	D-3	43
Schedule of Funding Progress – Pension Plan	D-4	44
Notes to the Required Supplementary Information		45-46
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		47
Nonmajor Governmental Funds:		49-50
Combining Balance Sheet	E-1	51
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	E-2	52
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
Courthouse and Jail Maintenance Fund	E-3	53
Solid Waste/Sanitation Fund	E-4	54
Local Purpose Tax Fund	E-5	55
Drug Control Fund	E-6	56
General Debt Service Fund	E-7	57

	Exhibit	Page(s)
Fiduciary Funds:		59
Combining Statement of Fiduciary Assets and Liabilities	F-1	61
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	F-2	62
Miscellaneous Schedules:		63
Schedule of Changes in Long-term Notes	G-1	65
Schedule of Notes Receivable	G-2	66
Schedule of Salaries and Official Bonds of Principal Officials	G-3	67
Schedule of Detailed Revenues – All Governmental Fund Types	G-4	68-71
Schedule of Detailed Expenditures – All Governmental Fund Types	G-5	72-86
Schedule of Detailed Receipts, Disbursements, and Changes in Cash Balance – City Agency Fund	G-6	87

Audit Highlights

Annual Financial Report
Van Buren County, Tennessee
For the Year Ended June 30, 2007

Scope

We have audited the financial statements of each major fund and the aggregate remaining fund information of Van Buren County as of and for the year ended June 30, 2007.

Results

Our report on Van Buren County's financial statements expresses an adverse opinion because government-wide financial statements are not presented in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34.

Our audit resulted in 13 findings and recommendations, which we have reviewed with Van Buren County management. Detailed findings and recommendations are included in the Single Audit Report.

Findings

The following are summaries of the audit findings:

VAN BUREN COUNTY

- ◆ Government-wide financial statements were not presented in accordance with generally accepted accounting principles, resulting in an adverse opinion.
- ◆ The county failed to perform steps set forth in the timeline included in their GASB Statement No. 34 implementation plan filed with the Comptroller's Office.

OFFICE OF COUNTY MAYOR

- ◆ A cash shortage of \$8,470.71 existed in the office at June 30, 2007. This shortage was a result of the unauthorized use of a county credit card by the former administrative assistant.
- ◆ The office did not reconcile general ledger trustee cash accounts with county trustee reports for funds administered by the county mayor.
- ◆ Expenditures exceeded total appropriations approved by the County Commission in the Solid Waste/Sanitation Fund (\$68,067), the Drug Control Fund (\$10,156), and the Local Purpose Tax Fund (\$3,012). Also, General Fund expenditures and encumbrances exceeded appropriations approved by the County Commission in seven major appropriation categories (the legal level of control).
- ◆ General ledger payroll liability accounts were not reconciled on a monthly basis with payroll records and payments, and reservations of fund balances were not documented.

OFFICE OF COUNTY MAYOR (Cont.)

- ◆ The office did not issue purchase orders for some applicable purchases. Invoices were not on file to support some purchases, and several invoices were paid without documentation that goods had been received or services had been rendered. Also, competitive bids were not solicited for assault rifles and service revolvers for the Sheriff's Department. Furthermore, the County Commission had not adopted a formal travel policy, and travel advances issued to the sheriff were not properly documented.
 - ◆ A \$65,000 tax anticipation note issued in September 2003 to provide cash for the General Fund was still unpaid at June 30, 2007.
 - ◆ Inventory records were not maintained as required by generally accepted accounting principles.
-

OFFICE OF ROAD SUPERINTENDENT

- ◆ Competitive bids were not solicited for the purchase of four salt spreaders.
-

OFFICE OF SHERIFF

- ◆ Sheriff's Department employees were not required to comply with the department's personnel policy regarding leave.
-

OTHER FINDINGS

- ◆ County officials had not adopted a central system of accounting, budgeting, and purchasing.
- ◆ Duties were not segregated adequately in the Offices of County Mayor, Road Superintendent, Trustee, County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff.

INTRODUCTORY SECTION

Van Buren County Officials
June 30, 2007

Officials

Kelly Dishman, County Mayor
Wendell Wheeler, Road Superintendent
Tammie Clendenon, Trustee
Pam Mooneyham, Assessor of Property
Linda Pettit, County Clerk
Teresa Simmons Delong, Circuit and General Sessions Courts Clerk
Tina Shockley, Clerk and Master
Linda Davis Simmons, Register
Barney Evans, Sheriff

Board of County Commissioners

David Sullivan, Chairman
Bennie Bryant
James Grissom
Joey Grissom
Johnny Guy
Johnny Russell
Sandra Shockley
David Solomon
Freddy Solomon
Rip VanWinkle

FINANCIAL SECTION



**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
PHONE (615) 401-7841**

INDEPENDENT AUDITOR'S REPORT

October 31, 2007

Van Buren County Mayor and
Board of County Commissioners
Van Buren County, Tennessee

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of Van Buren County, Tennessee, as of and for the year ended June 30, 2007, as shown on pages 15 through 36, which collectively comprise a portion of the county's basic financial statements required by accounting principles generally accepted in the United States of America. These financial statements are the responsibility of Van Buren County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Management has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activities and discretely presented component units. Accounting principles generally accepted in the United States of America require the presentation of government-wide financial statements. The amounts that would be reported in government-wide financial statements for the county's governmental activities and discretely presented component units are not reasonably determinable.

As described in Note I, Van Buren County, Tennessee, has prepared its financial statements on a prescribed basis of accounting that demonstrates compliance with financial reporting standards adopted by the Comptroller of the Treasury of the State of Tennessee. These standards require county governments that do not present government-wide financial statements to present fund financial statements in conformity with all the accounting principles generally accepted in the United States of America that are applicable to fund financial statements, including the notes to the financial statements. These standards also require some additional disclosures to be included in the notes to the financial statements, as described in Note I.

In our opinion, because of the effects of the matters discussed in the two preceding paragraphs, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Van Buren County, Tennessee, as of June 30, 2007, or the changes in its financial position for the year then ended.

However, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of Van Buren County, Tennessee, as of June 30, 2007, and the respective changes in financial position thereof for the year then ended in conformity with the basis of accounting prescribed by the Comptroller of the Treasury of the State of Tennessee.

In accordance with Government Auditing Standards, we have also issued our report dated October 31, 2007, on our consideration of Van Buren County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The budgetary comparison and pension information on pages 39 through 46 are not required parts of the basic financial statements but they do provide supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Van Buren County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds, 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 miscellaneous schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Very truly yours,

A handwritten signature in cursive script that reads "John G. Morgan". The signature is written in black ink and includes a long horizontal flourish at the end.

John G. Morgan
Comptroller of the Treasury

JGM/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

Van Buren County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2007

	Major Funds			Nonmajor	Total
	General	Ambulance Service	Highway / Public Works	Funds Other Govern- mental Funds	
<u>ASSETS</u>					
Cash	\$ 0	\$ 1,000	\$ 0	\$ 420	\$ 1,420
Equity in Pooled Cash and Investments	244,335	249,264	1,275,130	121,168	1,889,897
Accounts Receivable	2,901	174,365	0	730	177,996
Allowance for Uncollectibles	0	(60,126)	0	0	(60,126)
Due from Other Governments	36,709	0	234,063	26	270,798
Due from Other Funds	20,606	6,470	0	29,937	57,013
Property Taxes Receivable	1,179,616	191,562	0	161,315	1,532,493
Allowance for Uncollectible Property Taxes	(41,092)	(6,673)	0	(5,619)	(53,384)
Prepaid Items	3,339	0	0	0	3,339
Notes Receivable - Current	0	0	0	65,000	65,000
Cash Shortage	8,471	0	0	0	8,471
Total Assets	<u>\$ 1,454,885</u>	<u>\$ 555,862</u>	<u>\$ 1,509,193</u>	<u>\$ 372,977</u>	<u>\$ 3,892,917</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 24,617	\$ 8,328	\$ 0	\$ 11,288	\$ 44,233
Payroll Deductions Payable	1,486	3,676	0	823	5,985
Due to Other Funds	35,709	2,570	0	1,734	40,013
Due to State of Tennessee	0	0	0	70	70
Revenue Anticipation Notes Payable	65,000	0	0	0	65,000
Deferred Revenue - Current Property Taxes	1,094,570	177,751	0	149,685	1,422,006
Deferred Revenue - Delinquent Property Taxes	40,971	6,654	0	5,603	53,228
Other Deferred Revenues	19,063	86,143	118,915	0	224,121
Total Liabilities	<u>\$ 1,281,416</u>	<u>\$ 285,122</u>	<u>\$ 118,915</u>	<u>\$ 169,203</u>	<u>\$ 1,854,656</u>

(Continued)

Exhibit A

Van Buren County, Tennessee
Balance Sheet
Governmental Funds (Cont.)

	Major Funds			Nonmajor Funds	Total Govern- mental Funds
	General	Ambulance Service	Highway / Public Works	Other Govern- mental Funds	
<u>LIABILITIES AND FUND BALANCES (CONT.)</u>					
<u>Fund Balances</u>					
Reserved for Alcohol and Drug Treatment	\$ 263	\$ 0	\$ 0	\$ 0	\$ 263
Reserved for Computer System - Register	3,986	0	0	0	3,986
Reserved for Automation Purposes - Circuit Court	56	0	0	0	56
Reserved for Automation Purposes - General Sessions Court	6,397	0	0	0	6,397
Reserved for Automation Purposes - Chancery Court	362	0	0	0	362
Reserved for Capital Outlay	4,843	0	0	0	4,843
Reserved for Notes Receivable	0	0	0	65,000	65,000
Unreserved, Reported In:					
General Fund	157,562	0	0	0	157,562
Special Revenue Funds	0	270,740	1,390,278	59,290	1,720,308
Debt Service Funds	0	0	0	79,484	79,484
Total Fund Balances	<u>\$ 173,469</u>	<u>\$ 270,740</u>	<u>\$ 1,390,278</u>	<u>\$ 203,774</u>	<u>\$ 2,038,261</u>
Total Liabilities and Fund Balances	<u>\$ 1,454,885</u>	<u>\$ 555,862</u>	<u>\$ 1,509,193</u>	<u>\$ 372,977</u>	<u>\$ 3,892,917</u>

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

Exhibit B

Van Buren County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2007

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	Other Govern- mental Funds	
Revenues					
Local Taxes	\$ 1,177,777	\$ 157,488	\$ 0	\$ 241,516	\$ 1,576,781
Licenses and Permits	3,341	0	0	0	3,341
Fines, Forfeitures, and Penalties	42,066	0	0	19,174	61,240
Charges for Current Services	10,041	352,555	0	80,019	442,615
Other Local Revenues	49,194	687	106	2,246	52,233
Fees Received from County Officials	289,852	0	0	0	289,852
State of Tennessee	222,570	0	1,345,883	13,813	1,582,266
Federal Government	260,724	7,211	50,000	0	317,935
Other Governments and Citizens Groups	301	0	0	0	301
Total Revenues	\$ 2,055,866	\$ 517,941	\$ 1,395,989	\$ 356,768	\$ 4,326,564
Expenditures					
Current:					
General Government	\$ 437,775	\$ 0	\$ 0	\$ 49,808	\$ 487,583
Finance	196,977	0	0	0	196,977
Administration of Justice	182,708	0	0	0	182,708
Public Safety	634,833	0	0	137,708	772,541
Public Health and Welfare	36,462	314,414	0	118,375	469,251
Social, Cultural, and Recreational Services	41,606	0	0	0	41,606
Agricultural and Natural Resources	41,174	0	0	0	41,174
Other Operations	371,754	0	0	2,366	374,120
Highways	15,831	0	1,218,004	0	1,233,835
Debt Service:					
Principal on Debt	0	0	0	56,299	56,299
Interest on Debt	14,048	0	0	3,273	17,321
Other Debt Service	0	0	0	772	772
Total Expenditures	\$ 1,973,168	\$ 314,414	\$ 1,218,004	\$ 368,601	\$ 3,874,187

(Continued)

Exhibit B

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

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	Other Govern- mental Funds	
Excess (Deficiency) of Revenues Over Expenditures	\$ 82,698	\$ 203,527	\$ 177,985	\$ (11,833)	\$ 452,377
<u>Other Financing Sources (Uses)</u>					
Notes Issued	\$ 24,000	\$ 0	\$ 0	\$ 0	\$ 24,000
Total Other Financing Sources (Uses)	\$ 24,000	\$ 0	\$ 0	\$ 0	\$ 24,000
Net Change in Fund Balances	\$ 106,698	\$ 203,527	\$ 177,985	\$ (11,833)	\$ 476,377
Fund Balance, July 1, 2006	66,771	67,213	1,212,293	215,607	1,561,884
Fund Balance, June 30, 2007	\$ 173,469	\$ 270,740	\$ 1,390,278	\$ 203,774	\$ 2,038,261

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

Exhibit C

Van Buren County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2007

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 282,295
Due from Other Governments	<u>13,748</u>
Total Assets	<u>\$ 296,043</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 13,748
Due to Litigants, Heirs, and Others	<u>282,295</u>
Total Liabilities	<u>\$ 296,043</u>

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

VAN BUREN COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Van Buren County's financial statements are not 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.

Van Buren County has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activities and discretely presented component units. The two government-wide financial statements, the statement of net assets and the statement of activities, should be included in the basic financial statements to conform with the provisions of GASB Statement No. 34 and accounting principles generally accepted in the United States of America. Van Buren County has elected instead to implement only the provisions of the statement and other accounting principles generally accepted in the United States of America that relate to the fund financial statements. This departure from GAAP results in an incomplete presentation and has caused Van Buren County's auditor to issue an adverse opinion on the county's financial statements.

Although Van Buren County's financial statements are not presented in conformity with GAAP, the financial statements have been presented in conformity with financial reporting standards adopted by the Comptroller of the Treasury of the State of Tennessee. The Comptroller of the Treasury has adopted financial reporting standards for local governments in Tennessee that do not implement the provisions of GASB Statement No. 34. These standards require fund financial statements that are presented in conformity with all the provisions of GASB Statement No. 34 that are applicable to fund financial statements, including the notes to the financial statements. These standards also require the fund financial statements to be presented in conformity with all other accounting principles generally accepted in the United States of America that are applicable to fund financial statements, including the notes to the financial statements.

The following are the more significant accounting policies of Van Buren County:

A. Reporting Entity

Van Buren County is a public municipal corporation governed by an elected ten-member board. As required by GAAP, these financial statements present Van Buren County (the primary government).

Blended Component Units – There are no legally separate component units of Van Buren County that meet the criteria for being reported as part of the primary government by the blending method.

Excluded Component Units – The following entities meet the criteria for discretely presented component units of the county. Since Van Buren County is presenting fund financial statements only, the financial information of entities that meet the criteria for discretely presented component units is not included in the fund financial statements, as required by generally accepted accounting principles. These entities would have been presented as separate columns in those statements to emphasize that they are legally separate from the county.

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

The Van Buren County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Van Buren County, and the Van Buren 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 Van Buren County provides assistance in industrial recruitment in Van Buren County, and the Van Buren County Commission appoints its seven-member board. The board is funded primarily through lease payments collected from industries that lease buildings from the Industrial Development Board. The county has previously assumed the debt of the Industrial Development Board.

The Van Buren County School Department, the Van Buren County Emergency Communications District, and the Industrial Development Board of Van Buren County issue separate financial statements from those of the county. The School Department’s financial statements are published as a separate report but under the same cover as the county’s financial statements. The Van Buren County Emergency Communications District’s financial statements are published as a separate report. The Industrial Development Board of Van Buren County’s financial statements had not been audited. Complete financial statements of the Van Buren County Emergency Communications District and the Industrial Development Board of Van Buren County and can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Van Buren County Emergency Communications District
112 Generations Drive
Spencer, TN 38585

The Industrial Development Board of Van Buren County
500 College Street
Spencer, TN 38585

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

Fund financial statements of Van Buren County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary. However, Van Buren County has no proprietary funds to report. An emphasis is placed on major funds within the governmental category.

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

Property taxes for the period levied, in-lieu-of tax payments, sales taxes, interest, and miscellaneous taxes are all considered to be susceptible to accrual and have been recognized as revenues of the current period. Applicable business taxes, litigation taxes, state-shared excise taxes, fines,

forfeitures, and penalties are not susceptible to accrual since they are not measurable (reasonably estimable). All other revenue items are considered to be measurable and available only when the county receives cash.

Fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, except for agency funds which have no measurement focus. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Van Buren 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.

Ambulance Service Fund – This fund accounts for the transactions of the county-operated Ambulance Service.

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

Additionally, Van Buren County reports the following fund types:

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

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 Van Buren 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.

C. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; the county’s own legally issued bonds or notes; the State Treasurer’s Investment Pool; and repurchase agreements.

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

2. Receivables and Payables

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

Outstanding balances between funds that are representative of lending/borrowing arrangements at the end of the fiscal year are referred to as notes payable/receivable. Notes receivable between funds, as reported in the fund financial statements, are offset by a fund balance reserve to indicate that they are not available for current appropriation and are not expendable available financial resources.

All ambulance and property taxes receivable are shown with an allowance for uncollectibles. Ambulance receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to 1.97 percent of total taxes levied.

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

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

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

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

3. Prepaid Items

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

4. Capital Assets

Governmental funds do not capitalize the cost of capital outlays; these funds report capital outlays as expenditures upon acquisition. Van Buren County does not maintain capital assets records, as required by generally accepted accounting principles. Capital assets should be reported in the government-wide statement of net assets; however, as previously noted, Van Buren County does not present government-wide statements.

5. Compensated Absences

The general policy of Van Buren County (with the exception of the Highway Department) permits employees to accumulate earned but unused vacation and sick leave. Vacation and sick leave is granted at a rate of one day per month. Employees of the county are allowed to

accumulate up to 24 vacation days and do not have a limit on the number of sick days that can be accumulated. Upon termination of employment, an employee will be paid for any unused vacation days up to the 24-day limit; however, all sick leave will be forfeited.

The policy of the Highway Department allows employees to accumulate earned but unused sick leave. Sick leave is granted at a rate of one day per month. Employees are paid for their unused sick leave balance as of each December 31.

A liability for vacation and sick leave is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

6. Long-term Obligations

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, are recognized to the extent that the liabilities have matured (come due for payment) each period.

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.

7. Fund Equity

Governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees Fund (special revenue fund) which is not budgeted. 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 State 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, County Mayor, County Attorney, etc.). Management may make revisions within major categories, but only the County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

B. Cash Shortage

The General Fund had a cash shortage of \$8,470.71 as of June 30, 2007. Details of this cash shortage are discussed in the Schedule of Findings and Questioned Costs section of the Single Audit Report.

C. Expenditures Exceeded Appropriations

Expenditures exceeded total appropriations approved by the County Commission in the Solid Waste/Sanitation (\$68,067), Local Purpose Tax (\$3,012), and Drug Control (\$10,156) Funds.

General Fund expenditures and encumbrances exceeded appropriations approved by the County Commission in the following major appropriation categories (the legal level of control):

<u>Major Category</u>	<u>Amount Overspent</u>
Board of Equalization	\$ 237
County Buildings	2,219
Judicial Commissioners	112
Agriculture Extension Service	224
Employee Benefits	144
Miscellaneous	1,214
Interest on Debt - General Government	14,048

Such overexpenditures are a violation of state statutes. These overexpenditures were funded by greater than anticipated revenues and available fund balances.

D. A Tax Anticipation Note was not Retired in Compliance with State Statutes

On September 18, 2003, the General Fund borrowed \$65,000 from the General Debt Service Fund to provide cash for operations. This note should have been retired by June 30, 2004, but was still outstanding as of June 30, 2007.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Van Buren County and the Van Buren County School Department participate in an internal cash and investment pool through the Office of Trustee. The Van Buren County School Department meets the criteria for a discretely presented component unit of Van Buren County. Since Van Buren County is presenting fund financial statements only, the financial information for the Van Buren County School Department is not included in these fund financial statements. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, depositing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Cash reflected in the fund financial statements 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 the 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; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; and the county’s own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer’s Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state director of Local Finance and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government, or obligations guaranteed by the U.S. government, or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the market value of the securities on the day of purchase. Van Buren County had no pooled or nonpooled investments at June 30, 2007.

B. Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2007, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General	Nonmajor governmental	\$ 1,036
General	Ambulance Service	19,570
Ambulance Service	General	6,470
Nonmajor governmental	"	29,239
Nonmajor governmental	Nonmajor governmental	698

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

A portion of the receivable in the General Fund (\$17,000) was in transit from the Ambulance Service Fund at June 30, 2007.

C. Long-term Debt

Since Van Buren County is presenting fund financial statements only, long-term debt is not reported as a liability in the financial statements of the governmental funds. Long-term debt for governmental funds is required to be reported as a liability in government-wide financial statements, but Van Buren County is not presenting government-wide financial statements.

Capital Outlay Notes

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

Capital outlay notes are a direct obligation and pledge the full faith and credit of the government. Capital outlay notes outstanding were issued for the original terms of up to three years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All notes included in long-term debt as of June 30, 2007, will be retired from the General Debt Service Fund.

Capital outlay notes outstanding as of June 30, 2007, are as follows:

<u>Type</u>	<u>Interest Rate</u>	<u>Original Amount of Issue</u>	<u>Balance 6-30-07</u>
Capital Outlay Notes	4.4 to 4.55 %	\$ 125,915	\$ 66,317

The annual requirements to amortize notes outstanding as of June 30, 2007, including interest payments, are presented in the following table:

<u>Year Ending June 30</u>	<u>Notes</u>	
	<u>Principal</u>	<u>Interest</u>
2008	\$ 49,976	\$ 2,970
2009	7,994	721
2010	8,347	367
Total	<u>\$ 66,317</u>	<u>\$ 4,058</u>

There is \$79,484 available in the General Debt Service Fund to service long-term debt. Debt per capita, including notes, totaled \$12, based on the 2000 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2007, was as follows:

Governmental Activities:

	Notes	Landfill Postclosure Care Costs
Balance, July 1, 2006	\$ 98,616	\$ 395,804
Additions	24,000	0
Deductions	(56,299)	(12,650)
Balance, June 30, 2007	<u>\$ 66,317</u>	<u>\$ 383,154</u>
Balance Due Within One Year	<u>\$ 49,976</u>	<u>\$ 13,513</u>

D. Short-term Debt

On September 18, 2003, Van Buren County issued tax anticipation notes of \$65,000 from the General Debt Service Fund in advance of property tax collections and deposited the proceeds in the General Fund. These funds were necessary because funds were not available to meet the current expenditures of the fund. This note should have been retired by June 30, 2004; however, the note remains unpaid as of June 30, 2007, and therefore has been reflected in the financial statements of this report as a current notes receivable in the General Debt Service Fund and a current notes payable in the General Fund.

During the 2006-07 year, Van Buren County issued tax anticipation notes of \$398,000 in advance of property tax collections and deposited the proceeds in the General Fund (\$375,000) and the Solid Waste/Sanitation Fund (\$23,000). These funds were necessary because funds were not available to meet the current expenditures of the funds. These notes were properly retired by June 30, 2007.

Short-term debt activity for the year ended June 30, 2007, was as follows:

	Balance 7-1-06	Issued	Redeemed	Balance 6-30-07
Tax				
Anticipation Notes	\$ 65,000	\$ 398,000	\$ (398,000)	\$ 65,000

IV. OTHER INFORMATION

A. Risk Management

The county is exposed to various risks related to general liability, property, casualty, and workers' compensation losses. The county's risk of loss relating to general liability, property, casualty, and workers' compensation is covered by participation in the Local Government Property and Casualty Fund (LGPCF) and the Local Government Workers' Compensation Fund (LWCF), which are public entity risk pools established by the Tennessee County Services Association, an association of member counties. The county pays annual premiums to these pools for their general liability, property, casualty, and workers' compensation insurance coverage. The creation of these pools provides for it to be self-sustaining through member premiums. The LGPCF and LWCF reinsure through commercial insurance companies for claims exceeding \$100,000 for each insured event.

B. Subsequent Events

The county issued tax anticipation notes on August 20, 2007, (\$100,000) and on August 28, 2007, (\$8,400) for temporary operating funds. The proceeds of these loans were deposited into the General Fund.

On October 10, 2007, the county entered into a \$111,500 lease-purchase agreement for a roll-off truck.

C. Contingent Liabilities

Van Buren County is contingently liable for a capital outlay note of the Van Buren County Industrial Development Board. Van Buren County would become liable for this note and the interest thereon, in the event of default by the Van Buren County Industrial Development Board. The county made payments of \$16,257 in principal and interest on this note during the year, and the outstanding balance was \$37,031 on June 30, 2007.

Van Buren County and several other Tennessee counties have been named as defendants in a lawsuit demanding compliance with the requirements of the Americans with Disabilities Act (ADA). This lawsuit applies to all Van Buren County facilities. As of the date of this report, Van Buren County has not completed any studies of the estimated costs to renovate the existing county facilities to bring them into compliance with the ADA. Therefore, a reasonable estimate, or range of potential loss to the county, resulting from this lawsuit cannot be made.

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

D. Changes in Administration

On August 31, 2006, Carolyn Houston left the Office of County Mayor and was succeeded by Kelly Dishman, and Donnie Evans left the Office of Sheriff and was succeeded by Barney Evans.

E. Postclosure Care Costs

State and federal laws and regulations require the county to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. These closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste. The landfill was closed October 3, 1997. The \$383,154 reported as landfill postclosure care liability at June 30, 2007, represents the cumulative amount reported to date, based on the use of 100 percent of the capacity of the landfill. These amounts are based on what it would cost to perform all postclosure care in 2007. Actual costs may vary from the estimate due to inflation, changes in technology, or changes in regulations.

F. Retirement Commitments

Employees

Plan Description

Employees of Van Buren 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 Van Buren 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.treasury.state.tn.us/tcrs/PS/>.

Funding Policy

Van Buren County requires employees to contribute five percent of earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2007, was 7.78 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Van Buren County is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2007, Van Buren County's annual pension cost of \$162,498 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2005, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post-retirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Van Buren 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, 2005, was ten years. An actuarial valuation was performed as of July 1, 2005, which established contribution rates effective July 1, 2006.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-07	\$162,498	100%	\$0
6-30-06	104,354	100	0
6-30-05	102,427	100	0

G. Purchasing Laws

Office of County Mayor

Purchasing procedures for the Van Buren County Mayor's Office are governed by Chapter 36, Private Acts of 1973, and Chapter 111, Private Acts of 1986, which provide for competitive bids to be solicited on all purchases exceeding \$2,500.

Office of Road Superintendent

Chapter 565, Private Acts of 1951, as amended, and Section 54-7-113, Tennessee Code Annotated (Uniform Road Law), govern purchasing procedures for the Highway Department. Provisions of the Uniform Road Law require all purchases exceeding \$10,000 to be made on the basis of publicly advertised competitive bids.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit D-1

Van Buren County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 1,177,777	\$ 0	\$ 1,177,777	\$ 1,097,213	\$ 1,162,126	\$ 15,651
Licenses and Permits	3,341	0	3,341	2,400	2,400	941
Fines, Forfeitures, and Penalties	42,066	0	42,066	33,275	33,275	8,791
Charges for Current Services	10,041	0	10,041	8,100	8,100	1,941
Other Local Revenues	49,194	0	49,194	29,200	31,798	17,396
Fees Received from County Officials	289,852	0	289,852	238,800	242,876	46,976
State of Tennessee	222,570	0	222,570	213,456	215,207	7,363
Federal Government	260,724	0	260,724	0	276,102	(15,378)
Other Governments and Citizens Groups	301	0	301	0	0	301
Total Revenues	\$ 2,055,866	\$ 0	\$ 2,055,866	\$ 1,622,444	\$ 1,971,884	\$ 83,982
<u>Expenditures</u>						
<u>General Government</u>						
County Commission	\$ 23,297	\$ 0	\$ 23,297	\$ 25,112	\$ 28,241	\$ 4,944
Board of Equalization	1,237	0	1,237	1,000	1,000	(237)
Beer Board	550	0	550	1,000	1,000	450
County Mayor/Executive	109,165	0	109,165	101,587	113,212	4,047
County Attorney	7,200	0	7,200	7,200	7,200	0
Election Commission	177,991	(99,640)	78,351	75,250	182,486	104,135
Register of Deeds	60,196	0	60,196	55,619	60,672	476
County Buildings	57,657	0	57,657	49,000	55,438	(2,219)
Other General Administration	482	0	482	0	506	24
Preservation of Records	0	0	0	1,200	1,200	1,200
<u>Finance</u>						
Property Assessor's Office	58,454	0	58,454	64,945	68,470	10,016
County Trustee's Office	62,855	0	62,855	59,729	63,532	677
County Clerk's Office	75,668	0	75,668	70,714	76,650	982

(Continued)

Exhibit D-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Administration of Justice</u>						
Circuit Court	\$ 86,363	\$ 0	\$ 86,363	\$ 84,264	\$ 89,689	\$ 3,326
General Sessions Court	30,568	0	30,568	31,055	31,055	487
Chancery Court	51,668	0	51,668	50,219	53,746	2,078
Juvenile Court	11,664	0	11,664	10,500	11,664	0
Judicial Commissioners	2,445	0	2,445	2,263	2,333	(112)
<u>Public Safety</u>						
Sheriff's Department	395,951	0	395,951	304,600	400,880	4,929
Jail	161,757	0	161,757	225,816	195,871	34,114
Fire Prevention and Control	1,000	0	1,000	1,000	1,000	0
Rescue Squad	2,500	0	2,500	2,500	2,500	0
Other Emergency Management	755	0	755	1,200	1,200	445
County Coroner/Medical Examiner	7,836	0	7,836	3,600	7,836	0
Other Public Safety	65,034	0	65,034	51,700	65,034	0
<u>Public Health and Welfare</u>						
Local Health Center	9,039	0	9,039	11,550	11,769	2,730
Regional Mental Health Center	2,423	0	2,423	2,423	2,423	0
Appropriation to State	25,000	0	25,000	25,000	25,000	0
<u>Social, Cultural, and Recreational Services</u>						
Adult Activities	4,894	0	4,894	0	6,051	1,157
Senior Citizens Assistance	11,277	0	11,277	12,302	12,911	1,634
Libraries	21,604	0	21,604	21,604	21,604	0
Parks and Fair Boards	1,200	0	1,200	1,200	1,200	0
Other Social, Cultural, and Recreational	2,631	0	2,631	3,550	3,550	919
<u>Agriculture & Natural Resources</u>						
Agriculture Extension Service	33,707	0	33,707	32,976	33,483	(224)
Soil Conservation	7,467	0	7,467	7,383	7,970	503

(Continued)

Exhibit D-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Other Operations</u>						
Industrial Development	\$ 29,373	\$ 0	\$ 29,373	\$ 29,300	\$ 31,110	\$ 1,737
Other Economic and Community Development	150,322	0	150,322	0	150,322	0
Other Charges	111,035	0	111,035	108,669	126,786	15,751
Employee Benefits	54,810	0	54,810	101,000	54,666	(144)
Miscellaneous	26,214	0	26,214	25,000	25,000	(1,214)
<u>Highways</u>						
Litter and Trash Collection	15,831	0	15,831	31,737	31,947	16,116
<u>Interest on Debt</u>						
General Government	14,048	0	14,048	0	0	(14,048)
Total Expenditures	\$ 1,973,168	\$ (99,640)	\$ 1,873,528	\$ 1,694,767	\$ 2,068,207	\$ 194,679
Excess (Deficiency) of Revenues Over Expenditures						
	\$ 82,698	\$ 99,640	\$ 182,338	\$ (72,323)	\$ (96,323)	\$ 278,661
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 24,000	\$ 0	\$ 24,000	\$ 0	\$ 24,000	\$ 0
Total Other Financing Sources (Uses)	\$ 24,000	\$ 0	\$ 24,000	\$ 0	\$ 24,000	\$ 0
Net Change in Fund Balance						
Fund Balance, July 1, 2006	\$ 106,698	\$ 99,640	\$ 206,338	\$ (72,323)	\$ (72,323)	\$ 278,661
	66,771	(99,640)	(32,869)	173,967	173,967	(206,836)
Fund Balance, June 30, 2007						
	\$ 173,469	\$ 0	\$ 173,469	\$ 101,644	\$ 101,644	\$ 71,825

Exhibit D-2

Van Buren County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Ambulance Service Fund
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 157,488	\$ 151,997	\$ 151,997	\$ 5,491
Charges for Current Services	352,555	220,000	220,000	132,555
Other Local Revenues	687	0	0	687
Federal Government	7,211	0	0	7,211
Total Revenues	<u>\$ 517,941</u>	<u>\$ 371,997</u>	<u>\$ 371,997</u>	<u>\$ 145,944</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Ambulance/Emergency Medical Services	\$ 314,414	\$ 369,463	\$ 369,463	\$ 55,049
Total Expenditures	<u>\$ 314,414</u>	<u>\$ 369,463</u>	<u>\$ 369,463</u>	<u>\$ 55,049</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 203,527</u>	<u>\$ 2,534</u>	<u>\$ 2,534</u>	<u>\$ 200,993</u>
Net Change in Fund Balance	\$ 203,527	\$ 2,534	\$ 2,534	\$ 200,993
Fund Balance, July 1, 2006	<u>67,213</u>	<u>(724)</u>	<u>(724)</u>	<u>67,937</u>
Fund Balance, June 30, 2007	<u>\$ 270,740</u>	<u>\$ 1,810</u>	<u>\$ 1,810</u>	<u>\$ 268,930</u>

Exhibit D-3

Van Buren County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 0	\$ 100	\$ 100	\$ (100)
Other Local Revenues	106	0	0	106
State of Tennessee	1,345,883	1,397,664	1,397,664	(51,781)
Federal Government	50,000	0	0	50,000
Total Revenues	<u>\$ 1,395,989</u>	<u>\$ 1,397,764</u>	<u>\$ 1,397,764</u>	<u>\$ (1,775)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 122,054	\$ 132,191	\$ 132,191	\$ 10,137
Highway and Bridge Maintenance	506,283	1,089,100	1,089,100	582,817
Operation and Maintenance of Equipment	180,034	318,300	318,300	138,266
Quarry Operations	9,739	12,500	12,500	2,761
Other Charges	99,336	123,500	123,500	24,164
Employee Benefits	86,157	128,500	128,500	42,343
Capital Outlay	214,401	330,000	330,000	115,599
Total Expenditures	<u>\$ 1,218,004</u>	<u>\$ 2,134,091</u>	<u>\$ 2,134,091</u>	<u>\$ 916,087</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 177,985</u>	<u>\$ (736,327)</u>	<u>\$ (736,327)</u>	<u>\$ 914,312</u>
Net Change in Fund Balance	\$ 177,985	\$ (736,327)	\$ (736,327)	\$ 914,312
Fund Balance, July 1, 2006	<u>1,212,293</u>	<u>1,175,275</u>	<u>1,175,275</u>	<u>37,018</u>
Fund Balance, June 30, 2007	<u>\$ 1,390,278</u>	<u>\$ 438,948</u>	<u>\$ 438,948</u>	<u>\$ 951,330</u>

Exhibit D-4

Van Buren County, Tennessee
Schedule of Funding Progress – Pension Plan
June 30, 2007

Required Supplementary Information
 Schedule of Funding Progress for Van Buren County

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-05	\$ 3,103	\$ 3,128	\$ 25	99.20 %	\$ 1,931	1.29 %
6-30-03	2,724	2,753	29	98.95	1,673	1.73
6-30-01	2,392	2,462	70	97.16	1,632	4.29

VAN BUREN COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2007

A. BUDGETARY INFORMATION

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the Van Buren 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 State 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, County Mayor, County Attorney, etc.). Management may make revisions within major categories, but only the Van Buren County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

B. CASH SHORTAGE

The General Fund had a cash shortage of \$8,470.71 as of June 30, 2007. Details of this cash shortage are discussed in the Schedule of Findings and Questioned Costs section of the Single Audit report.

C. EXPENDITURES EXCEEDED APPROPRIATIONS

General Fund expenditures and encumbrances exceeded appropriations approved by the County Commission in the following major appropriation categories (the legal level of control):

<u>Major Category</u>	<u>Amount Overspent</u>
Board of Equalization	\$ 237
County Buildings	2,219
Judicial Commissioners	112
Agriculture Extension Service	224
Employee Benefits	144
Miscellaneous	1,214
Interest on Debt - General Government	14,048

Such overexpenditures are a violation of state statutes. These overexpenditures were funded by greater than anticipated revenues.

D. A TAX ANTICIPATION NOTE WAS NOT RETIRED IN COMPLIANCE WITH STATE STATUTES

In September 2003, Van Buren County issued tax anticipation notes of \$65,000 from the General Debt Service Fund in advance of property tax collections and deposited the proceeds in the General Fund. These funds should have been repaid by June 30, 2004; however, the funds were still unpaid at June 30, 2007.

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

Nonmajor Governmental Funds

Special Revenue Funds

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

Courthouse and Jail Maintenance Fund – The Courthouse and Jail Maintenance Fund is used to account for a special tax levied by private act on litigation and the recording of certain instruments. The proceeds of the tax must be used to pay for improvements or maintenance on the courthouse and jail.

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for transactions involving solid waste disposal.

Local Purpose Tax Fund – The Local Purpose Tax Fund is used to account for a special property tax levied to provide funding for Van Buren County Volunteer Fire Departments.

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

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

Debt Service Fund

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs.

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

Exhibit E-1

Van Buren County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2007

	Special Revenue Funds					Total	Debt	Total
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Local Purpose Tax	Drug Control	Constitu- tional Officers - Fees		Service Fund	
ASSETS								
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 420	\$ 420	\$ 0	420
Equity in Pooled Cash and Investments	19,897	13,520	23,899	10,336	0	67,652	53,516	121,168
Accounts Receivable	231	403	0	0	96	730	0	730
Due from Other Governments	0	26	0	0	0	26	0	26
Due from Other Funds	3,115	17	698	139	0	3,969	25,968	29,937
Property Taxes Receivable	0	60,493	100,822	0	0	161,315	0	161,315
Allowance for Uncollectible Property Taxes	0	(2,107)	(3,512)	0	0	(5,619)	0	(5,619)
Notes Receivable - Current	0	0	0	0	0	0	65,000	65,000
Total Assets	\$ 23,243	\$ 72,352	\$ 121,907	\$ 10,475	\$ 516	\$ 228,493	\$ 144,484	\$ 372,977
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts Payable	\$ 7,950	\$ 3,338	\$ 0	\$ 0	\$ 0	\$ 11,288	\$ 0	11,288
Payroll Deductions Payable	0	823	0	0	0	823	0	823
Due to Other Funds	520	0	0	698	516	1,734	0	1,734
Due to State of Tennessee	70	0	0	0	0	70	0	70
Deferred Revenue - Current Property Taxes	0	56,132	93,553	0	0	149,685	0	149,685
Deferred Revenue - Delinquent Property Taxes	0	2,101	3,502	0	0	5,603	0	5,603
Total Liabilities	\$ 8,540	\$ 62,394	\$ 97,055	\$ 698	\$ 516	\$ 169,203	\$ 0	169,203
Fund Balances								
Reserved for Other General Purposes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 65,000	\$ 65,000
Unreserved	14,703	9,958	24,852	9,777	0	59,290	79,484	138,774
Total Fund Balances	\$ 14,703	\$ 9,958	\$ 24,852	\$ 9,777	\$ 0	\$ 59,290	\$ 144,484	\$ 203,774
Total Liabilities and Fund Balances	\$ 23,243	\$ 72,352	\$ 121,907	\$ 10,475	\$ 516	\$ 228,493	\$ 144,484	\$ 372,977

Exhibit E-2

Van Buren County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2007

	Special Revenue Funds					Debt Service Fund	Total
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Local Purpose Tax	Drug Control	Total	General Debt Service	Nonmajor Governmental Funds
<u>Revenues</u>							
Local Taxes	\$ 42,819	\$ 49,899	\$ 85,821	\$ 0	\$ 178,539	\$ 62,977	\$ 241,516
Fines, Forfeitures, and Penalties	0	0	0	19,174	19,174	0	19,174
Charges for Current Services	0	80,019	0	0	80,019	0	80,019
Other Local Revenues	2,246	0	0	0	2,246	0	2,246
State of Tennessee	0	0	0	0	0	13,813	13,813
Total Revenues	\$ 45,065	\$ 129,918	\$ 85,821	\$ 19,174	\$ 279,978	\$ 76,790	\$ 356,768
<u>Expenditures</u>							
Current:							
General Government	\$ 49,808	\$ 0	\$ 0	\$ 0	\$ 49,808	\$ 0	\$ 49,808
Public Safety	6,083	0	98,284	33,341	137,708	0	137,708
Public Health and Welfare	0	118,375	0	0	118,375	0	118,375
Other Operations	423	0	1,753	190	2,366	0	2,366
Debt Service:							
Principal on Debt	0	0	0	0	0	56,299	56,299
Interest on Debt	0	1,000	0	0	1,000	2,273	3,273
Other Debt Service	0	0	0	0	0	772	772
Total Expenditures	\$ 56,314	\$ 119,375	\$ 100,037	\$ 33,531	\$ 309,257	\$ 59,344	\$ 368,601
Excess (Deficiency) of Revenues Over Expenditures	\$ (11,249)	\$ 10,543	\$ (14,216)	\$ (14,357)	\$ (29,279)	\$ 17,446	\$ (11,833)
Net Change in Fund Balances	\$ (11,249)	\$ 10,543	\$ (14,216)	\$ (14,357)	\$ (29,279)	\$ 17,446	\$ (11,833)
Fund Balance, July 1, 2006	25,952	(585)	39,068	24,134	88,569	127,038	215,607
Fund Balance, June 30, 2007	\$ 14,703	\$ 9,958	\$ 24,852	\$ 9,777	\$ 59,290	\$ 144,484	\$ 203,774

Exhibit E-3

Van Buren County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Courthouse & Jail Maintenance Fund
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 42,819	\$ 53,000	\$ 53,000	\$ (10,181)
Other Local Revenues	2,246	0	0	2,246
Total Revenues	<u>\$ 45,065</u>	<u>\$ 53,000</u>	<u>\$ 53,000</u>	<u>\$ (7,935)</u>
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 49,808	\$ 51,560	\$ 54,976	\$ 5,168
<u>Public Safety</u>				
Jail	6,083	10,000	6,583	500
<u>Other Operations</u>				
Other Charges	423	600	600	177
Total Expenditures	<u>\$ 56,314</u>	<u>\$ 62,160</u>	<u>\$ 62,159</u>	<u>\$ 5,845</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (11,249)</u>	<u>\$ (9,160)</u>	<u>\$ (9,159)</u>	<u>\$ (2,090)</u>
Net Change in Fund Balance	\$ (11,249)	\$ (9,160)	\$ (9,159)	\$ (2,090)
Fund Balance, July 1, 2006	<u>25,952</u>	<u>22,825</u>	<u>22,825</u>	<u>3,127</u>
Fund Balance, June 30, 2007	<u>\$ 14,703</u>	<u>\$ 13,665</u>	<u>\$ 13,666</u>	<u>\$ 1,037</u>

Exhibit E-4

Van Buren County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 49,899	\$ 46,582	\$ 46,582	\$ 3,317
Charges for Current Services	80,019	60,000	60,000	20,019
Total Revenues	<u>\$ 129,918</u>	<u>\$ 106,582</u>	<u>\$ 106,582</u>	<u>\$ 23,336</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Convenience Centers	\$ 110,850	\$ 43,808	\$ 43,808	\$ (67,042)
Landfill Operation and Maintenance	7,525	7,500	7,500	(25)
<u>Interest on Debt</u>				
General Government	1,000	0	0	(1,000)
Total Expenditures	<u>\$ 119,375</u>	<u>\$ 51,308</u>	<u>\$ 51,308</u>	<u>\$ (68,067)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 10,543</u>	<u>\$ 55,274</u>	<u>\$ 55,274</u>	<u>\$ (44,731)</u>
Net Change in Fund Balance	\$ 10,543	\$ 55,274	\$ 55,274	\$ (44,731)
Fund Balance, July 1, 2006	(585)	(22,109)	(22,109)	21,524
Fund Balance, June 30, 2007	<u>\$ 9,958</u>	<u>\$ 33,165</u>	<u>\$ 33,165</u>	<u>\$ (23,207)</u>

Exhibit E-5

Van Buren County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Local Purpose Tax Fund
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 85,821	\$ 79,237	\$ 79,662	\$ 6,159
Total Revenues	\$ 85,821	\$ 79,237	\$ 79,662	\$ 6,159
<u>Expenditures</u>				
<u>Public Safety</u>				
Fire Prevention and Control	\$ 98,284	\$ 95,000	\$ 95,000	\$ (3,284)
<u>Other Operations</u>				
Other Charges	1,753	1,600	2,025	272
Total Expenditures	\$ 100,037	\$ 96,600	\$ 97,025	\$ (3,012)
Excess (Deficiency) of Revenues Over Expenditures	\$ (14,216)	\$ (17,363)	\$ (17,363)	\$ 3,147
Net Change in Fund Balance	\$ (14,216)	\$ (17,363)	\$ (17,363)	\$ 3,147
Fund Balance, July 1, 2006	39,068	43,193	43,193	(4,125)
Fund Balance, June 30, 2007	\$ 24,852	\$ 25,830	\$ 25,830	\$ (978)

Exhibit E-6

Van Buren County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 19,174	\$ 9,300	\$ 15,645	\$ 3,529
Total Revenues	\$ 19,174	\$ 9,300	\$ 15,645	\$ 3,529
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 33,341	\$ 11,800	\$ 23,145	\$ (10,196)
<u>Other Operations</u>				
Other Charges	190	230	230	40
Total Expenditures	\$ 33,531	\$ 12,030	\$ 23,375	\$ (10,156)
Excess (Deficiency) of Revenues Over Expenditures	\$ (14,357)	\$ (2,730)	\$ (7,730)	\$ (6,627)
Net Change in Fund Balance	\$ (14,357)	\$ (2,730)	\$ (7,730)	\$ (6,627)
Fund Balance, July 1, 2006	24,134	21,123	21,123	3,011
Fund Balance, June 30, 2007	\$ 9,777	\$ 18,393	\$ 13,393	\$ (3,616)

Exhibit E-7

Van Buren County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 62,977	\$ 50,624	\$ 50,624	\$ 12,353
State of Tennessee	13,813	10,000	10,000	3,813
Total Revenues	<u>\$ 76,790</u>	<u>\$ 60,624</u>	<u>\$ 60,624</u>	<u>\$ 16,166</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 56,299	\$ 38,381	\$ 64,881	\$ 8,582
<u>Interest on Debt</u>				
General Government	2,273	3,224	3,224	951
<u>Other Debt Service</u>				
General Government	772	0	753	(19)
Total Expenditures	<u>\$ 59,344</u>	<u>\$ 41,605</u>	<u>\$ 68,858</u>	<u>\$ 9,514</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 17,446</u>	<u>\$ 19,019</u>	<u>\$ (8,234)</u>	<u>\$ 25,680</u>
Net Change in Fund Balance	\$ 17,446	\$ 19,019	\$ (8,234)	\$ 25,680
Fund Balance, July 1, 2006	<u>127,038</u>	<u>118,251</u>	<u>118,251</u>	<u>8,787</u>
Fund Balance, June 30, 2007	<u><u>\$ 144,484</u></u>	<u><u>\$ 137,270</u></u>	<u><u>\$ 110,017</u></u>	<u><u>\$ 34,467</u></u>

Fiduciary Funds

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

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

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 F-1

Van Buren County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2007

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 282,295	\$ 282,295
Due from Other Governments	13,748	0	13,748
Total Assets	<u>\$ 13,748</u>	<u>\$ 282,295</u>	<u>\$ 296,043</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 13,748	\$ 0	\$ 13,748
Due to Litigants, Heirs, and Others	0	282,295	282,295
Total Liabilities	<u>\$ 13,748</u>	<u>\$ 282,295</u>	<u>\$ 296,043</u>

Exhibit F-2

Van Buren County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2007

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 84,344	\$ 84,344	\$ 0
Due from Other Governments	13,970	13,748	13,970	13,748
Total Assets	<u>\$ 13,970</u>	<u>\$ 98,092</u>	<u>\$ 98,314</u>	<u>\$ 13,748</u>
<u>Liabilities</u>				
Due to Other Taxing Units	<u>\$ 13,970</u>	<u>\$ 98,092</u>	<u>\$ 98,314</u>	<u>\$ 13,748</u>
Total Liabilities	<u>\$ 13,970</u>	<u>\$ 98,092</u>	<u>\$ 98,314</u>	<u>\$ 13,748</u>
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	<u>\$ 298,598</u>	<u>\$ 3,234,615</u>	<u>\$ 3,250,918</u>	<u>\$ 282,295</u>
Total Assets	<u>\$ 298,598</u>	<u>\$ 3,234,615</u>	<u>\$ 3,250,918</u>	<u>\$ 282,295</u>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	<u>\$ 298,598</u>	<u>\$ 3,234,615</u>	<u>\$ 3,250,918</u>	<u>\$ 282,295</u>
Total Liabilities	<u>\$ 298,598</u>	<u>\$ 3,234,615</u>	<u>\$ 3,250,918</u>	<u>\$ 282,295</u>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 84,344	\$ 84,344	\$ 0
Cash	298,598	3,234,615	3,250,918	282,295
Due from Other Governments	13,970	13,748	13,970	13,748
Total Assets	<u>\$ 312,568</u>	<u>\$ 3,332,707</u>	<u>\$ 3,349,232</u>	<u>\$ 296,043</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 13,970	\$ 98,092	\$ 98,314	\$ 13,748
Due to Litigants, Heirs, and Others	298,598	3,234,615	3,250,918	282,295
Total Liabilities	<u>\$ 312,568</u>	<u>\$ 3,332,707</u>	<u>\$ 3,349,232</u>	<u>\$ 296,043</u>

MISCELLANEOUS SCHEDULES

Exhibit G-1

Van Buren County, Tennessee
Schedule of Changes in Long-term Notes
For the Year Ended June 30, 2007

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-06	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-07
<u>NOTES PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Industrial Park	\$ 212,000	0 %	4-21-1998	4-23-07	\$ 26,500	\$ 0	\$ 26,500	\$ 0
Patrol Car and Roofing Project	81,915	4.5	10-25-04	10-25-07	52,116	0	29,799	22,317
Solid Waste Recycling Center	20,000	4.55	5-26-05	5-25-08	20,000	0	0	20,000
4-Wheel Drive, Quad Cab Police Cruiser	24,000	4.4	12-20-06	12-20-09	0	24,000	0	24,000
Total Notes Payable					<u>\$ 98,616</u>	<u>\$ 24,000</u>	<u>\$ 56,299</u>	<u>\$ 66,317</u>

Exhibit G-2

Van Buren County, Tennessee
Schedule of Notes Receivable
June 30, 2007

Description/Payee	Debtor	Original Amount of Notes	Date of Maturity	Interest Rate	Balance 6-30-07
Tax Anticipation Note:					
General Debt Service Fund	General Fund	\$ 65,000	6-30-04	0%	\$ 65,000 (1)

(1) This note was not retired by June 30, 2004, as required by state statutes.

Exhibit G-3

Van Buren County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
For the Year Ended June 30, 2007

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor:				
Carolyn Houston (7-1-06 to 8-31-06)	Section 8-24-102, <u>TCA</u>	\$ 9,354	\$ 25,000	Western Surety Company
Kelly Dishman (9-1-06 to 6-30-07)	Section 8-24-102, <u>TCA</u> , and the Van Buren County Commission	44,478	25,000	RLI Insurance Company
Road Superintendent	Section 8-24-102, <u>TCA</u>	51,226	100,000	Western Surety Company
Trustee	Section 8-24-102, <u>TCA</u>	46,569	271,000	Hartford Fire Insurance Company
Assessor of Property	Section 8-24-102, <u>TCA</u>	46,569	10,000	Western Surety Company
County Clerk	Section 8-24-102, <u>TCA</u>	46,569	25,000	"
Circuit Court Clerk	Section 8-24-102, <u>TCA</u>	46,569	30,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u>	46,569	50,000	"
Register	Section 8-24-102, <u>TCA</u>	46,569	15,000	"
Sheriff:				
Donnie Evans (7-1-06 to 8-31-06)	Section 8-24-102, <u>TCA</u>	8,866	25,000	"
Barney Evans (9-1-06 to 6-30-07)	Section 8-24-102, <u>TCA</u>	42,878 (1)	25,000	"
Public Employees Blanket Bond:				
General County Employees			150,000	Local Government Insurance Pool

(1) Includes law enforcement training supplement of \$518.

Exhibit G-4

Van Buren County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2007

	Special Revenue Funds							Debt Service Fund	Total
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Ambulance Service	Local Purpose Tax	Drug Control	Highway / Public Works	General Debt Service	
<u>Local Taxes</u>									
<u>County Property Taxes</u>									
Current Property Tax	\$ 910,012	\$ 0	\$ 46,650	\$ 147,714	\$ 77,807	\$ 0	\$ 0	\$ 0	\$ 1,182,183
Trustee's Collections - Prior Year	60,356	0	2,321	6,964	5,804	0	0	0	75,445
Circuit/Clerk & Master Collections - Prior Years	4,867	0	293	885	702	0	0	0	6,747
Interest and Penalty	16,197	0	473	1,438	1,111	0	0	0	19,219
Pick-up Taxes	4,261	0	162	487	397	0	0	0	5,307
Payments in-Lieu-of Taxes - T.V.A.	4,365	0	0	0	0	0	0	624	4,989
Payments in-Lieu-of Taxes - Other	65,074	0	0	0	0	0	0	0	65,074
<u>County Local Option Taxes</u>									
Local Option Sales Tax	62,098	0	0	0	0	0	0	0	62,098
Hotel/Motel Tax	0	0	0	0	0	0	0	62,353	62,353
Litigation Tax - Special Purpose	0	31,376	0	0	0	0	0	0	31,376
Litigation Tax - Jail, Workhouse, or Courthouse	0	11,443	0	0	0	0	0	0	11,443
Business Tax	13,244	0	0	0	0	0	0	0	13,244
<u>Statutory Local Taxes</u>									
Bank Excise Tax	18,088	0	0	0	0	0	0	0	18,088
Wholesale Beer Tax	18,597	0	0	0	0	0	0	0	18,597
Interstate Telecommunications Tax	618	0	0	0	0	0	0	0	618
Total Local Taxes	\$ 1,177,777	\$ 42,819	\$ 49,899	\$ 157,488	\$ 85,821	\$ 0	\$ 0	\$ 62,977	\$ 1,576,781
<u>Licenses and Permits</u>									
<u>Licenses</u>									
Cable TV Franchise	\$ 3,341	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,341
Total Licenses and Permits	\$ 3,341	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,341
<u>Fines, Forfeitures, and Penalties</u>									
<u>Circuit Court</u>									
Fines	\$ 3,875	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,875
Officers Costs	1,669	0	0	0	0	0	0	0	1,669
Drug Control Fines	200	0	0	0	0	16,999	0	0	17,199
Drug Court Fees	665	0	0	0	0	0	0	0	665
Data Entry Fee - Circuit Court	49	0	0	0	0	0	0	0	49

(Continued)

Exhibit G-4

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

	Special Revenue Funds							Debt Service Fund	Total
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Ambulance Service	Local Purpose Tax	Drug Control	Highway / Public Works	General Debt Service	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>									
<u>General Sessions Court</u>									
Fines	\$ 15,357	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 15,357
Officers Costs	16,565	0	0	0	0	0	0	0	16,565
Drug Control Fines	266	0	0	0	0	2,036	0	0	2,302
Drug Court Fees	266	0	0	0	0	0	0	0	266
Jail Fees	741	0	0	0	0	0	0	0	741
Data Entry Fee - General Sessions Court	2,096	0	0	0	0	0	0	0	2,096
<u>Chancery Court</u>									
Officers Costs	142	0	0	0	0	0	0	0	142
Data Entry Fee - Chancery Court	175	0	0	0	0	0	0	0	175
<u>Other Fines, Forfeitures, and Penalties</u>									
Proceeds from Confiscated Property	0	0	0	0	0	139	0	0	139
Total Fines, Forfeitures, and Penalties	\$ 42,066	\$ 0	\$ 0	\$ 0	\$ 0	\$ 19,174	\$ 0	\$ 0	\$ 61,240
<u>Charges for Current Services</u>									
<u>General Service Charges</u>									
Convenience Waste Centers Collection Charge	\$ 0	\$ 0	\$ 80,019	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 80,019
Patient Charges	0	0	0	352,555	0	0	0	0	352,555
<u>Fees</u>									
Copy Fees	2,386	0	0	0	0	0	0	0	2,386
Telephone Commissions	604	0	0	0	0	0	0	0	604
Vending Machine Collections	735	0	0	0	0	0	0	0	735
Data Processing Fee - Register	5,876	0	0	0	0	0	0	0	5,876
Sexual Offender Registration Fees - Sheriff	440	0	0	0	0	0	0	0	440
Total Charges for Current Services	\$ 10,041	\$ 0	\$ 80,019	\$ 352,555	\$ 0	\$ 0	\$ 0	\$ 0	\$ 442,615
<u>Other Local Revenues</u>									
<u>Recurring Items</u>									
Investment Income	\$ 39,370	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 39,370
Lease/Rentals	2,446	0	0	0	0	0	0	0	2,446
Miscellaneous Refunds	7,378	1,786	0	687	0	0	106	0	9,957
<u>Nonrecurring Items</u>									
Damages Recovered from Individuals	0	460	0	0	0	0	0	0	460
Total Other Local Revenues	\$ 49,194	\$ 2,246	\$ 0	\$ 687	\$ 0	\$ 0	\$ 106	\$ 0	\$ 52,233

(Continued)

Exhibit G-4

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

	Special Revenue Funds							Debt Service Fund	Total
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Ambulance Service	Local Purpose Tax	Drug Control	Highway / Public Works	General Debt Service	
<u>Fees Received from County Officials</u>									
<u>Fees-In-Lieu of Salary</u>									
County Clerk	\$ 49,126	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 49,126
Circuit Court Clerk	14,797	0	0	0	0	0	0	0	14,797
General Sessions Court Clerk	65,060	0	0	0	0	0	0	0	65,060
Clerk and Master	9,698	0	0	0	0	0	0	0	9,698
Register	67,756	0	0	0	0	0	0	0	67,756
Sheriff	3,461	0	0	0	0	0	0	0	3,461
Trustee	79,954	0	0	0	0	0	0	0	79,954
Total Fees Received from County Officials	\$ 289,852	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 289,852
<u>State of Tennessee</u>									
<u>General Government Grants</u>									
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,000
State Reappraisal Grant	3,106	0	0	0	0	0	0	0	3,106
Other General Government Grants	3,629	0	0	0	0	0	0	0	3,629
<u>Public Safety Grants</u>									
Law Enforcement Training Programs	3,112	0	0	0	0	0	0	0	3,112
<u>Health and Welfare Grants</u>									
Other Health and Welfare Grants	1,800	0	0	0	0	0	0	0	1,800
<u>Public Works Grants</u>									
Litter Program	23,254	0	0	0	0	0	0	0	23,254
<u>Other State Revenues</u>									
Beer Tax	18,753	0	0	0	0	0	0	0	18,753
Alcoholic Beverage Tax	16,004	0	0	0	0	0	0	0	16,004
State Revenue Sharing - T.V.A.	96,689	0	0	0	0	0	0	13,813	110,502
Contracted Prisoner Boarding	30,843	0	0	0	0	0	0	0	30,843
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	1,341,452	0	1,341,452
Petroleum Special Tax	0	0	0	0	0	0	4,431	0	4,431
Registrar's Salary Supplement	16,380	0	0	0	0	0	0	0	16,380
Total State of Tennessee	\$ 222,570	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,345,883	\$ 13,813	\$ 1,582,266

(Continued)

Exhibit G-4

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

	Special Revenue Funds							Debt Service Fund	Total
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Ambulance Service	Local Purpose Tax	Drug Control	Highway / Public Works	General Debt Service	
<u>Federal Government</u>									
<u>Federal Through State</u>									
Homeland Security Grants	\$ 0	\$ 0	\$ 0	\$ 7,211	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,211
Other Federal through State	260,724	0	0	0	0	0	50,000	0	310,724
Total Federal Government	\$ 260,724	\$ 0	\$ 0	\$ 7,211	\$ 0	\$ 0	\$ 50,000	\$ 0	\$ 317,935
<u>Other Governments and Citizens Groups</u>									
<u>Other Governments</u>									
Contributions	\$ 301	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 301
Total Other Governments and Citizens Groups	\$ 301	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 301
Total	\$ 2,055,866	\$ 45,065	\$ 129,918	\$ 517,941	\$ 85,821	\$ 19,174	\$ 1,395,989	\$ 76,790	\$ 4,326,564

Exhibit G-5

Van Buren County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2007

General Fund

General Government

County Commission

Board and Committee Members Fees	\$ 13,650	
Audit Services	1,319	
Consultants	3,960	
Dues and Memberships	1,050	
Legal Services	3,318	
Total County Commission		\$ 23,297

Board of Equalization

Board and Committee Members Fees	\$ 1,237	
Total Board of Equalization		1,237

Beer Board

Board and Committee Members Fees	\$ 550	
Total Beer Board		550

County Mayor/Executive

County Official/Administrative Officer	\$ 53,832	
Accountants/Bookkeepers	28,871	
Overtime Pay	2,354	
Social Security	5,064	
Unemployment Compensation	174	
Employer Medicare	1,184	
Communication	5,329	
Data Processing Services	6,056	
Dues and Memberships	1,854	
Legal Notices, Recording, and Court Costs	1,610	
Printing, Stationery, and Forms	171	
Travel	1,603	
Office Supplies	545	
Premiums on Corporate Surety Bonds	266	
Other Charges	252	
Total County Mayor/Executive		109,165

County Attorney

County Official/Administrative Officer	\$ 7,200	
Total County Attorney		7,200

Election Commission

County Official/Administrative Officer	\$ 41,912	
Election Commission	11,335	

(Continued)

Exhibit G-5

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Election Workers	\$	6,620	
Social Security		1,849	
Unemployment Compensation		126	
Employer Medicare		432	
Communication		1,073	
Data Processing Services		408	
Dues and Memberships		69	
Legal Notices, Recording, and Court Costs		5,682	
Printing, Stationery, and Forms		4,345	
Travel		2,107	
Other Contracted Services		1,863	
Office Supplies		298	
Other Charges		167	
Data Processing Equipment		65	
Voting Machines		99,640	
Total Election Commission	\$		177,991

Register of Deeds

County Official/Administrative Officer	\$	46,569	
Social Security		2,856	
Employer Medicare		668	
Communication		863	
Data Processing Services		5,868	
Dues and Memberships		257	
Printing, Stationery, and Forms		1,521	
Office Supplies		1,494	
Premiums on Corporate Surety Bonds		100	
Total Register of Deeds			60,196

County Buildings

Communication	\$	1,419	
Maintenance & Repair Services - Buildings		629	
Custodial Supplies		81	
Electricity		27,577	
Natural Gas		20,270	
Water and Sewer		7,681	
Total County Buildings			57,657

Other General Administration

Social Security	\$	316	
-----------------	----	-----	--

(Continued)

Exhibit G-5

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

General Fund (Cont.)

General Government (Cont.)

Other General Administration (Cont.)

Unemployment Compensation	\$	92	
Employer Medicare		74	
Total Other General Administration			\$ 482

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	46,569	
Social Security		2,856	
Employer Medicare		668	
Audit Services		1,000	
Communication		601	
Data Processing Services		3,084	
Dues and Memberships		722	
Legal Notices, Recording, and Court Costs		76	
Travel		669	
Office Supplies		55	
Other Charges		2,154	
Total Property Assessor's Office			58,454

County Trustee's Office

County Official/Administrative Officer	\$	46,569	
Deputy(ies)		5,265	
Other Salaries & Wages		1,110	
Social Security		3,042	
Unemployment Compensation		22	
Employer Medicare		712	
Communication		872	
Dues and Memberships		431	
Legal Notices, Recording, and Court Costs		194	
Printing, Stationery, and Forms		1,118	
Office Supplies		630	
Premiums on Corporate Surety Bonds		2,890	
Total County Trustee's Office			62,855

County Clerk's Office

County Official/Administrative Officer	\$	46,569	
Deputy(ies)		17,460	
Part-time Personnel		586	
Social Security		4,162	
Unemployment Compensation		143	

(Continued)

Exhibit G-5

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Employer Medicare	\$	973	
Communication		1,409	
Data Processing Services		994	
Dues and Memberships		332	
Printing, Stationery, and Forms		860	
Office Supplies		362	
Premiums on Corporate Surety Bonds		225	
Data Processing Equipment		1,593	
Total County Clerk's Office			\$ 75,668

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	46,569	
Secretary(ies)		7,799	
Part-time Personnel		9,834	
Board and Committee Members Fees		90	
Jury and Witness Fees		8,928	
Social Security		4,186	
Unemployment Compensation		126	
Employer Medicare		979	
Communication		2,457	
Dues and Memberships		346	
Printing, Stationery, and Forms		3,237	
Office Supplies		1,500	
Premiums on Corporate Surety Bonds		312	
Total Circuit Court			86,363

General Sessions Court

Judge(s)	\$	23,155	
Secretary(ies)		5,000	
Other Fringe Benefits		2,313	
Travel		100	
Total General Sessions Court			30,568

Chancery Court

County Official/Administrative Officer	\$	46,569	
Social Security		2,856	
Employer Medicare		668	
Communication		542	
Dues and Memberships		275	

(Continued)

Exhibit G-5

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Legal Notices, Recording, and Court Costs	\$	44	
Printing, Stationery, and Forms		347	
Office Supplies		67	
Premiums on Corporate Surety Bonds		300	
Total Chancery Court			\$ 51,668

Juvenile Court

Contracts with Government Agencies	\$	10,000	
Other Charges		1,664	
Total Juvenile Court			11,664

Judicial Commissioners

County Official/Administrative Officer	\$	2,275	
Premiums on Corporate Surety Bonds		170	
Total Judicial Commissioners			2,445

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	51,226	
Deputy(ies)		142,290	
Accountants/Bookkeepers		8,893	
Salary Supplements		1,556	
Dispatchers/Radio Operators		35,864	
Overtime Pay		39,216	
In-Service Training		3,503	
Social Security		17,596	
Unemployment Compensation		1,460	
Employer Medicare		4,115	
Communication		10,342	
Dues and Memberships		1,008	
Legal Notices, Recording, and Court Costs		582	
Maintenance & Repair Services - Vehicles		8,743	
Printing, Stationery, and Forms		1,390	
Travel		1,258	
Gasoline		29,940	
Office Supplies		1,875	
Uniforms		3,888	
Premiums on Corporate Surety Bonds		2,135	
Other Charges		594	
Communication Equipment		1,349	

(Continued)

Exhibit G-5

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Motor Vehicles	\$ 27,128	
Total Sheriff's Department		\$ 395,951

Jail

Dispatchers/Radio Operators	\$ 26,111	
Guards	42,562	
Overtime Pay	7,210	
Social Security	4,800	
Unemployment Compensation	517	
Employer Medicare	1,123	
Medical and Dental Services	37,090	
Custodial Supplies	3,817	
Electricity	6,955	
Food Supplies	22,848	
Natural Gas	1,500	
Water and Sewer	4,688	
Other Charges	2,536	
Total Jail		161,757

Fire Prevention and Control

Contributions	\$ 1,000	
Total Fire Prevention and Control		1,000

Rescue Squad

Contributions	\$ 2,500	
Total Rescue Squad		2,500

Other Emergency Management

Contributions	\$ 755	
Total Other Emergency Management		755

County Coroner/Medical Examiner

Premiums on Corporate Surety Bonds	\$ 200	
Other Charges	7,636	
Total County Coroner/Medical Examiner		7,836

Other Public Safety

Contracts with Government Agencies	\$ 1,530	
Contributions	63,500	
Other Charges	4	
Total Other Public Safety		65,034

(Continued)

Exhibit G-5

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

General Fund (Cont.)

Public Health and Welfare

Local Health Center

Clerical Personnel	\$	1,752	
Social Security		108	
Unemployment Compensation		23	
Employer Medicare		25	
Communication		1,013	
Postal Charges		29	
Travel		244	
Custodial Supplies		172	
Drugs and Medical Supplies		663	
Electricity		3,593	
Natural Gas		850	
Office Supplies		93	
Water and Sewer		274	
Other Charges		200	
Total Local Health Center			\$ 9,039

Regional Mental Health Center

Contributions	\$	2,423	
Total Regional Mental Health Center			2,423

Appropriation to State

Contracts with Government Agencies	\$	25,000	
Total Appropriation to State			25,000

Social, Cultural, and Recreational Services

Adult Activities

County Official/Administrative Officer	\$	2,830	
Social Security		175	
Employer Medicare		41	
Communication		88	
Electricity		378	
Natural Gas		605	
Utilities		570	
Water and Sewer		207	
Total Adult Activities			4,894

Senior Citizens Assistance

Communication	\$	611	
Contributions		8,858	
Medical and Dental Services		854	

(Continued)

Exhibit G-5

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Senior Citizens Assistance (Cont.)

Printing, Stationery, and Forms	\$ 492	
Office Supplies	462	
Total Senior Citizens Assistance		\$ 11,277

Libraries

Contributions	\$ 21,604	
Total Libraries		21,604

Parks and Fair Boards

Contributions	\$ 1,200	
Total Parks and Fair Boards		1,200

Other Social, Cultural, and Recreational

Contributions	\$ 2,631	
Total Other Social, Cultural, and Recreational		2,631

Agriculture & Natural Resources

Agriculture Extension Service

Salary Supplements	\$ 17,443	
Secretary(ies)	6,791	
Social Security	1,947	
State Retirement	2,482	
Employer Medicare	85	
Other Fringe Benefits	1,350	
Communication	2,609	
Other Equipment	1,000	
Total Agriculture Extension Service		33,707

Soil Conservation

Secretary(ies)	\$ 6,509	
Social Security	387	
Unemployment Compensation	81	
Employer Medicare	91	
Communication	399	
Total Soil Conservation		7,467

Other Operations

Industrial Development

Contributions	\$ 16,257	
Other Charges	13,116	
Total Industrial Development		29,373

(Continued)

Exhibit G-5

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

General Fund (Cont.)

Other Operations (Cont.)

Other Economic and Community Development

Other Contracted Services	\$ 150,322	
Total Other Economic and Community Development		\$ 150,322

Other Charges

Liability Insurance	\$ 46,723	
Trustee's Commission	25,719	
Workers' Compensation Insurance	<u>38,593</u>	
Total Other Charges		111,035

Employee Benefits

State Retirement	\$ 54,124	
Unemployment Compensation	<u>686</u>	
Total Employee Benefits		54,810

Miscellaneous

Postal Charges	\$ 12,436	
Duplicating Supplies	7,610	
Other Charges	<u>6,168</u>	
Total Miscellaneous		26,214

Highways

Litter and Trash Collection

Laborers	\$ 10,818	
Social Security	736	
Unemployment Compensation	143	
Employer Medicare	172	
Accounting Services	2,019	
Other Supplies and Materials	1,588	
Other Charges	<u>355</u>	
Total Litter and Trash Collection		15,831

Interest on Debt

General Government

Interest on Notes	\$ 14,048	
Total General Government		<u>14,048</u>

Total General Fund		\$ 1,973,168
--------------------	--	--------------

(Continued)

Exhibit G-5

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

Courthouse & Jail Maintenance Fund

General Government

County Buildings

Custodial Personnel	\$ 3,881	
Maintenance Personnel	17,400	
Social Security	1,235	
State Retirement	1,363	
Unemployment Compensation	211	
Employer Medicare	290	
Maintenance & Repair Services - Buildings	11,925	
Building Improvements	13,503	
Total County Buildings		\$ 49,808

Public Safety

Jail

Maintenance & Repair Services - Buildings	\$ 6,083	
Total Jail		6,083

Other Operations

Other Charges

Trustee's Commission	\$ 423	
Total Other Charges		423

Total Courthouse & Jail Maintenance Fund \$ 56,314

Solid Waste/Sanitation Fund

Public Health and Welfare

Convenience Centers

Laborers	\$ 28,292	
Overtime Pay	950	
Social Security	1,789	
Unemployment Compensation	895	
Employer Medicare	399	
Communication	1,339	
Other Contracted Services	68,766	
Electricity	4,527	
Natural Gas	957	
Water and Sewer	448	
Other Supplies and Materials	662	
Trustee's Commission	1,826	
Total Convenience Centers		\$ 110,850

(Continued)

Exhibit G-5

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Landfill Operation and Maintenance

Other Charges	\$ 7,525	
Total Landfill Operation and Maintenance		\$ 7,525

Interest on Debt

General Government

Interest on Notes	\$ 1,000	
Total General Government		<u>1,000</u>

Total Solid Waste/Sanitation Fund \$ 119,375

Ambulance Service Fund

Public Health and Welfare

Ambulance/Emergency Medical Services

Medical Personnel	\$ 141,309
Part-time Personnel	5,224
Overtime Pay	55,988
In-Service Training	771
Social Security	14,190
State Retirement	14,105
Unemployment Compensation	1,666
Employer Medicare	3,032
Communication	4,174
Data Processing Services	939
Dues and Memberships	307
Licenses	550
Maintenance & Repair Services - Buildings	2,135
Maintenance & Repair Services - Equipment	2,224
Maintenance & Repair Services - Vehicles	10,969
Printing, Stationery, and Forms	976
Disposal Fees	949
Custodial Supplies	500
Data Processing Supplies	668
Diesel Fuel	8,528
Drugs and Medical Supplies	738
Electricity	3,784
Natural Gas	992
Office Supplies	785
Uniforms	966
Water and Sewer	818
Other Supplies and Materials	3,378

(Continued)

Exhibit G-5

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

Ambulance Service Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Trustee's Commission	\$ 5,957	
Workers' Compensation Insurance	17,000	
Other Charges	742	
Other Equipment	10,050	
Total Ambulance/Emergency Medical Services		<u>\$ 314,414</u>

Total Ambulance Service Fund \$ 314,414

Local Purpose Tax Fund

Public Safety

Fire Prevention and Control

Contributions	\$ 80,617	
Building and Contents Insurance	17,667	
Total Fire Prevention and Control		<u>\$ 98,284</u>

Other Operations

Other Charges

Trustee's Commission	\$ 1,753	
Total Other Charges		<u>1,753</u>

Total Local Purpose Tax Fund 100,037

Drug Control Fund

Public Safety

Drug Enforcement

Contributions	\$ 1,500	
Maintenance & Repair Services - Vehicles	1,811	
Travel	166	
Other Contracted Services	137	
Other Supplies and Materials	3,557	
Law Enforcement Equipment	13,170	
Motor Vehicles	13,000	
Total Drug Enforcement		<u>\$ 33,341</u>

Other Operations

Other Charges

Trustee's Commission	\$ 190	
Total Other Charges		<u>190</u>

Total Drug Control Fund 33,531

(Continued)

Exhibit G-5

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

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	51,226	
Assistant(s)		31,765	
Accountants/Bookkeepers		31,550	
Overtime Pay		1,306	
Communication		1,617	
Dues and Memberships		2,018	
Legal Notices, Recording, and Court Costs		68	
Postal Charges		227	
Printing, Stationery, and Forms		186	
Travel		636	
Drugs and Medical Supplies		20	
Electricity		1,191	
Office Supplies		216	
Other Charges		28	
Total Administration			\$ 122,054

Highway and Bridge Maintenance

Equipment Operators	\$	55,548	
Truck Drivers		80,960	
Laborers		178,374	
Other Contracted Services		126,409	
Asphalt - Cold Mix		3,057	
Crushed Stone		19,015	
Pipe - Metal		8,821	
Road Signs		3,441	
Salt		29,130	
Small Tools		994	
Other Charges		534	
Total Highway and Bridge Maintenance			506,283

Operation and Maintenance of Equipment

Mechanic(s)	\$	54,965	
Laborers		6,302	
Nightwatchmen		24,940	
Laundry Service		800	
Maintenance & Repair Services - Equipment		196	
Other Contracted Services		3,791	
Diesel Fuel		22,772	
Equipment and Machinery Parts		23,122	
Garage Supplies		114	

(Continued)

Exhibit G-5

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Gasoline	\$	26,325	
Lubricants		7,104	
Propane Gas		2,099	
Small Tools		932	
Tires and Tubes		5,538	
Water and Sewer		464	
Other Supplies and Materials		519	
Other Charges		51	
Total Operation and Maintenance of Equipment			\$ 180,034

Quarry Operations

Communication	\$	2,145	
Operating Lease Payments		4,800	
Electricity		2,794	
Total Quarry Operations			9,739

Other Charges

Liability Insurance	\$	18,760	
Premiums on Corporate Surety Bonds		450	
Trustee's Commission		13,415	
Workers' Compensation Insurance		66,711	
Total Other Charges			99,336

Employee Benefits

Social Security	\$	39,545	
State Retirement		39,023	
Employee and Dependent Insurance		5,776	
Unemployment Compensation		589	
Other Fringe Benefits		1,224	
Total Employee Benefits			86,157

Capital Outlay

Communication Equipment	\$	900	
Furniture and Fixtures		314	
Highway Equipment		53,337	
Motor Vehicles		159,570	
Office Equipment		280	
Total Capital Outlay			214,401

Total Highway/Public Works Fund \$ 1,218,004

(Continued)

Exhibit G-5

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

<u>General Debt Service Fund</u>		
<u>Principal on Debt</u>		
<u>General Government</u>		
Principal on Notes	<u>\$ 56,299</u>	
Total General Government		\$ 56,299
<u>Interest on Debt</u>		
<u>General Government</u>		
Interest on Notes	<u>\$ 2,273</u>	
Total General Government		2,273
<u>Other Debt Service</u>		
<u>General Government</u>		
Trustee's Commission	<u>\$ 772</u>	
Total General Government		<u>772</u>
Total General Debt Service Fund		<u>\$ 59,344</u>
Total Governmental Funds - Primary Government		<u><u>\$ 3,874,187</u></u>

Exhibit G-6

Van Buren County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2007

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 84,344
Total Cash Receipts	<u>\$ 84,344</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 83,501
Trustee's Commission	843
Total Cash Disbursements	<u>\$ 84,344</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2006	<u>0</u>
 Cash Balance, June 30, 2007	 <u><u>\$ 0</u></u>

ANNUAL FINANCIAL REPORT
VAN BUREN COUNTY SCHOOL DEPARTMENT
A COMPONENT UNIT OF VAN BUREN COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2007

DEPARTMENT OF AUDIT
JOHN G. MORGAN
Comptroller of the Treasury

DIVISION OF COUNTY AUDIT
RICHARD V. NORMENT
Assistant to the Comptroller

JAMES R. ARNETTE
Director

CARL LOWE, CGFM
Audit Manager

ANITA SCARLETT, CPA
Auditor 4

RODNEY MALIN, CGFM
KELLEY J. McNEAL, CPA, CGFM
State Auditors

This financial report is available at www.comptroller.state.tn.us

**VAN BUREN COUNTY SCHOOL DEPARTMENT
A COMPONENT UNIT OF VAN BUREN COUNTY, TENNESSEE
TABLE OF CONTENTS**

	Exhibit	Page(s)
Audit Highlights		1
<u>INTRODUCTORY SECTION</u>		3
Van Buren County School Officials		5
<u>FINANCIAL SECTION</u>		7
Independent Auditor's Report		9-10
BASIC FINANCIAL STATEMENTS:		11
Government-wide Financial Statements:		
Statement of Net Assets	A	13
Statement of Activities	B	14
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C-1	15
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	C-2	16
Statement of Revenues, Expenditures, and Changes in Fund Balances	D-1	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	D-2	18
Notes to the Financial Statements		19-33
REQUIRED SUPPLEMENTARY INFORMATION:		35
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual (Budgetary Basis) and Budget: General Purpose School Fund	E	37-38
Notes to the Required Supplementary Information		39
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		41
Nonmajor Governmental Funds:		43
Combining Balance Sheet	F-1	45
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	F-2	46

	Exhibit	Page(s)
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
School Federal Projects Fund	F-3	47
Central Cafeteria Fund	F-4	48
Miscellaneous Schedules:		49
Schedule of Changes in Long-term Other Loans and Bonds	G-1	51
Schedule of Bond and Interest Requirements by Year	G-2	52
Schedule of Transfers	G-3	53
Schedule of Salaries and Official Bonds of Principal Officials	G-4	54
Schedule of Detailed Revenues – All Governmental Fund Types	G-5	55-56
Schedule of Detailed Expenditures – All Governmental Fund Types	G-6	57-66

Audit Highlights

Annual Financial Report
Van Buren County School Department
For the Year Ended June 30, 2007

Scope

We have audited the basic financial statements of the Van Buren County School Department as of and for the year ended June 30, 2007.

Results

Our report on the Van Buren County School Department's financial statements is unqualified.

Our audit resulted in two findings and recommendations, which we have reviewed with the Van Buren County School Department management. Detailed findings and recommendations are included in the Single Audit section of this report.

Findings

The following is a summary of the audit findings:

- ◆ County officials had not adopted a central system of accounting, budgeting, and purchasing.
- ◆ Duties were not segregated adequately among the official and employees at the School Department.

INTRODUCTORY SECTION

Van Buren County School Officials
June 30, 2007

Official

Michael Martin, Director of Schools

Board of Education

Ricky Walling, Chairman

Tabitha Denney

J.W. Deweese

Ronnie Hitchcock

Tim Hodges

FINANCIAL SECTION



**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
PHONE (615) 401-7841**

INDEPENDENT AUDITOR'S REPORT

October 31, 2007

Van Buren County Director of Schools and
Board of Education
Van Buren County, Tennessee

To the Director of Schools and Board of Education:

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Van Buren County School Department, a component unit of Van Buren County, Tennessee, as of and for the year ended June 30, 2007, which collectively comprise the Van Buren County School Department's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Van Buren County School Department's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Van Buren County School

Department as of June 30, 2007, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 31, 2007, on our consideration of the Van Buren County School Department's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

The budgetary comparison information on pages 37 through 39 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Van Buren County School Department's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds, 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 miscellaneous schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Very truly yours,



John G. Morgan
Comptroller of the Treasury

JGM/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

Van Buren County, Tennessee
Statement of Net Assets
Van Buren County School Department
June 30, 2007

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Equity in Pooled Cash and Investments	\$ 2,384,914
Due from Other Governments	145,637
Property Taxes Receivable	655,343
Allowance for Uncollectible Property Taxes	(22,829)
Assets Not Depreciated:	
Land	102,406
Assets Net of Accumulated Depreciation:	
Buildings and Improvements	4,549,290
Infrastructure	43,756
Other Capital Assets	498,005
Total Assets	<u>\$ 8,356,522</u>
<u>LIABILITIES</u>	
Accrued Interest Payable	\$ 3,380
Deferred Revenue - Current Property Taxes	608,095
Noncurrent Liabilities:	
Due Within One Year	183,691
Due in More Than One Year	1,255,762
Total Liabilities	<u>\$ 2,050,928</u>
<u>NET ASSETS</u>	
Invested in Capital Assets, Net of Related Debt	\$ 3,757,457
Restricted for:	
School Federal Projects	33,416
Central Cafeteria	127,122
Basic Education Program	1,895,985
Other Purposes	4,256
Unrestricted	<u>487,358</u>
Total Net Assets	<u>\$ 6,305,594</u>

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

Exhibit B

Van Buren County, Tennessee
Statement of Activities
Van Buren County School Department
For the Year Ended June 30, 2007

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Assets Total Governmental Activities
Governmental Activities:				
Instruction	\$ 3,460,266	\$ 15,322	\$ 316,098	\$ (3,128,846)
Support Services	2,088,850	0	99,618	(1,989,232)
Operation of Non-Instructional Services	587,715	169,058	441,528	22,871
Interest on Long-term Debt	70,770	0	0	(70,770)
Other Debt Service	7,081	0	0	(7,081)
Total Governmental Activities	\$ 6,214,682	\$ 184,380	\$ 857,244	\$ (5,173,058)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 514,402
Local Option Sales Tax				390,485
Other Local Taxes				107,081
Grants and Contributions Not Restricted to Specific Programs				4,834,303
Interest Income				669
Miscellaneous				40,648
Total General Revenues				\$ 5,887,588
Change in Net Assets				\$ 714,530
Net Assets, July 1, 2006				5,591,064
Net Assets, June 30, 2007				\$ 6,305,594

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

Exhibit C-1

Van Buren County, Tennessee
Balance Sheet - Governmental Funds
Van Buren County School Department
June 30, 2007

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Govern- mental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 2,234,724	\$ 150,190	\$ 2,384,914
Due from Other Governments	135,289	10,348	145,637
Property Taxes Receivable	655,343	0	655,343
Allowance for Uncollectible Property Taxes	(22,829)	0	(22,829)
Total Assets	<u>\$ 3,002,527</u>	<u>\$ 160,538</u>	<u>\$ 3,163,065</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Deferred Revenue - Current Property Taxes	\$ 608,095	\$ 0	\$ 608,095
Deferred Revenue - Delinquent Property Taxes	22,762	0	22,762
Other Deferred Revenues	39,543	0	39,543
Total Liabilities	<u>\$ 670,400</u>	<u>\$ 0</u>	<u>\$ 670,400</u>
<u>Fund Balances</u>			
Reserved for Career Ladder - Extended Contract	\$ 4,256	\$ 0	\$ 4,256
Reserved for Basic Education Program	1,895,985	0	1,895,985
Reserved for Title I Grants to Local Education Agencies	0	4,281	4,281
Reserved for Innovative Education Program Strategies	0	36	36
Reserved for Special Education - Grants to States	0	28,072	28,072
Other Federal Reserves	0	1,027	1,027
Unreserved, Reported In:			
General Fund	431,886	0	431,886
Special Revenue Funds	0	127,122	127,122
Total Fund Balances	<u>\$ 2,332,127</u>	<u>\$ 160,538</u>	<u>\$ 2,492,665</u>
Total Liabilities and Fund Balances	<u>\$ 3,002,527</u>	<u>\$ 160,538</u>	<u>\$ 3,163,065</u>

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

Exhibit C-2

Van Buren County, Tennessee
Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Assets
Van Buren County School Department
For the Year Ended June 30, 2007

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 2,492,665
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 102,406	
Add: infrastructure net of accumulated depreciation	43,756	
Add: buildings and improvements net of accumulated depreciation	4,549,290	
Add: other capital assets net of accumulated depreciation	<u>498,005</u>	5,193,457
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: bonds payable	\$ (175,000)	
Less: other loans payable	(1,261,000)	
Less: accrued interest on bonds and other loans	(3,380)	
Less: compensated absences payable	<u>(3,453)</u>	(1,442,833)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>62,305</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 6,305,594</u>

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

Exhibit D-1

Van Buren County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Van Buren County School Department
For the Year Ended June 30, 2007

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 1,061,725	\$ 0	\$ 1,061,725
Licenses and Permits	200	0	200
Charges for Current Services	15,322	169,058	184,380
Other Local Revenues	26,749	1,469	28,218
State of Tennessee	4,909,708	4,982	4,914,690
Federal Government	33,945	702,242	736,187
Total Revenues	<u>\$ 6,047,649</u>	<u>\$ 877,751</u>	<u>\$ 6,925,400</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 2,926,814	\$ 351,168	\$ 3,277,982
Support Services	2,013,912	85,726	2,099,638
Operation of Non-Instructional Services	177,150	392,109	569,259
Capital Outlay	14,186	0	14,186
Debt Service:			
Principal on Debt	173,000	0	173,000
Interest on Debt	72,300	0	72,300
Other Debt Service	7,081	0	7,081
Total Expenditures	<u>\$ 5,384,443</u>	<u>\$ 829,003</u>	<u>\$ 6,213,446</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 663,206</u>	<u>\$ 48,748</u>	<u>\$ 711,954</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 9,072	\$ 0	\$ 9,072
Transfers Out	0	(9,072)	(9,072)
Total Other Financing Sources (Uses)	<u>\$ 9,072</u>	<u>\$ (9,072)</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 672,278	\$ 39,676	\$ 711,954
Fund Balance, July 1, 2006	<u>1,659,849</u>	<u>120,862</u>	<u>1,780,711</u>
Fund Balance, June 30, 2007	<u>\$ 2,332,127</u>	<u>\$ 160,538</u>	<u>\$ 2,492,665</u>

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

Exhibit D-2

Van Buren County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Van Buren County School Department
For the Year Ended June 30, 2007

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

Net change in fund balances - total governmental funds (Exhibit D-1)		\$ 711,954
<p>(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those 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	\$ 74,990	
Less: current year depreciation expense	<u>(229,242)</u>	(154,252)
<p>(2) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2007	\$ 62,305	
Less: deferred delinquent property taxes and other deferred June 30, 2006	<u>(76,554)</u>	(14,249)
<p>(3) The issuance of long-term debt (e.g., bonds, notes, 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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:</p>		
Add: principal payment on bonds	\$ 80,000	
Add: principal payment on other loans	<u>93,000</u>	173,000
<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 governmental funds.</p>		
Change in accrued interest on bonds	\$ 1,530	
Change in compensated absences	<u>(3,453)</u>	(1,923)
Change in net assets of governmental activities (Exhibit B)		<u>\$ 714,530</u>

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

**VAN BUREN COUNTY SCHOOL DEPARTMENT
A COMPONENT UNIT OF VAN BUREN COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2007**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Van Buren County School Department'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 the School Department:

A. Reporting Entity

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

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the School Department. For the most part, the effect of interfund activity has been removed from these statements. 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. However, the School Department does not have any business-type activities to report.

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.

Major individual governmental funds 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. 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 the School Department are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental category. The School Department has no proprietary or fiduciary funds to report.

Major individual governmental funds 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.

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 School Department 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. The School Department 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 Purpose School Fund for payments to be made early in the following year.

Property taxes for the year 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 School Department receives cash.

The School Department reports the following major governmental fund:

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

Additionally, the School Department reports the following fund type:

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do no conflict with or contradict guidance of the Governmental Accounting Standards Board.

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

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

State statutes authorize Van Buren County, the School Department's primary 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; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; the county's own legally issued bonds or notes; the State Treasurer's Investment Pool; and repurchase agreements.

The county trustee maintains a cash and internal investment pool that is used by all funds of Van Buren County and the School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the primary government's General Fund. Van Buren County and the School Department have adopted a policy of reporting

U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 1.97 percent of total taxes levied.

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

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

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

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

3. Capital Assets

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, and similar items) are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than three years. 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 School Department are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	25-40
Other Capital Assets	5-20
Infrastructure	25

4. Compensated Absences

The general policy of the School Department does not allow for the accumulation of vacation days beyond year-end for professional personnel. However, the contract with the director of schools does permit accumulation of earned but unused vacation benefits of 12 days per year. All professional personnel (teachers) of the School Department are allowed to accumulate unlimited sick leave days. The granting of sick leave has no guaranteed payment attached, and therefore, is not required to be accrued or recorded. The director of school's vacation pay is accrued when incurred in the

government-wide financial statements for the School Department. A liability for vacation pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

5. Long-term Obligations

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

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, are recognized to the extent that the liabilities have matured (come due for payment) each period.

6. Net Assets and Fund Equity

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

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

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

Exhibit C-2 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide statement of net assets.

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

Exhibit D-2 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net assets of governmental activities reported in the government-wide statement of activities.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds. All annual appropriations lapse at fiscal year end.

The School Department 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 Van Buren 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 State 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 Purpose School Fund major categories: Regular Instruction Program, Special Education Program, Board of Education, Director of Schools, etc.).

Management may make revisions within major categories, but only the Van Buren County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Van Buren County and the School Department participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments.

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. Van Buren County, the School Department's primary government, is 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; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed.

Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state director of Local Finance and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the market value of the securities on the day of purchase. The county had no pooled and nonpooled investments at June 30, 2007.

B. Capital Assets

Capital assets activity for the year ended June 30, 2007, was as follows:

Governmental Activities:

	Balance 7-1-06	Increases	Balance 6-30-07
Capital Assets Not Depreciated:			
Land	\$ 102,406	\$ 0	\$ 102,406
Total Capital Assets Not Depreciated	<u>\$ 102,406</u>	<u>\$ 0</u>	<u>\$ 102,406</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 6,899,494	\$ 0	\$ 6,899,494
Infrastructure	117,160	0	117,160
Other Capital Assets	823,687	74,990	898,677
Total Capital Assets Depreciated	<u>\$ 7,840,341</u>	<u>\$ 74,990</u>	<u>\$ 7,915,331</u>
Less Accumulated Depreciated For:			
Buildings and Improvements	\$ 2,179,952	\$ 170,252	\$ 2,350,204
Infrastructure	68,539	4,865	73,404
Other Capital Assets	346,547	54,125	400,672
Total Accumulated Depreciation	<u>\$ 2,595,038</u>	<u>\$ 229,242</u>	<u>\$ 2,824,280</u>
Total Capital Assets Depreciated, Net	<u>\$ 5,245,303</u>	<u>\$ (154,252)</u>	<u>\$ 5,091,051</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 5,347,709</u></u>	<u><u>\$ (154,252)</u></u>	<u><u>\$ 5,193,457</u></u>

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

Governmental Activities:

Instruction	\$ 172,284
Support Services	<u>56,958</u>
 Total Depreciation Expense - Governmental Activities	 <u>\$ 229,242</u>

C. Interfund Transfers

Interfund transfers for the year ended June 30, 2007, consisted of the following amount:

	<u>Transfers In</u>
	General
	Purpose
	School
	Fund
<u>Transfers Out</u>	
 Nonmajor governmental funds	 <u>\$ 9,072</u>

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.

D. Long-term Debt

General Obligation Bonds and Other Loans

Van Buren County issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities.

General obligation bonds and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds and other loans were issued for original terms of up to 20 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and other loans included in long-term debt as of June 30, 2007, will be retired from the General Purpose School Fund.

General obligation bonds and other loans outstanding as of June 30, 2007, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-07
General Obligation Bonds	7.1 to 9.5 %	\$ 1,000,000	\$ 175,000
Other Loans	Variable	2,000,000	1,261,000

In prior years, Van Buren County entered into a loan agreement with the Montgomery County Public Building Authority. Under this loan agreement, the authority issued variable rate bonds of \$2,000,000 and loaned the proceeds to Van Buren County for the construction of an elementary school. This loan is repayable at a tax-exempt variable rate of interest determined by the remarking agent daily or weekly depending on the particular program. At June 30, 2007, the variable interest rate was 3.89 percent and other fees amounted to approximately .3 percent (letter of credit) and .08 percent (remarketing) of the outstanding loan principal. In addition, a trustee fee is charged on this loan at \$100 per month.

The annual requirements to amortize all general obligation bonds and other loans outstanding as of June 30, 2007, including interest payments and other fees, are presented in the following tables:

Year Ending June 30	Bonds	
	Principal	Interest
2008	\$ 85,000	\$ 13,520
2009	90,000	6,975
Total	\$ 175,000	\$ 20,495

Year Ending June 30	Other Loan (\$2,000,000)			
	Principal	Interest	Other Fees	Total
2008	\$ 98,000	\$ 49,053	\$ 4,803	\$ 151,856
2009	103,000	45,241	4,509	152,750
2010	109,000	41,234	4,200	154,434
2011	115,000	36,994	3,873	155,867
2012	121,000	32,520	3,528	157,048
2013-2017	715,000	86,436	11,766	813,202
Total	\$ 1,261,000	\$ 291,478	\$ 32,679	\$ 1,585,157

Bonded debt per capita totaled \$46, based on the 2000 federal census. Debt per capita, including bonds and other loans totaled \$261, based on the 2000 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2007, was as follows:

Governmental Activities:	Bonds	Other Loan	Compensated Absences
Balance, July 1, 2006	\$ 255,000	\$ 1,354,000	\$ 3,799
Deductions	(80,000)	(93,000)	(346)
Balance, June 30, 2007	<u>\$ 175,000</u>	<u>\$ 1,261,000</u>	<u>\$ 3,453</u>
Balance Due Within One Year	<u>\$ 85,000</u>	<u>\$ 98,000</u>	<u>\$ 691</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2007	\$ 1,439,453
Less: Balance Due Within One Year	<u>(183,691)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 1,255,762</u>

V. OTHER INFORMATION

A. Risk Management

The School Department is exposed to various risks related to general liability, property, casualty, and workers' compensation.

The School Department is a member of the Tennessee School Boards Risk Management Trust (TSB-RMT), which is a public entity risk pool established by the Tennessee School Boards Association, an association of member school districts. The School Department pays annual premiums to the TSB-RMT for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of the TSB-RMT provides for it to be self-sustaining through member premiums.

The School Department provides health insurance to its employees through 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 were 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, all local governments and quasi-governmental entities described above are eligible to participate. The LGGIF is included in the Comprehensive Annual 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.

B. Contingent Liabilities

The School Department's attorney advised us there are no pending lawsuits in which the School Department is involved as of the date of this report.

C. Changes in Administration

Neal O'Neal retired from the Office of Director of Schools effective June 30, 2006. Cordell Crawford was appointed interim director on July 1, 2006, and served until September 21, 2006. Michael Martin was appointed director of schools effective September 22, 2006.

D. Retirement Commitments

Employees

Plan Description

Employees of Van Buren County, including the School Department, 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 Van Buren 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.treasury.state.tn.us/tcrs/PS/>.

Since the School Department participates in Van Buren County's plan, retirement information for the School Department is not available separately from the retirement information provided for the county. Complete disclosure for the county's participation in the TCRS is described in footnote IV.F. of the Annual Financial Report of Van Buren County, Tennessee.

School Teachers

Plan Description

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

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

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, 2007, was 6.13 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, 2007, 2006, and 2005, were \$188,516, \$161,383, and \$165,931, respectively, equal to the required contributions for each year.

E. Other Post-employment Benefits

In addition to the retirement commitments described above, the School Department provides post-retirement health care benefits to all professional employees who retire from the School Department with ten or more years of service. The employee must be eligible for retirement under the standards set by the state's retirement system, they must have taught for three consecutive years prior to their first eligible retirement date, and they must have been enrolled in the Board-sponsored insurance plan for one full year prior to retirement. Benefits are determined based upon the employees' years of service with 100 percent for 30 years of service, 90 percent for 20 to 29 years of service, and 80 percent for ten to 20 years of service. Currently, ten school retirees receive benefits under this policy. During the year, expenditures totaling \$37,179 were recognized for post-employment health care.

F. Purchasing Law

Purchasing procedures for the School Department are governed by purchasing laws applicable to schools as set forth in Section 49-2-203, Tennessee Code Annotated, 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 exceeding \$10,000.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit E

Van Buren County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Van Buren County School Department
General Purpose School Fund
For the Year Ended June 30, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 1,061,725	\$ 0	\$ 1,061,725	\$ 1,056,238	\$ 1,056,238	\$ 5,487
Licenses and Permits	200	0	200	200	200	0
Charges for Current Services	15,322	0	15,322	13,000	13,000	2,322
Other Local Revenues	26,749	0	26,749	30,000	30,000	(3,251)
State of Tennessee	4,909,708	0	4,909,708	4,560,050	4,660,375	249,333
Federal Government	33,945	0	33,945	61,840	61,840	(27,895)
Total Revenues	\$ 6,047,649	\$ 0	\$ 6,047,649	\$ 5,721,328	\$ 5,821,653	\$ 225,996
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 2,504,924	\$ 0	\$ 2,504,924	\$ 2,722,000	\$ 2,717,500	\$ 212,576
Special Education Program	274,049	0	274,049	311,150	311,150	37,101
Vocational Education Program	117,576	0	117,576	177,950	177,950	60,374
Adult Education Program	30,265	0	30,265	27,020	31,520	1,255
<u>Support Services</u>						
Attendance	61,861	0	61,861	64,650	64,650	2,789
Health Services	91,569	0	91,569	48,630	103,462	11,893
Other Student Support	121,759	0	121,759	120,000	130,000	8,241
Regular Instruction Program	228,194	0	228,194	290,990	290,990	62,796
Special Education Program	44,838	0	44,838	76,840	76,840	32,002
Adult Programs	26,650	0	26,650	29,010	29,010	2,360
Board of Education	113,961	0	113,961	136,110	136,110	22,149
Director of Schools	101,934	0	101,934	107,600	107,600	5,666
Office of the Principal	242,620	0	242,620	241,350	248,350	5,730
Fiscal Services	78,177	0	78,177	87,000	87,000	8,823
Operation of Plant	445,039	0	445,039	476,220	476,220	31,181

(Continued)

Exhibit E

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Support Services (Cont.)</u>						
Maintenance of Plant	\$ 149,141	\$ (18,376)	\$ 130,765	\$ 119,050	\$ 172,731	\$ 41,966
Transportation	308,169	0	308,169	305,420	350,420	42,251
<u>Operation of Non-Instructional Services</u>						
Community Services	107,592	0	107,592	68,950	124,275	16,683
Early Childhood Education	69,558	0	69,558	73,110	73,110	3,552
<u>Capital Outlay</u>						
Regular Capital Outlay	14,186	0	14,186	432,000	316,319	302,133
<u>Principal on Debt</u>						
Education	173,000	0	173,000	173,000	173,000	0
<u>Interest on Debt</u>						
Education	72,300	0	72,300	143,540	143,540	71,240
<u>Other Debt Service</u>						
Education	7,081	0	7,081	8,000	8,000	919
Total Expenditures	\$ 5,384,443	\$ (18,376)	\$ 5,366,067	\$ 6,239,590	\$ 6,349,747	\$ 983,680
Excess (Deficiency) of Revenues Over Expenditures						
	\$ 663,206	\$ 18,376	\$ 681,582	\$ (518,262)	\$ (528,094)	\$ 1,209,676
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 9,072	\$ 0	\$ 9,072	\$ 8,000	\$ 8,000	\$ 1,072
Total Other Financing Sources (Uses)	\$ 9,072	\$ 0	\$ 9,072	\$ 8,000	\$ 8,000	\$ 1,072
Net Change in Fund Balance						
Fund Balance, July 1, 2006	\$ 672,278	\$ 18,376	\$ 690,654	\$ (510,262)	\$ (520,094)	\$ 1,210,748
	1,659,849	(18,376)	1,641,473	1,155,696	1,155,696	485,777
Fund Balance, June 30, 2007						
	\$ 2,332,127	\$ 0	\$ 2,332,127	\$ 645,434	\$ 635,602	\$ 1,696,525

**VAN BUREN COUNTY SCHOOL DEPARTMENT
A COMPONENT UNIT OF VAN BUREN COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2007**

BUDGETARY INFORMATION

The School Department 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 Van Buren 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 State 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 Purpose School Fund major categories: Regular Instruction Program, Special Education Program, Board of Education, Director of Schools, etc.). Management may make revisions within major categories, but only the Van Buren County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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 F-1

Van Buren County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Van Buren County School Department
June 30, 2007

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 33,416	\$ 116,774	\$ 150,190
Due from Other Governments	0	10,348	10,348
Total Assets	<u>\$ 33,416</u>	<u>\$ 127,122</u>	<u>\$ 160,538</u>
<u>FUND BALANCES</u>			
Reserved for Title I Grants to Local Education Agencies	\$ 4,281	\$ 0	\$ 4,281
Reserved for Innovative Education Program Strategies	36	0	36
Reserved for Special Education - Grants to States	28,072	0	28,072
Other Federal Reserves	1,027	0	1,027
Unreserved	0	127,122	127,122
Total Fund Balances	<u>\$ 33,416</u>	<u>\$ 127,122</u>	<u>\$ 160,538</u>

Exhibit F-2

Van Buren County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Van Buren County School Department
For the Year Ended June 30, 2007

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 169,058	\$ 169,058
Other Local Revenues	0	1,469	1,469
State of Tennessee	0	4,982	4,982
Federal Government	437,381	264,861	702,242
Total Revenues	<u>\$ 437,381</u>	<u>\$ 440,370</u>	<u>\$ 877,751</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 351,168	\$ 0	\$ 351,168
Support Services	85,726	0	85,726
Operation of Non-Instructional Services	0	392,109	392,109
Total Expenditures	<u>\$ 436,894</u>	<u>\$ 392,109</u>	<u>\$ 829,003</u>
Excess (Deficiency) of Revenues Over Expenditures			
	<u>\$ 487</u>	<u>\$ 48,261</u>	<u>\$ 48,748</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (9,072)	\$ 0	\$ (9,072)
Total Other Financing Sources (Uses)	<u>\$ (9,072)</u>	<u>\$ 0</u>	<u>\$ (9,072)</u>
Net Change in Fund Balances			
Fund Balance, July 1, 2006	\$ (8,585)	\$ 48,261	\$ 39,676
	42,001	78,861	120,862
Fund Balance, June 30, 2007	<u>\$ 33,416</u>	<u>\$ 127,122</u>	<u>\$ 160,538</u>

Exhibit F-3

Van Buren County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Van Buren County School Department
School Federal Projects Fund
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 437,381	\$ 450,544	\$ 450,544	\$ (13,163)
Total Revenues	\$ 437,381	\$ 450,544	\$ 450,544	\$ (13,163)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 233,994	\$ 241,829	\$ 240,164	\$ 6,170
Special Education Program	100,937	114,183	115,078	14,141
Vocational Education Program	16,237	14,136	16,237	0
<u>Support Services</u>				
Other Student Support	7,513	4,300	8,231	718
Regular Instruction Program	21,393	28,148	24,381	2,988
Special Education Program	55,876	76,162	75,267	19,391
Vocational Education Program	944	944	944	0
Total Expenditures	\$ 436,894	\$ 479,702	\$ 480,302	\$ 43,408
Excess (Deficiency) of Revenues Over Expenditures	\$ 487	\$ (29,158)	\$ (29,758)	\$ 30,245
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (9,072)	\$ (10,447)	\$ (20,247)	\$ 11,175
Total Other Financing Sources (Uses)	\$ (9,072)	\$ (10,447)	\$ (20,247)	\$ 11,175
Net Change in Fund Balance	\$ (8,585)	\$ (39,605)	\$ (50,005)	\$ 41,420
Fund Balance, July 1, 2006	42,001	50,005	50,005	(8,004)
Fund Balance, June 30, 2007	\$ 33,416	\$ 10,400	\$ 0	\$ 33,416

Exhibit F-4

Van Buren County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Van Buren County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 169,058	\$ 185,100	\$ 185,100	\$ (16,042)
Other Local Revenues	1,469	500	500	969
State of Tennessee	4,982	6,000	6,000	(1,018)
Federal Government	264,861	230,000	230,000	34,861
Total Revenues	<u>\$ 440,370</u>	<u>\$ 421,600</u>	<u>\$ 421,600</u>	<u>\$ 18,770</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 392,109	\$ 421,600	\$ 421,600	\$ 29,491
Total Expenditures	<u>\$ 392,109</u>	<u>\$ 421,600</u>	<u>\$ 421,600</u>	<u>\$ 29,491</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 48,261</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 48,261</u>
Net Change in Fund Balance	\$ 48,261	\$ 0	\$ 0	\$ 48,261
Fund Balance, July 1, 2006	<u>78,861</u>	<u>35,412</u>	<u>35,412</u>	<u>43,449</u>
Fund Balance, June 30, 2007	<u>\$ 127,122</u>	<u>\$ 35,412</u>	<u>\$ 35,412</u>	<u>\$ 91,710</u>

MISCELLANEOUS SCHEDULES

Exhibit G-1

Van Buren County, Tennessee
Schedule of Changes in Long-term Other Loans and Bonds
Van Buren County School Department
For the Year Ended June 30, 2007

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-06	Paid and/or Matured During Period	Outstanding 6-30-07
<u>OTHER LOANS PAYABLE</u>							
<u>Public Building Authority Loan Agreement</u>							
<u>Payable through General Purpose School Fund</u> School	\$ 2,000,000	Variable	6-30-1997	5-15-17	<u>\$ 1,354,000</u>	<u>\$ 93,000</u>	<u>\$ 1,261,000</u>
<u>BONDS PAYABLE</u>							
<u>Payable through General Purpose School Fund</u> School	1,000,000	7.1 to 9.5 %	4-1-1989	4-1-09	<u>\$ 255,000</u>	<u>\$ 80,000</u>	<u>\$ 175,000</u>

Exhibit G-2

Van Buren County, Tennessee
Schedule of Bond and Interest Requirements by Year
Van Buren County School Department

Year Ending June 30	Bond Requirements	Interest Requirements	Total Requirements
2008	\$ 85,000	\$ 13,520	\$ 98,520
2009	90,000	6,975	96,975
Total	<u>\$ 175,000</u>	<u>\$ 20,495</u>	<u>\$ 195,495</u>

Exhibit G-3

Van Buren County, Tennessee
Schedule of Transfers
Van Buren County School Department
For the Year Ended June 30, 2007

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
School Federal Projects	General Purpose School	Indirect costs	<u>\$ 9,072</u>

Exhibit G-4

Van Buren County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Van Buren County School Department
For the Year Ended June 30, 2007

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
Director of Schools:				
Cordell Crawford (7-1-06 to 9-21-06)	State Board of Education and Van Buren County Board of Education	\$ 15,876	(2)	
Michael Martin (9-22-06 to 6-30-07)	State Board of Education and Van Buren County Board of Education	60,476 (1)	(2)	
Public Employees Blanket Bond:				
School Employees			\$ 150,000	Tennessee School Boards Risk Management Trust

(1) Includes chief executive officer training supplement of \$800.

(2) The director of schools is covered under the public employee dishonesty bond.

Exhibit G-5

Van Buren County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Van Buren County School Department
For the Year Ended June 30, 2007

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 481,193	\$ 0	\$ 0	\$ 481,193
Trustee's Collections - Prior Year	33,048	0	0	33,048
Circuit/Clerk & Master Collections - Prior Years	4,630	0	0	4,630
Interest and Penalty	7,087	0	0	7,087
Pick-up Taxes	2,694	0	0	2,694
Payments in-Lieu-of Taxes - T.V.A.	5,404	0	0	5,404
Payments in-Lieu-of Taxes - Local Utilities	30,104	0	0	30,104
<u>County Local Option Taxes</u>				
Local Option Sales Tax	390,485	0	0	390,485
Hotel/Motel Tax	106,168	0	0	106,168
<u>Statutory Local Taxes</u>				
Interstate Telecommunications Tax	912	0	0	912
Total Local Taxes	\$ 1,061,725	\$ 0	\$ 0	\$ 1,061,725
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 200	\$ 0	\$ 0	\$ 200
Total Licenses and Permits	\$ 200	\$ 0	\$ 0	\$ 200
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Lunch Payments - Children	\$ 0	\$ 0	\$ 77,631	\$ 77,631
Lunch Payments - Adults	0	0	6,719	6,719
Income from Breakfast	0	0	21,889	21,889
Special Milk Sales	0	0	8	8
A la carte Sales	0	0	62,811	62,811
Receipts from Individual Schools	15,322	0	0	15,322
Total Charges for Current Services	\$ 15,322	\$ 0	\$ 169,058	\$ 184,380
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 669	\$ 669
Sale of Materials and Supplies	220	0	0	220
Miscellaneous Refunds	26,484	0	800	27,284
<u>Nonrecurring Items</u>				
Sale of Equipment	20	0	0	20
Damages Recovered from Individuals	25	0	0	25
Total Other Local Revenues	\$ 26,749	\$ 0	\$ 1,469	\$ 28,218
<u>State of Tennessee</u>				
<u>State Education Funds</u>				
Basic Education Program	\$ 4,466,552	\$ 0	\$ 0	\$ 4,466,552
School Food Service	0	0	4,982	4,982
Other State Education Funds	248,365	0	0	248,365
Career Ladder Program	33,813	0	0	33,813
Career Ladder - Extended Contract	28,369	0	0	28,369
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	119,711	0	0	119,711

(Continued)

Exhibit G-5

Van Buren County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Van Buren County School Department (Cont.)

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>State of Tennessee (Cont.)</u>				
<u>Other State Revenues (Cont.)</u>				
Other State Revenues	\$ 12,898	\$ 0	\$ 0	\$ 12,898
Total State of Tennessee	\$ 4,909,708	\$ 0	\$ 4,982	\$ 4,914,690
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 175,926	\$ 175,926
Breakfast	0	0	87,601	87,601
USDA - Other	0	0	1,334	1,334
Adult Education State Grant Program	21,626	0	0	21,626
Vocational Education - Basic Grants to States	0	18,880	0	18,880
Title I Grants to Local Education Agencies	0	187,974	0	187,974
Innovative Education Program Strategies	0	24,558	0	24,558
Special Education - Grants to States	1,191	143,971	0	145,162
Special Education Preschool Grants	0	5,948	0	5,948
Eisenhower Professional Development State Grants	0	53,350	0	53,350
Other Federal through State	11,128	2,700	0	13,828
Total Federal Government	\$ 33,945	\$ 437,381	\$ 264,861	\$ 736,187
Total	\$ 6,047,649	\$ 437,381	\$ 440,370	\$ 6,925,400

Exhibit G-6

Van Buren County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Van Buren County School Department
For the Year Ended June 30, 2007

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	1,773,755	
Career Ladder Program		19,495	
Career Ladder Extended Contracts		18,106	
Homebound Teachers		9,303	
Educational Assistants		74,309	
Non-certified Substitute Teachers		31,336	
Social Security		109,633	
State Retirement		116,972	
Medical Insurance		118,554	
Unemployment Compensation		3,934	
Employer Medicare		25,640	
Contracts with Other School Systems		16,275	
Instructional Supplies and Materials		20,779	
Textbooks		65,211	
Other Supplies and Materials		799	
Other Charges		975	
Regular Instruction Equipment		99,848	
Total Regular Instruction Program			\$ 2,504,924

Special Education Program

Teachers	\$	165,066	
Career Ladder Program		2,975	
Speech Pathologist		43,223	
Certified Substitute Teachers		459	
Non-certified Substitute Teachers		3,810	
Social Security		11,447	
State Retirement		17,892	
Medical Insurance		21,852	
Employer Medicare		3,322	
Maintenance & Repair Services - Equipment		136	
Other Charges		842	
Special Education Equipment		3,025	
Total Special Education Program			274,049

Vocational Education Program

Teachers	\$	98,763
Career Ladder Program		1,000
Social Security		6,151
State Retirement		6,173

(Continued)

Exhibit G-6

Van Buren County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Van Buren County School Department (Cont.)

General Purpose School Fund (Cont.)

Instruction (Cont.)

Vocational Education Program (Cont.)

Medical Insurance	\$	460	
Employer Medicare		1,439	
Tuition		3,500	
Other Supplies and Materials		69	
Other Charges		21	
Total Vocational Education Program			\$ 117,576

Adult Education Program

Teachers	\$	24,255	
Social Security		1,398	
State Retirement		1,487	
Medical Insurance		1,165	
Employer Medicare		327	
Instructional Supplies and Materials		742	
Other Charges		552	
Other Equipment		339	
Total Adult Education Program			30,265

Support Services

Attendance

Supervisor/Director	\$	52,284	
Career Ladder Program		1,000	
Social Security		3,265	
State Retirement		3,266	
Employer Medicare		764	
Travel		800	
Other Supplies and Materials		125	
In Service/Staff Development		357	
Total Attendance			61,861

Health Services

Supervisor/Director	\$	14,683	
Medical Personnel		34,419	
Clerical Personnel		2,482	
Social Security		2,794	
State Retirement		4,013	
Medical Insurance		5,291	
Employer Medicare		654	
Postal Charges		471	

(Continued)

Exhibit G-6

Van Buren County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Van Buren County School Department (Cont.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services (Cont.)

Travel	\$	760	
Drugs and Medical Supplies		862	
Other Supplies and Materials		5,102	
Other Charges		582	
Administration Equipment		13,042	
Health Equipment		6,414	
Total Health Services			\$ 91,569

Other Student Support

Career Ladder Program	\$	2,000	
Guidance Personnel		92,686	
Social Security		5,598	
State Retirement		5,804	
Medical Insurance		2,303	
Employer Medicare		1,309	
Contracts with Government Agencies		6,231	
Evaluation and Testing		4,008	
Travel		850	
In Service/Staff Development		970	
Total Other Student Support			121,759

Regular Instruction Program

Supervisor/Director	\$	58,667	
Career Ladder Program		5,940	
Career Ladder Extended Contracts		6,000	
Librarians		76,414	
Instructional Computer Personnel		41,720	
Social Security		11,475	
State Retirement		12,258	
Medical Insurance		2,305	
Employer Medicare		2,684	
Travel		1,646	
Library Books/Media		7,786	
In Service/Staff Development		929	
Other Charges		100	
Other Equipment		270	
Total Regular Instruction Program			228,194

(Continued)

Exhibit G-6

Van Buren County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Van Buren County School Department (Cont.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program

Supervisor/Director	\$	26,506	
Career Ladder Program		2,000	
Psychological Personnel		25	
Other Salaries & Wages		6,581	
Social Security		2,908	
State Retirement		3,211	
Medical Insurance		1,359	
Employer Medicare		680	
Travel		1,568	
Total Special Education Program			\$ 44,838

Adult Programs

Supervisor/Director	\$	18,765	
Career Ladder Program		1,000	
Social Security		1,124	
State Retirement		1,212	
Medical Insurance		1,135	
Employer Medicare		263	
Travel		27	
In Service/Staff Development		1,463	
Other Charges		1,661	
Total Adult Programs			26,650

Board of Education

Board and Committee Members Fees	\$	4,100	
Social Security		254	
Medical Insurance		37,179	
Employer Medicare		59	
Audit Services		2,500	
Dues and Memberships		2,675	
Travel		376	
Other Contracted Services		1,250	
Other Supplies and Materials		70	
Trustee's Commission		29,059	
Workers' Compensation Insurance		36,439	
Total Board of Education			113,961

Director of Schools

County Official/Administrative Officer	\$	75,552	
--	----	--------	--

(Continued)

Exhibit G-6

Van Buren County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Van Buren County School Department (Cont.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

Career Ladder Program	\$	800	
Social Security		4,357	
State Retirement		4,680	
Medical Insurance		4,797	
Employer Medicare		1,019	
Communication		6,600	
Dues and Memberships		799	
Postal Charges		898	
Travel		413	
Office Supplies		1,341	
Other Supplies and Materials		380	
Other Charges		298	
Total Director of Schools			\$ 101,934

Office of the Principal

Principals	\$	110,554	
Career Ladder Program		2,175	
Career Ladder Extended Contracts		3,940	
Assistant Principals		50,256	
Secretary(ies)		36,506	
Social Security		11,488	
State Retirement		13,073	
Medical Insurance		11,500	
Employer Medicare		2,687	
Communication		266	
Maintenance & Repair Services - Equipment		155	
Other Charges		20	
Total Office of the Principal			242,620

Fiscal Services

Accountants/Bookkeepers	\$	30,600	
Secretary(ies)		28,560	
Social Security		3,612	
State Retirement		4,603	
Employer Medicare		845	
Data Processing Services		7,025	
Other Contracted Services		1,376	
Data Processing Supplies		982	
Office Supplies		574	
Total Fiscal Services			78,177

(Continued)

Exhibit G-6

Van Buren County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Van Buren County School Department (Cont.)

General Purpose School Fund (Cont.)
Support Services (Cont.)

Operation of Plant

Custodial Personnel	\$	125,477	
Social Security		7,724	
State Retirement		9,044	
Employer Medicare		1,806	
Janitorial Services		1,983	
Disposal Fees		15,735	
Other Contracted Services		6,971	
Custodial Supplies		9,324	
Electricity		134,543	
Natural Gas		41,453	
Water and Sewer		21,546	
Other Supplies and Materials		698	
Building and Contents Insurance		66,943	
Other Charges		1,433	
Plant Operation Equipment		359	
Total Operation of Plant			\$ 445,039

Maintenance of Plant

Supervisor/Director	\$	31,110	
Social Security		1,929	
State Retirement		2,420	
Employer Medicare		451	
Communication		337	
Maintenance & Repair Services - Buildings		16,000	
Maintenance & Repair Services - Equipment		43,218	
Maintenance & Repair Services - Vehicles		67	
Other Contracted Services		19,645	
Crushed Stone		1,401	
Sand		1,480	
Wood Products		1,890	
Top Soil		2,700	
Fencing		6,070	
Other Supplies and Materials		19,663	
Maintenance Equipment		760	
Total Maintenance of Plant			149,141

Transportation

Mechanic(s)	\$	30,822
Bus Drivers		93,158

(Continued)

Exhibit G-6

Van Buren County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Van Buren County School Department (Cont.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Other Salaries & Wages	\$	11,256	
Social Security		8,258	
State Retirement		10,296	
Employer Medicare		1,931	
Communication		328	
Travel		328	
Gasoline		42,455	
Lubricants		1,874	
Tires and Tubes		5,339	
Vehicle Parts		15,886	
Other Supplies and Materials		2,119	
Other Charges		4,450	
Transportation Equipment		79,669	
Total Transportation			\$ 308,169

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	41,753	
Teachers		15,725	
Clerical Personnel		3,276	
Educational Assistants		2,512	
Social Security		3,414	
State Retirement		3,974	
Medical Insurance		5,827	
Employer Medicare		799	
Travel		77	
Food Supplies		76	
Instructional Supplies and Materials		506	
Other Supplies and Materials		25,425	
In Service/Staff Development		4,228	
Total Community Services			107,592

Early Childhood Education

Teachers	\$	33,144
Educational Assistants		23,217
Social Security		3,061
State Retirement		3,817
Medical Insurance		5,259
Employer Medicare		716

(Continued)

Exhibit G-6

Van Buren County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Van Buren County School Department (Cont.)

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education (Cont.)

Instructional Supplies and Materials	\$	270	
Other Charges		<u>74</u>	
Total Early Childhood Education	\$		69,558

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	4,186	
Furniture and Fixtures		<u>10,000</u>	
Total Regular Capital Outlay			14,186

Principal on Debt

Education

Principal on Bonds	\$	80,000	
Principal on Other Loans		<u>93,000</u>	
Total Education			173,000

Interest on Debt

Education

Interest on Bonds	\$	19,640	
Interest on Other Loans		<u>52,660</u>	
Total Education			72,300

Other Debt Service

Education

Other Debt Service	\$	<u>7,081</u>	
Total Education			<u>7,081</u>

Total General Purpose School Fund \$ 5,384,443

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	187,251
Non-certified Substitute Teachers		1,606
Social Security		11,626
State Retirement		11,479
Medical Insurance		2,346
Unemployment Compensation		165
Employer Medicare		2,719

(Continued)

Exhibit G-6

Van Buren County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Van Buren County School Department (Cont.)

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

Instructional Supplies and Materials	\$	1,572	
Other Charges		2,506	
Regular Instruction Equipment		12,724	
Total Regular Instruction Program			\$ 233,994

Special Education Program

Teachers	\$	2,362	
Educational Assistants		80,677	
Social Security		5,149	
State Retirement		1,299	
Employer Medicare		559	
Contracts with Private Agencies		10,275	
Instructional Supplies and Materials		261	
Other Supplies and Materials		355	
Total Special Education Program			100,937

Vocational Education Program

Travel	\$	111	
Instructional Supplies and Materials		3,290	
Other Charges		2,500	
Vocational Instruction Equipment		10,336	
Total Vocational Education Program			16,237

Support Services

Other Student Support

Contracts with Government Agencies	\$	6,032	
Travel		420	
In Service/Staff Development		565	
Other Charges		496	
Total Other Student Support			7,513

Regular Instruction Program

Travel	\$	844	
Library Books/Media		1,832	
In Service/Staff Development		9,729	
Other Charges		8,988	
Total Regular Instruction Program			21,393

(Continued)

Exhibit G-6

Van Buren County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Van Buren County School Department (Cont.)

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Special Education Program

Psychological Personnel	\$	26,481	
Clerical Personnel		2,610	
Other Salaries & Wages		19,130	
Social Security		1,967	
State Retirement		1,931	
Employer Medicare		460	
Postal Charges		328	
Travel		1,426	
Other Supplies and Materials		963	
In Service/Staff Development		580	
Total Special Education Program			\$ 55,876

Vocational Education Program

Supervisor/Director	\$	944	
Total Vocational Education Program			944

Total School Federal Projects Fund \$ 436,894

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	30,600	
Cafeteria Personnel		117,770	
Social Security		9,039	
State Retirement		11,291	
Unemployment Compensation		378	
Employer Medicare		2,114	
Communication		875	
Maintenance & Repair Services - Equipment		1,839	
Travel		220	
Other Contracted Services		3,230	
Food Preparation Supplies		10,033	
Food Supplies		203,228	
Office Supplies		409	
Uniforms		173	
Other Supplies and Materials		74	
In Service/Staff Development		399	
Other Charges		277	
Food Service Equipment		160	
Total Food Service			\$ 392,109

Total Central Cafeteria Fund 392,109

Total Governmental Funds - Van Buren County School Department \$ 6,213,446

SINGLE AUDIT REPORT
VAN BUREN COUNTY, TENNESSEE
AND
VAN BUREN COUNTY SCHOOL DEPARTMENT
FOR THE YEAR ENDED JUNE 30, 2007

DEPARTMENT OF AUDIT
JOHN G. MORGAN
Comptroller of the Treasury

DIVISION OF COUNTY AUDIT
RICHARD V. NORMENT
Assistant to the Comptroller

JAMES R. ARNETTE
Director

CARL LOWE, CGFM
Audit Manager

ANITA SCARLETT, CPA
Auditor 4

RODNEY MALIN, CGFM
KELLEY J. McNEAL, CPA, CGFM
State Auditors

This report is available at www.comptroller.state.tn.us

SINGLE AUDIT REPORT TABLE OF CONTENTS

	Page(s)
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <u>Government Auditing Standards</u>	1-3
Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With <u>OMB Circular A-133</u>	5-7
Schedule of Expenditures of Federal Awards and State Grants	9-10
Schedule of Audit Findings Not Corrected	11-12
Schedule of Findings and Questioned Costs	13-22
Auditee Reporting Responsibilities	23



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
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

October 31, 2007

Van Buren County Mayor, Board of County Commissioners,
Director of Schools, and Board of Education
Van Buren County, Tennessee

To the County Mayor, Board of County Commissioners,
Director of Schools, and Board of Education:

We have audited the financial statements of each major fund and the aggregate remaining fund information of Van Buren County, Tennessee, and the governmental activities, the major fund, and the aggregate remaining fund information of the Van Buren County School Department as of and for the year ended June 30, 2007, which collectively comprise a portion of Van Buren County's and the Van Buren County School Department's basic financial statements and have issued our reports thereon dated October 31, 2007. Our report on the financial statements of Van Buren County, Tennessee, expresses an adverse opinion because the government-wide financial statements are not presented in accordance with Governmental Accounting Standards Board Statement No. 34. Our report on the financial statements of the Van Buren County School Department is unqualified. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Van Buren County's and the Van Buren County School Department's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the

financial statements, but not for the purpose of expressing an opinion on the effectiveness of Van Buren County's and the Van Buren County School Department's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Van Buren County's and the Van Buren County School Department's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting: 07.03, 07.06, 07.07(A,B,C,E,F), 07.09, and 07.13.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be significant weaknesses. However, of the significant deficiencies described above, we consider items 07.03, 07.07(A,B,C,E,F), and 07.09 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Van Buren County's and the Van Buren County School Department's financial statements are free of material misstatement, we performed tests of their 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 07.01, 07.02, 07.04, 07.05, 07.07(D), 07.08, 07.10, and 07.11.

We consider item 07.12 described in the accompanying Schedule of Findings and Questioned Costs to be a noteworthy control deficiency over financial operations.

We also noted certain matters that we reported to management of Van Buren County and the Van Buren County School Department in separate communications.

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

Very truly yours,

A handwritten signature in black ink that reads "John G. Morgan". The signature is written in a cursive style with a long horizontal flourish at the end.

John G. Morgan
Comptroller of the Treasury

JGM/sb



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
PHONE (615) 401-7841

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

October 31, 2007

Van Buren County Mayor, Board of County Commissioners,
Director of Schools, and Board of Education
Van Buren County, Tennessee

To the County Mayor, Board of County Commissioners,
Director of Schools, and Board of Education:

Compliance

We have audited the compliance of Van Buren County and the Van Buren County School Department with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of their major federal programs for the year ended June 30, 2007. Van Buren County's and the Van Buren County School Department's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of their major federal programs is the responsibility of Van Buren County's and the Van Buren County School Department's management. Our responsibility is to express an opinion on Van Buren County's and the Van Buren County School Department's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the auditing 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 Van Buren County's and the Van Buren County School Department's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Van Buren County's and the Van Buren County School Department's compliance with those requirements.

In our opinion, Van Buren County and the Van Buren County School Department complied, in all material respects, with the requirements referred to above that are applicable to each of their major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of Van Buren County and the Van Buren County School Department is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Van Buren County's and the Van Buren County School Department's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly we do not express an opinion on the effectiveness of Van Buren County's and the Van Buren County School Department's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of each major fund and the aggregate remaining fund information of Van Buren County, Tennessee, and the governmental activities, the major fund, and the aggregate remaining fund information of the Van Buren County School Department as of and for the year ended June 30, 2007, and have issued our reports thereon dated October 31, 2007. Our report on the financial statements of Van Buren County, Tennessee, expresses an adverse opinion because the government-wide financial statements are not presented in accordance with Governmental Accounting Standards Board Statement No. 34. Our report on the financial statements of the Van Buren County School Department was unqualified. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Van Buren County's and the Van Buren County School Department's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis, as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Very truly yours,



John G. Morgan
Comptroller of the Treasury

JGM/sb

Van Buren County, Tennessee, and the Van Buren County School Department
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2007

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 Agriculture:			
Food Donation (Noncash Assistance)	10.550	N/A	\$ 18,060
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	87,601
National School Lunch Program	10.555	N/A	175,926
Passed-through State Department of Human Services:			
Summer Food Service Program for Children	10.559	N/A	1,334
Total U.S. Department of Agriculture			<u>\$ 282,921</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grant - State's Program	14.228	GG-05-11766-00	<u>\$ 154,977</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Highway Planning and Construction	20.205	STP-H-8800(9)	<u>\$ 50,000</u>
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - State Grant Program	84.002	Z-06-02783-00	\$ 21,626
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	185,859
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	154,653
Special Education - Preschool Grants	84.173	N/A	5,948
Vocational Education - Basic Grants to States	84.048	N/A	18,662
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	4,301
State Grants for Innovative Programs	84.298	N/A	1,264
Education Technology State Grants	84.318	(2)	2,345
Rural Education	84.358	(2)	23,315
Improving Teacher Quality State Grants	84.367	N/A	50,810
Total U.S. Department of Education			<u>\$ 468,783</u>
U.S. Elections Assistance Commission:			
Passed-through Tennessee Office of Secretary of State:			
Help America Vote Act Requirements Payments	90.401	N/A	<u>\$ 102,875</u>
U.S. Department of Health and Human Services:			
Passed-through Upper Cumberland Development District:			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	(2)	\$ 2,872
Passed-through State Department of Labor and Workforce Development:			
Temporary Assistance for Needy Families	93.558	Z-07-034269-00	8,128
Total U.S. Department of Health and Human Services			<u>\$ 11,000</u>
U.S. Corporation for National and Community Service:			
Passed-through State Department of Education:			
Learn and Serve America - School and Community Based Programs	94.004	009-07-1-018	<u>\$ 3,000</u>

(Continued)

Van Buren County, Tennessee, and the Van Buren County School Department
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:			
State Domestic Preparedness Equipment Support Program	97.004	Z-04-022502-02	\$ 3,225
Homeland Security Grant Program	97.067	Z-05-025217-00	3,986
Total U.S. Department of Homeland Security			\$ 7,211
Total Expenditures of Federal Awards			\$ 1,080,767
<u>State Grants</u>			
		Contract Number	
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	\$ 3,106
Juvenile Services Program - State Department of Children's Services	N/A	(2)	9,000
Litter Program - State Department of Transportation	N/A	(2)	23,254
Rural Local Health Services - State Department of Health	N/A	(2)	1,800
Coordinated School Health Program - State Department of Health	N/A	(2)	45,000
Adult Basic Education - State Department of Labor and Workforce Development	N/A	Z-07-033749-00	7,209
Aging Program - Upper Cumberland Development District	N/A	(2)	3,629
Voluntary Pre-K for Tennessee - State Department of Education	N/A	(2)	65,000
Lottery for Education Afterschool Program - State Department of Education	N/A	019-07-2-029	55,325
Safe Schools Act - State Department of Education	N/A	(2)	5,762
Families First - State Department of Labor and Workforce Development	N/A	Z-07-034269-00	15,094
Family Resource Center - State Department of Education	N/A	(2)	33,300
Total State Grants			\$ 267,479

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 was not available.

Van Buren County, Tennessee, and the Van Buren County School Department
Schedule of Audit Findings Not Corrected
June 30, 2007

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 Van Buren County, Tennessee, and the Van Buren County School Department for the year ended June 30, 2006, which have not been corrected.

VAN BUREN COUNTY

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
06.01	12	Government-wide financial statements were not presented in accordance with generally accepted accounting principles

OFFICE OF COUNTY MAYOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
06.02	13	A cash shortage existed in the County Mayor's Office
06.04	14	Expenditures exceeded appropriations
06.05	15	Payroll deduction accounts were not reconciled with subsidiary payroll records, and reservations of fund balance were not properly determined and documented
06.06	16	The office did not issue purchase orders for some applicable purchases; in some instances, invoices were not on file to support purchases; several invoices were paid without documentation that goods had been received or services had been rendered
06.07	16	The county had not adopted a formal travel policy, and some travel disbursements were not properly documented
06.11	19	Tax anticipation notes were not retired in compliance with state statute
06.12	19	Inventory records were not maintained

OFFICE OF SHERIFF

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
06.14	20	The office did not comply with its personnel policy

OTHER FINDINGS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
06.15	21	A central system of accounting, budgeting, and purchasing had not been adopted
06.16	21	Duties were not segregated adequately in the Offices of County Mayor, Road Superintendent, Director of Schools, Trustee, County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff

**VAN BUREN COUNTY, TENNESSEE, AND THE
VAN BUREN COUNTY SCHOOL DEPARTMENT**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2007

PART I, SUMMARY OF AUDITOR'S RESULTS

1. An adverse opinion was issued on the financial statements of Van Buren County, and an unqualified opinion was issued on the financial statements of the Van Buren County School Department.
2. The audit of the financial statements of Van Buren County and the Van Buren County School Department disclosed significant deficiencies in internal control. Three of these deficiencies were considered to be material weakness in Van Buren County. None of these deficiencies were considered to be a material weakness in the Van Buren County School Department.
3. The audit disclosed four instances of noncompliance that were material to the financial statements of Van Buren County. The audit did not disclose any instances of noncompliance that are material to the financial statements of the Van Buren County School Department.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: the School Breakfast Program, the National School Lunch Program, and the Summer Food Service Program for Children (CFDA Nos. 10.553, 10.555, and 10559); Title I Grants to Local Educational Agencies (CFDA No. 84.010); and the Special Education Cluster: Special Education – Grants to States and the 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. Van Buren County and the Van Buren County School Department did not qualify as low-risk auditees.

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. Officials offered oral responses to certain findings and recommendations; however, these oral responses have not been included in this report.

VAN BUREN COUNTY

FINDING 07.01 **GOVERNMENT-WIDE FINANCIAL STATEMENTS WERE NOT PRESENTED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES**

(Material Noncompliance Under Government Auditing Standards)

Van Buren County did not identify and determine the historical value of its capital assets and the related depreciation amounts of these assets. Therefore, Van Buren County was unable to provide the information necessary to prepare government-wide financial statements for all of its activities, as required by Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. GASB is the standard-setting body for accounting principles that state and local governments are required to follow. As a result of this omission, Van Buren County’s financial statements are not presented in accordance with generally accepted accounting principles; thus, we have issued an adverse opinion on the county’s financial statements.

The Office of the Comptroller of the Treasury, State of Tennessee, requires governments that do not implement GASB Statement 34 to issue a financial report in compliance with Financial Reporting Standards for County Governments, Component Units of County Governments, and Special School Districts That Do Not Implement Governmental Accounting Standards Board Statement No. 34, established by the Comptroller of the Treasury. Van Buren County’s financial statements are presented in compliance with these requirements.

RECOMMENDATION

Van Buren County should present government-wide financial statements in conformity with generally accepted accounting principles, and should compile and maintain records that properly account for its capital assets. These records should document the historical costs of the county’s capital assets and the related depreciation amounts of these assets. This information is necessary to present the financial statements in accordance with generally accepted accounting principles.

FINDING 07.02 VAN BUREN COUNTY HAS NOT COMPLETED THE STEPS SET FORTH IN THE IMPLEMENTATION PLAN FOR GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NO. 34 FILED WITH THE COMPTROLLER OF THE TREASURY
(Material Noncompliance Under Government Auditing Standards)

As noted in finding 07.01, Van Buren County has not taken the necessary steps to present their financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34. To encourage local governments to comply with GASB Statement No. 34, the Tennessee General Assembly passed legislation (Sections 9-3-401 through 9-3-405, Tennessee Code Annotated) requiring local governments that were not in compliance with GASB Statement No. 34 to file an implementation plan with the Comptroller of the Treasury showing the steps and the timeline the local government would follow to implement the standard no later than June 30, 2008. An examination of the plan Van Buren County filed with the Comptroller's Office shows that the county has failed to perform the steps in accordance with the timeline set forth in their plan. If Van Buren County does not comply with GASB Statement No. 34 by June 30, 2008, the statutes further provide that the state may withhold certain state funds from the county.

RECOMMENDATION

Van Buren County should take the necessary steps to ensure compliance with GASB Statement No. 34 by June 30, 2008.

OFFICE OF COUNTY MAYOR

FINDING 07.03 A CASH SHORTAGE OF \$8,470.71 EXISTED IN THE OFFICE AT JUNE 30, 2007
(Internal Control – Material Weakness Under Government Auditing Standards)

The annual financial report of Van Buren County for the year ended June 30, 2006, revealed a cash shortage (Finding 06.02) of at least \$7,428.26 at January 25, 2007. We reported that the former mayor's administrative assistant had used a county credit card for personal purchases, and that the credit card company was now demanding payment from the county for the outstanding balance. At June 30, 2007, the outstanding balance on the account including accrued interest was \$8,470.71 and this amount has been reflected in the General Fund as a cash shortage in the financial statements of this report. On August 29, 2007, the county paid the credit card balance of \$8,499.71.

The former administrative assistant was indicted by the Van Buren County grand jury on May 21, 2007, on three counts of official misconduct and one count of theft over \$1,000. This case is pending judicial action as of the date of this report.

RECOMMENDATION

Officials should pursue legal avenues to recover the costs associated with the unauthorized charges made by the former administrative assistant, including filing a claim with the county's bonding company.

FINDING 07.04 **GENERAL LEDGER TRUSTEE CASH ACCOUNTS WERE NOT RECONCILED WITH COUNTY TRUSTEE REPORTS** (Noncompliance Under Government Auditing Standards)

The office did not reconcile general ledger trustee cash accounts with county trustee reports for funds administered by the county mayor. When auditors began work in this office in August 2007, the accounts had not been reconciled with the trustee's reports since March 2007. Section 9-2-138, Tennessee Code Annotated, requires officials to reconcile their respective fund accounts with the county trustee's reports monthly. After auditors requested these reconciliations, the County Mayor's Office attempted to reconcile their accounts; however, the final reconciliations presented to us revealed that the cash in the trustee accounts still failed to reconcile with the county trustee's reports in the General (\$6,245), Courthouse and Jail Maintenance (\$1,506), Solid Waste/Sanitation (\$2,114), Ambulance Service (\$53), Local Purpose Tax (\$12,500), and Drug Control (\$2,373) Funds at June 30, 2007. These differences included numerous errors on outstanding warrant lists, posting errors, warrants that were not posted to the general ledger, and errors on the trustee's report. Cash with trustee for each fund was determined by substantive testing and alternative auditing procedures. We have provided county officials with audit adjustments for their approval and posting to properly present the cash with trustee accounts in the financial statements of this report.

RECOMMENDATION

The office should reconcile the cash balances of the various funds with the trustee's reports on a monthly basis as required by state statute, and posting errors should be corrected promptly.

FINDING 07.05 **EXPENDITURES EXCEEDED APPROPRIATIONS** (Material Noncompliance Under Government Auditing Standards)

The audit revealed the following budget deficiencies:

- A. Expenditures exceeded total appropriations approved by the County Commission in the Solid Waste/Sanitation (\$68,067), Drug Control (\$10,156), and Local Purpose Tax (\$3,012) Funds.
- B. Expenditures and encumbrances exceeded appropriations approved by the County Commission in following major appropriation categories (the legal level of control) of the General Fund:

<u>Major Category</u>	<u>Amount Overspent</u>
Board of Equalization	\$ 237
County Buildings	2,219
Judicial Commissioners	112
Agriculture Extension Service	224
Employee Benefits	144
Miscellaneous	1,214
Interest on Debt - General Government	14,048

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 government shall be appropriated to such use by the county legislative bodies.”

RECOMMENDATION

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

FINDING 07.06 **THE OFFICE HAD ACCOUNTING DEFICIENCIES**
 (Internal Control – Significant Deficiency Under Government Auditing Standards)

The following accounting deficiencies were noted in the County Mayor’s Office:

- A. General ledger payroll liability accounts for the General, Solid Waste/Sanitation, and Ambulance Service Funds were not reconciled on a monthly basis with payroll records and payments. As a result, unidentified balances accumulated in the liability accounts for social security, income tax, and state retirement. The failure to regularly reconcile payroll liability accounts allows certain errors to remain undiscovered and uncorrected.

- B. At June 30, 2007, the General Fund financial statements reflected reservations of fund balance for Alcohol and Drug Treatment (\$263), Computer System – Register (\$3,986), Automation Purposes – Circuit Court (\$56), Automation Purposes – General Sessions Court (\$6,397), Automation Purposes – Chancery Court (\$362), and Capital Outlay (\$4,843). These reserve balances have not changed since June 30, 2005, because the County Mayor’s Office has not reviewed the receipts and expenditures of these legally restricted revenues to determine the proper reserve balances since that time. An analysis is necessary for each reservation of fund balance to document the unexpended amount of any legally restricted revenue.

RECOMMENDATION

General ledger payroll liability accounts should be reconciled monthly with payroll reports and payments, and errors should be corrected promptly. Also, county officials should properly determine, record, and document all reservations of fund balance.

FINDING 07.07 **THE OFFICE HAD DEFICIENCIES IN PURCHASING PROCEDURES**

(A., B., C., E., and F. – Internal Control – Material Weakness Under Government Auditing Standards; D. – Noncompliance Under Government Auditing Standards)

Our audit revealed the following purchasing deficiencies:

- A. The office did not issue purchase orders for some applicable purchases. Purchase orders are necessary to control who has purchasing authority for the office and to document purchasing commitments. Furthermore, our examination disclosed that the date of issuance, the dollar amounts, and the applicable expenditure code for purchases were not listed on some purchase orders.
- B. In some instances, invoices were not on file to support the purchases. We extended our audit procedures and determined that these disbursements were for the benefit of the county.
- C. Several invoices were paid without documentation that goods had been received or services had been rendered. This practice could result in the county paying for items not received or paying invoices more than once. We extended our audit procedures and determined that these goods and services were received.
- D. Competitive bids were not solicited for the purchase of seven assault rifles and seven police service revolvers (\$7,259) for the Sheriff's Department. Chapter 36, Private Acts of 1973, and Chapter 111, Private Acts of 1986, require competitive bids to be solicited on all purchases exceeding \$2,500.
- E. The County Commission had not adopted formal policies and procedures governing travel reimbursements for county employees. During the period examined, the county used several different methods to reimburse employees for travel expenses.
- F. During the year, the General Fund issued travel advances of \$1,100 to the sheriff; however, neither the County Mayor's Office nor the sheriff could provide us with documentation to support the subsequent travel expenses.

RECOMMENDATION

To strengthen internal controls over purchasing procedures and to document purchasing commitments, the office should issue purchase orders for all applicable purchases and should include the date of issuance, the dollar amounts, and the applicable expenditure codes for the purchases. Invoices should be on file to support all purchases. The office should maintain documentation that goods have been received or services have been rendered before invoices are paid. Competitive bids should be solicited for all purchases exceeding \$2,500. The County Commission should adopt formal policies and procedures for payment of travel expenses. These policies and procedures should establish maximum limits for the reimbursement of mileage, lodging, meals, and other travel expenses. The office should develop procedures to ensure that documentation is filed to support all travel advances and ensure that any unused advances are immediately returned to the county.

FINDING 07.08 **TAX ANTICIPATION NOTES WERE NOT RETIRED IN COMPLIANCE WITH STATE STATUTE**
(Material Noncompliance Under Government Auditing Standards)

On September 18, 2003, the General Fund borrowed \$65,000 from the General Debt Service Fund to provide cash for operations. This note should have been retired by June 30, 2004, but was still outstanding as of June 30, 2007. Section 9-21-801, Tennessee Code Annotated, provides that tax anticipation notes shall mature not later than the close of the fiscal year issued. This note has been reflected in the financial statements of this report as a current note receivable in the General Debt Service Fund and a current note payable in the General Fund.

RECOMMENDATION

All tax anticipation notes should be retired prior to the end of the fiscal year issued as required by state statute.

FINDING 07.09 **INVENTORY RECORDS WERE NOT MAINTAINED**
(Internal Control – Material Weakness Under Government Auditing Standards)

Inventory records were not maintained for assets owned by the general county government. Generally accepted accounting principles require accountability for all county-owned assets, such as equipment, furniture, and vehicles.

RECOMMENDATION

The office should maintain inventory records of all assets as required by generally accepted accounting principles. Furthermore, personnel independent of maintaining the inventory should periodically verify the inventory records.

OFFICE OF ROAD SUPERINTENDENT

FINDING 07.10 **COMPETITIVE BIDS WERE NOT SOLICITED FOR FOUR SALT SPREADERS
(Noncompliance Under Government Auditing Standards)**

Competitive bids were not solicited for the purchase of four salt spreaders (\$22,912). The four salt spreaders were delivered on December 13, 2006; however, the spreaders were individually invoiced on December 20, 2006, January 5, 2007, January 23, 2007, and February 2, 2007. The use of separate invoices for one purchase is an apparent attempt to circumvent the competitive bid process. Section 54-7-113, Tennessee Code Annotated requires all purchases exceeding \$10,000 to be made on the basis of publicly advertised competitive bids.

RECOMMENDATION

Competitive bids should be solicited for purchases exceeding \$10,000 as required by state statute.

OFFICE OF SHERIFF

FINDING 07.11 **THE OFFICE DID NOT COMPLY WITH ITS PERSONNEL POLICY
(Noncompliance Under Government Auditing Standards)**

We noted that several employees' time sheets reflected accumulated annual leave of more than five days and various accumulated balances for sick leave. The Sheriff Department's personnel policy permits employees to accumulate a maximum of five days of annual leave. The personnel policy does not provide for the accumulation of sick leave but does allow for hardship leave at the discretion of the sheriff.

RECOMMENDATION

The office should comply with its personnel policy regarding the accumulation of leave.

OTHER FINDINGS AND RECOMMENDATIONS

FINDING 07.12 **A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING HAD NOT BEEN ADOPTED
(Internal Control – Control Deficiency Under Government Auditing Standards)**

County officials had not adopted a central system of accounting, budgeting, and purchasing. Establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes.

RECOMMENDATION

County officials should consider adopting either 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.

FINDING 07.13

DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF COUNTY MAYOR, ROAD SUPERINTENDENT, DIRECTOR OF SCHOOLS, TRUSTEE, COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, REGISTER, AND SHERIFF

(Internal Control – Significant Deficiency under Government Auditing Standards)

Duties were not segregated adequately among officials and employees in the Offices of County Mayor, Road Superintendent, Director of Schools, Trustee, County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff. Officials and employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. We realize that due to limited resources and personnel, management may not be able to properly segregate duties among employees. However, our professional standards require that we bring this matter to the reader's attention in this report.

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

There were no findings and questioned costs for federal awards.

**VAN BUREN COUNTY, TENNESSEE, AND THE
VAN BUREN COUNTY SCHOOL DEPARTMENT
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2007**

There were no audit findings relative to federal awards presented in the current year's Schedule of Findings and Questioned Costs. There were audit findings relative to federal awards presented in the prior year's Schedule of Findings and Questioned Costs.

County Mayor – Summary Schedule of Prior Year's Findings

FINDINGS 06.16 and 06.17

Although the County Mayor's Office as a whole lacks sufficient segregation of duties, additional controls are in place over the expenditures of federal funds and reporting to federal agencies that we feel mitigates the lack of segregation of duties as it pertains to federal awards.

Director of Schools – Summary Schedule of Prior Year's Findings

FINDINGS 06.16 and 06.17

Although the School Department as a whole lacks sufficient segregation of duties, additional controls are in place over the expenditures of federal funds and reporting to federal agencies that we feel mitigates the lack of segregation of duties as it pertains to federal awards.