
ANNUAL FINANCIAL REPORT VAN BUREN COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2008



This page is left blank intentionally.

ANNUAL FINANCIAL REPORT
VAN BUREN COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2008

DEPARTMENT OF AUDIT
JUSTIN P. WILSON
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

TIM BRASHEARS
JENI PALADENI
State Auditors

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

This page is left blank intentionally.

VAN BUREN COUNTY, TENNESSEE TABLE OF CONTENTS

	Exhibit	Page(s)
Audit Highlights		9-10
<u>INTRODUCTORY SECTION</u>		11
Van Buren County Officials		13
<u>FINANCIAL SECTION</u>		15
Independent Auditor's Report		17-19
BASIC FINANCIAL STATEMENTS:		21
Government-wide Financial Statements:		
Statement of Net Assets	A	23
Statement of Activities	B	24-25
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C-1	26-27
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	C-2	28
Statement of Revenues, Expenditures, and Changes in Fund Balances	C-3	29
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-4	30
Fiduciary Funds:		
Statement of Fiduciary Assets and Liabilities	D	31
Notes to the Financial Statements		33-63
REQUIRED SUPPLEMENTARY INFORMATION:		65
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
General Fund	E-1	67-68
Ambulance Service Fund	E-2	69
Highway/Public Works Fund	E-3	70
Schedule of Funding Progress – Pension Plan	E-4	71
Schedule of Funding Progress – Other Postemployment Benefits Plan – Discretely Presented Van Buren County School Department	E-5	72
Notes to the Required Supplementary Information		73-74

	Exhibit	Page(s)
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		75
Nonmajor Governmental Funds:		77-78
Combining Balance Sheet	F-1	79
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	F-2	80
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
Courthouse and Jail Maintenance Fund	F-3	81
Solid Waste Sanitation Fund	F-4	82
Local Purpose Tax Fund	F-5	83
Drug Control Fund	F-6	84
General Debt Service Fund	F-7	85
Fiduciary Funds:		87
Combining Statement of Fiduciary Assets and Liabilities	G-1	89
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	G-2	90
Component Unit:		
Discretely Presented Van Buren County School Department:		91
Statement of Activities	H-1	93
Balance Sheet – Governmental Funds	H-2	94
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	H-3	95
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	H-4	96
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	H-5	97
Combining Balance Sheet – Nonmajor Governmental Funds	H-6	98
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	H-7	99
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
General Purpose School Fund	H-8	100-101
School Federal Projects Fund	H-9	102
Central Cafeteria Fund	H-10	103
Miscellaneous Schedules:		105
Schedule of Changes in Long-term Notes, Capital Leases, Other Loans, and Bonds – Primary Government and Discretely Presented Van Buren County School Department	I-1	107
Schedule of Long-term Debt Requirements by Year – Primary Government and Discretely Presented Van Buren County School Department	I-2	108-109

	Exhibit	Page(s)
Schedule of Notes Receivable	I-3	110
Schedule of Transfers – Discretely Presented Van Buren County School Department	I-4	111
Schedule of Salaries and Official Bonds of Principal Officials – Primary Government and Discretely Presented Van Buren County School Department	I-5	112
Schedule of Detailed Revenues – All Governmental Fund Types	I-6	113-116
Schedule of Detailed Revenues – All Governmental Fund Types – Discretely Presented Van Buren County School Department	I-7	117-118
Schedule of Detailed Expenditures – All Governmental Fund Types	I-8	119-133
Schedule of Detailed Expenditures – All Governmental Fund Types – Discretely Presented Van Buren County School Department	I-9	134-144
Schedule of Detailed Receipts, Disbursements, and Changes in Cash Balance – City Agency Fund	I-10	145
 <u>SINGLE AUDIT SECTION</u>		 147
 Auditor’s Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <u>Government Auditing Standards</u>		 149-151
Auditor’s Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With <u>OMB Circular A-133</u>		 153-155
Schedule of Expenditures of Federal Awards and State Grants		157-158
Schedule of Audit Findings Not Corrected		159
Schedule of Findings and Questioned Costs		161-179
Auditee Reporting Responsibilities		181

This page is left blank intentionally.

Audit Highlights

Annual Financial Report
Van Buren County, Tennessee
For the Year Ended June 30, 2008

Scope

We have audited the basic financial statements of Van Buren County as of and for the year ended June 30, 2008.

Results

Our report on Van Buren County's financial statements expresses an adverse opinion on the governmental activities because the capital assets records were materially misstated. Our report on the aggregate discretely presented component units is qualified because the financial statements did not include one component unit whose financial statements were not available from other auditors at the date of this report and one component unit that was not audited. Our report on each major fund and the aggregate remaining fund information is unqualified.

Our audit resulted in 22 findings and recommendations, which we have reviewed with Van Buren County management. Detailed findings, recommendations, and management's responses are included in the Single Audit section of this report.

Findings

The following are summaries of the audit findings:

VAN BUREN COUNTY AND VAN BUREN COUNTY SCHOOL DEPARTMENT

- ◆ Van Buren County and the Van Buren County School Department did not have the resources to produce financial statements and notes to the financial statements.

OFFICE OF COUNTY MAYOR

- ◆ The General and Solid Waste/Sanitation funds required material audit adjustments for proper financial statement presentation.
- ◆ Deficiencies were noted in the maintenance of capital assets records, resulting in an adverse opinion in the governmental activities opinion unit.
- ◆ Leave records were not on file to support payroll disbursements.
- ◆ General ledger cash accounts were not reconciled with county trustee reports.
- ◆ The office had deficiencies in budget operations.
- ◆ The office had accounting deficiencies.
- ◆ The office had deficiencies in purchasing procedures.

- ◆ Tax anticipation notes were not retired in compliance with state statute.
 - ◆ The office did not maintain adequate records for state and federal grants.
 - ◆ The office had deficiencies in computer system backup procedures.
 - ◆ The Ambulance Service did not implement adequate controls to protect its information resources.
-

OFFICE OF ROAD SUPERINTENDENT

- ◆ Deficiencies were noted in the maintenance of capital assets records.
-

OFFICE OF TRUSTEE

- ◆ The office did not implement adequate controls to protect its information resources.
 - ◆ The office had deficiencies in computer system backup procedures.
 - ◆ The office did not review software audit logs.
-

OFFICE OF COUNTY CLERK

- ◆ The office did not implement adequate controls to protect its information resources.
-

OFFICE OF REGISTER

- ◆ The office did not review software audit logs.
-

OFFICE OF SHERIFF

- ◆ Deficiencies were noted in the maintenance of payroll records.
-

OTHER FINDINGS

- ◆ A central system of accounting, budgeting, and purchasing had not been adopted.
- ◆ 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.
- ◆ The Industrial Development Board of Van Buren County was not audited.

INTRODUCTORY SECTION

This page is left blank intentionally.

Van Buren County Officials

June 30, 2008

Officials

Kelly Dishman, County Mayor
Wendell Wheeler, Road Superintendent
Tammie Clendenon, Trustee
Michael Martin, Director of Schools
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

Board of Education

Ricky Walling, Chairman
Tabitha Denney
J.W. Deweese
Ronnie Hitchcock
Tim Hodges

This page is left blank intentionally.

FINANCIAL SECTION

This page is left blank intentionally.



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

INDEPENDENT AUDITOR'S REPORT

January 27, 2009

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 the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Van Buren County, Tennessee, as of and for the year ended June 30, 2008, which collectively comprise Van Buren County's basic financial statements as listed in the table of contents. 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 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.

The financial statements referred to above for the governmental activities are materially misstated because the capital assets records of Van Buren County contained material omissions and errors.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, 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 the governmental activities of Van Buren County, Tennessee, as of June 30, 2008, and the changes in financial position for the year then ended.

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

In our opinion, except for the effects of not including the financial statements of the Van Buren County Emergency Communications District and the Industrial Development Board of Van Buren County as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units of Van Buren County, Tennessee, at June 30, 2008, and the results of operations of the aggregate discretely presented component units, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Additionally, in our opinion, 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, 2008, 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 January 27, 2009, 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.

As described in Note V.B., Van Buren County has implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. For the first time, the financial statements include the government-wide financial statements. Also, Van Buren County has adopted GASB Statement No. 45,

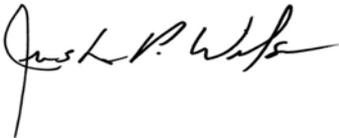
Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions; Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues; and Statement No. 50, Pension Disclosures.

The management of Van Buren County did not prepare a 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, pension, and postemployment benefits information on pages 67 through 74 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, combining and individual fund financial statements of the Van Buren County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds, combining and individual fund financial statements of the Van Buren County School Department (a discretely presented component unit), and the miscellaneous schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury

JPW/yu

This page is left blank intentionally.

BASIC FINANCIAL STATEMENTS

This page is left blank intentionally.

Exhibit A

Van Buren County, Tennessee
Statement of Net Assets
June 30, 2008

	Primary Government Governmental Activities	Component Unit Van Buren County School Department
<u>ASSETS</u>		
Cash	\$ 1,400	\$ 0
Equity in Pooled Cash and Investments	2,216,616	2,808,457
Accounts Receivable	300,467	0
Allowance for Uncollectibles	(85,070)	0
Due from Other Governments	273,559	286,516
Prepaid Expenses	3,339	0
Property Taxes Receivable	1,694,730	692,123
Allowance for Uncollectible Property Taxes	(49,373)	(19,983)
Capital Assets:		
Assets Not Depreciated:		
Land	937,224	102,406
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	1,186,530	4,427,630
Other Capital Assets	1,150,197	456,093
Infrastructure	4,359,875	12,714
Total Assets	<u>\$ 11,989,494</u>	<u>\$ 8,765,956</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 6,469	\$ 0
Payroll Deductions Payable	4,678	0
Accrued Interest Payable	3,768	1,744
Due to State of Tennessee	133	0
Deferred Revenue - Current Property Taxes	1,539,705	629,879
Noncurrent Liabilities:		
Due Within One Year	42,786	196,230
Due in More Than One Year	454,696	1,240,617
Total Liabilities	<u>\$ 2,052,235</u>	<u>\$ 2,068,470</u>
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	\$ 7,505,985	\$ 3,745,843
Restricted for:		
Debt Service	208,564	0
Courthouse and Jail Maintenance	20,486	0
Ambulance Service	581,486	0
Local Purpose Tax	31,576	0
Drug Control	2,698	0
Highway/Public Works	1,605,951	0
School Federal Projects	0	46,054
Central Cafeteria	0	137,407
Basic Education Program	0	2,444,690
Other Purposes	22,338	1,875
Unrestricted	(41,825)	321,617
Total Net Assets	<u>\$ 9,937,259</u>	<u>\$ 6,697,486</u>

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

Exhibit B

Van Buren County, Tennessee
Statement of Activities
For the Year Ended June 30, 2008

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary			Van Buren County School Department
					Governmental Activities	School Department		
Primary Government:								
Governmental Activities:								
General Government	\$ 315,304	\$ 55,990	\$ 31,651	\$ 1,773	\$ (225,890)	\$ 0	0	
Finance	225,541	134,969	3,394	0	(87,178)	0	0	
Administration of Justice	190,399	164,425	9,000	0	(16,974)	0	0	
Public Safety	900,302	12,261	22,721	4,777	(860,543)	0	0	
Public Health and Welfare	664,982	433,008	92,441	0	(139,533)	0	0	
Social, Cultural, and Recreational Services	61,338	0	21,342	0	(39,996)	0	0	
Agriculture and Natural Resources	39,033	0	0	0	(39,033)	0	0	
Other Operations	217,232	0	0	0	(217,232)	0	0	
Highways/Public Works	1,647,182	0	1,371,616	146,168	(129,398)	0	0	
Interest on Long-term Debt	11,756	0	0	0	(11,756)	0	0	
Other Debt Service	1,648	0	0	0	(1,648)	0	0	
Total Governmental Activities	\$ 4,274,717	\$ 800,653	\$ 1,552,165	\$ 152,718	\$ (1,769,181)	\$ 0	0	
Total Primary Government	\$ 4,274,717	\$ 800,653	\$ 1,552,165	\$ 152,718	\$ (1,769,181)	\$ 0	0	
Component Unit:								
Van Buren County School Department	\$ 6,845,692	\$ 182,402	\$ 1,152,706	\$ 25,511	\$ 0	\$ (5,485,073)		

(Continued)

Exhibit B

Van Buren County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		Component Unit
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary		Van Buren County School Department	
				Governmental Activities	Total		
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes				\$ 1,417,769	\$	\$ 557,050	
Property Taxes Levied for Debt Service				45,609		0	
Local Option Sales Taxes				65,939		402,736	
Business Tax				20,902		0	
Hotel/Motel Tax				61,915		105,423	
Litigation Tax - Special Purpose				35,937		0	
Other Local Taxes				31,326		700	
Grants and Contributions Not Restricted to Specific Programs				248,601		4,787,761	
Unrestricted Investment Earnings				67,197		1,052	
Miscellaneous				26,470		22,243	
Total General Revenues				\$ 2,021,665		\$ 5,876,965	
Change in Net Assets				\$ 252,484		\$ 391,892	
Net Assets, July 1, 2007				9,684,775		6,305,594	
Net Assets, June 30, 2008				\$ 9,937,259		\$ 6,697,486	

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

Van Buren County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2008

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	Other Governmental	Funds	
ASSETS						
Cash	\$ 0	\$ 1,000	\$ 0	\$ 400	\$ 1,400	
Equity in Pooled Cash and Investments	264,059	409,868	1,361,967	180,722	2,216,616	
Accounts Receivable	37,660	260,321	0	2,486	300,467	
Allowance for Uncollectibles	0	(85,070)	0	0	(85,070)	
Due from Other Governments	45,029	0	228,478	52	273,559	
Due from Other Funds	3,507	0	0	30,326	33,833	
Property Taxes Receivable	1,285,252	144,660	0	264,818	1,694,730	
Allowance for Uncollectible Property Taxes	(37,090)	(4,460)	0	(7,823)	(49,373)	
Prepaid Items	3,339	0	0	0	3,339	
Notes Receivable - Current	0	0	0	73,400	73,400	
Total Assets	\$ 1,601,756	\$ 726,319	\$ 1,590,445	\$ 544,381	\$ 4,462,901	

LIABILITIES AND FUND BALANCES

Liabilities						
Accounts Payable	\$ 6,469	\$ 0	\$ 0	\$ 0	\$ 6,469	
Payroll Deductions Payable	1,059	2,196	0	1,423	4,678	
Due to Other Funds	29,099	2,570	0	2,164	33,833	
Due to State of Tennessee	0	107	0	26	133	
Tax Anticipation Notes Payable	73,400	0	0	0	73,400	
Deferred Revenue - Current Property Taxes	1,169,775	129,975	0	239,955	1,539,705	
Deferred Revenue - Delinquent Property Taxes	76,548	9,985	0	16,640	103,173	
Other Deferred Revenues	18,032	160,849	111,685	0	290,566	
Total Liabilities	\$ 1,374,382	\$ 305,682	\$ 111,685	\$ 260,208	\$ 2,051,957	

(Continued)

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

	Major Funds			Nonmajor Funds		Total Governmental Funds	
	General	Ambulance Service	Highway / Public Works	Other	Governmental		
\$	263	0	0	0	0	263	
	4,627	0	0	0	0	4,627	
	165	0	0	0	0	165	
	11,362	0	0	0	0	11,362	
	1,078	0	0	0	0	1,078	
	4,843	0	0	0	0	4,843	
	0	0	0	73,400	0	73,400	
	205,036	0	0	0	0	205,036	
	0	420,637	1,478,760	75,169	0	1,974,566	
	0	0	0	135,604	0	135,604	
\$	227,374	420,637	1,478,760	284,173	\$	2,410,944	
\$	1,601,756	\$	1,590,445	\$	544,381	\$	4,462,901

LIABILITIES AND FUND BALANCES (Cont.)

<u>Fund Balances</u>	
Reserved for Alcohol and Drug Treatment	
Reserved for Computer System - Register	
Reserved for Automation Purposes - Circuit Court	
Reserved for Automation Purposes - General Sessions Court	
Reserved for Automation Purposes - Chancery Court	
Reserved for Capital Outlay	
Reserved for Other General Purposes	
Unreserved, Reported In:	
General Fund	
Special Revenue Funds	
Debt Service Funds	
Total Fund Balances	
Total Liabilities and Fund Balances	

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
June 30, 2008

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)		\$ 2,410,944
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 937,224	
Add: infrastructure net of accumulated depreciation	4,359,875	
Add: buildings and improvements net of accumulated depreciation	1,186,530	
Add: other capital assets net of accumulated depreciation	<u>1,150,197</u>	7,633,826
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	\$ (16,341)	
Less: capital leases payable	(111,500)	
Less: accrued interest on bonds, notes, other loans, and capital leases	(3,768)	
Less: landfill closure/postclosure care costs	<u>(369,641)</u>	(501,250)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>393,739</u>
Net assets of governmental activities (Exhibit A)		<u><u>\$ 9,937,259</u></u>

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

Exhibit C-3

Van Buren County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2008

	Major Funds			Nonmajor	Total
	General	Ambulance Service	Highway / Public Works	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 1,229,825	\$ 138,862	\$ 0	\$ 333,972	\$ 1,702,659
Licenses and Permits	6,757	0	0	0	6,757
Fines, Forfeitures, and Penalties	43,799	0	0	9,767	53,566
Charges for Current Services	7,245	352,854	0	76,543	436,642
Other Local Revenues	89,471	3,848	2,060	4,159	99,538
Fees Received from County Officials	288,723	0	0	0	288,723
State of Tennessee	277,424	0	1,515,097	25,552	1,818,073
Federal Government	4,853	0	0	0	4,853
Total Revenues	\$ 1,948,097	\$ 495,564	\$ 1,517,157	\$ 449,993	\$ 4,410,811
<u>Expenditures</u>					
Current:					
General Government	\$ 354,036	\$ 0	\$ 0	\$ 38,552	\$ 392,588
Finance	225,541	0	0	0	225,541
Administration of Justice	190,399	0	0	0	190,399
Public Safety	740,899	0	0	118,261	859,160
Public Health and Welfare	42,713	345,667	0	262,723	651,103
Social, Cultural, and Recreational Services	61,338	0	0	0	61,338
Agriculture and Natural Resources	39,033	0	0	0	39,033
Other Operations	212,017	0	0	5,215	217,232
Highways	24,419	0	1,428,675	0	1,453,094
Debt Service:					
Principal on Debt	0	0	0	49,976	49,976
Interest on Debt	3,797	0	0	4,719	8,516
Other Debt Service	0	0	0	1,648	1,648
Total Expenditures	\$ 1,894,192	\$ 345,667	\$ 1,428,675	\$ 481,094	\$ 4,149,628
Excess (Deficiency) of Revenues					
Over Expenditures	\$ 53,905	\$ 149,897	\$ 88,482	\$ (31,101)	\$ 261,183
<u>Other Financing Sources (Uses)</u>					
Capital Leases Issued	\$ 0	\$ 0	\$ 0	\$ 111,500	\$ 111,500
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 111,500	\$ 111,500
Net Change in Fund Balances					
Fund Balance, July 1, 2007	\$ 173,469	\$ 270,740	\$ 1,390,278	\$ 203,774	\$ 2,038,261
Fund Balance, June 30, 2008	\$ 227,374	\$ 420,637	\$ 1,478,760	\$ 284,173	\$ 2,410,944

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

Exhibit C-4

Van Buren County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2008

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ 372,683
<p>(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:</p>		
Add: capital assets purchased in the current period	\$ 206,560	
Less: current year depreciation expense	<u>(391,898)</u>	(185,338)
<p>(2) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.</p>		
Less: deferred delinquent property taxes and other deferred June 30, 2007	\$ (277,349)	
Add: deferred delinquent property taxes and other deferred June 30, 2008	<u>393,739</u>	116,390
<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>		
Less: capital lease proceeds	\$ (111,500)	
Add: principal payments on notes	<u>49,976</u>	(61,524)
<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, notes, other loans, and capital leases	\$ (3,240)	
Change in landfill closure/postclosure care costs	<u>13,513</u>	<u>10,273</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 252,484</u>

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

Exhibit D

Van Buren County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2008

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 368,193
Due from Other Governments	<u>14,940</u>
Total Assets	<u><u>\$ 383,133</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 14,940
Due to Litigants, Heirs, and Others	<u>368,193</u>
Total Liabilities	<u><u>\$ 383,133</u></u>

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

This page is left blank intentionally.

VAN BUREN COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The following are the more significant accounting policies of 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) and its component units. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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.

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

The 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 financial statements of the Van Buren County

Emergency Communications District were not available from other auditors in time for inclusion in this report.

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 financial statements of the Industrial Development Board of Van Buren County were not audited.

The Van Buren County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of contents. Although required by GAAP, the financial statements of the Van Buren County Emergency Communications District and the Industrial Development Board of Van Buren County were not available for inclusion, as previously mentioned. Complete financial statements of the Van Buren County Emergency Communications District and the Industrial Development Board of Van Buren County 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. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. However, when applicable, interfund services provided and used between functions are not eliminated in the process of consolidation in the statement of activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. However, the primary government of Van Buren County does not have any business-type activities to report. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Van Buren County

School Department component unit only reports governmental activities in the government-wide financial statements.

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

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

Fund financial statements of 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. An emphasis is placed on major funds within the governmental category. Van Buren County has no proprietary funds to report.

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.

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

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

Additionally, the Van Buren County School Department reports the following fund type:

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

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

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

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; 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 and the discretely presented Van Buren County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled

investments is assigned to the General Fund. 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 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 that are representative of lending/borrowing arrangements outstanding 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 other outstanding balances between funds are reported as due to/from other funds.

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 1.64 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 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.

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items) are reported in the governmental column 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 government are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
--------	-------

Primary Government

Buildings and Improvements	50
Other Capital Assets	6 - 20
Infrastructure:	
Roads	25 - 40
Bridges	30

**Discretely Presented
School Department**

Buildings and Improvements	25 - 40
Other Capital Assets	5 - 20
Infrastructure	25

5. Compensated Absences

Primary Government

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 are granted at the 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.

All vacation pay should be accrued when incurred in the government-wide financial statements for the county. However, the county did not calculate accrued leave balances; therefore, these amounts are not included in the government-wide financial statements. We believe these amounts are not material to the financial statements of the county. 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.

Discretely Presented Van Buren County School Department

The general policy of the discretely presented Van Buren County 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.

6. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method. Debt issuance costs are reported as deferred charges and amortized over the term of the related debt. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is netted against the new debt and amortized over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

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

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

7. Net Assets and Fund Equity

In the government-wide financial statements 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

Primary Government

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

Discretely Presented Van Buren County School Department

Exhibit H-3 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide statement of net assets.

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

Primary Government

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

Discretely Presented Van Buren County School Department

Exhibit H-5 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net assets of governmental activities reported in the government-wide statement of activities.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees Fund (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. Prior-Year Cash Shortage Liquidated

The General Fund had a cash shortage of \$8,470.71 as of June 30, 2007. This shortage resulted from the unauthorized use of a county credit card by the

former administrative assistant. The defendant liquidated the cash shortage during the current audit period.

C. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the County Commission in the Employee Benefits major appropriation category (the legal level of control) of the General Fund by \$62,930. Such overexpenditures are a violation of state statutes. These overexpenditures were funded by expenditures being less than appropriations in other major categories.

D. Appropriations Exceeded Available Funds

The budget and subsequent amendments submitted to and approved by the County Commission for the General Fund resulted in appropriations exceeding estimated available funding causing a budgeted fund deficit of \$74,960. Sound budgetary principles dictate that appropriations be held within estimated available funding.

E. Tax Anticipation Notes Were 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, 2008. This deficiency was noted in the past four audit reports and management has not taken corrective action.

On September 28, 2007, the General Fund borrowed \$8,400 from the General Debt Service Fund to provide cash to pay the credit card balance for charges incurred by the prior administrative assistant that had been reported as a cash shortage. The county received restitution for the cash shortage; however, the restitution was posted to the General Fund instead of being remitted to the General Debt Service Fund to retire the tax anticipation note. This note should have been retired by June 30, 2008, but was still outstanding on that date.

IV. 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 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. The county had no pooled or nonpooled investments at June 30, 2008.

B. Capital Assets

Capital assets activity for the year ended June 30, 2008, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-07	Increases	Balance 6-30-08
Capital Assets Not Depreciated:			
Land	\$ 937,224	\$ 0	\$ 937,224
Total Capital Assets Not Depreciated	<u>\$ 937,224</u>	<u>\$ 0</u>	<u>\$ 937,224</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 1,854,349	\$ 0	\$ 1,854,349
Roads and Bridges	6,929,057	0	6,929,057
Other Capital Assets	2,630,059	206,560	2,836,619
Total Capital Assets Depreciated	<u>\$ 11,413,465</u>	<u>\$ 206,560</u>	<u>\$ 11,620,025</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 627,943	\$ 39,876	\$ 667,819
Roads and Bridges	2,407,811	161,371	2,569,182
Other Capital Assets	1,495,771	190,651	1,686,422
Total Accumulated Depreciation	<u>\$ 4,531,525</u>	<u>\$ 391,898</u>	<u>\$ 4,923,423</u>
Total Capital Assets Depreciated, Net	<u>\$ 6,881,940</u>	<u>\$ (185,338)</u>	<u>\$ 6,696,602</u>
Governmental Activities Capital Assets, Net	<u>\$ 7,819,164</u>	<u>\$ (185,338)</u>	<u>\$ 7,633,826</u>

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

Governmental Activities:

General Government	\$ 48,596
Public Safety	78,642
Public Health and Welfare	27,392
Highways/Public Works	<u>237,268</u>
 Total Depreciation Expense - Governmental Activities	 <u>\$ 391,898</u>

Discretely Presented Van Buren County School Department

Governmental Activities:

	Balance 7-1-07	Increases	Decreases	Balance 6-30-08
Capital Assets Not Depreciated:				
Land	\$ 102,406	\$ 0	\$ 0	\$ 102,406
Total Capital Assets Not Depreciated	<u>\$ 102,406</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 102,406</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 6,899,494	\$ 49,056	\$ 0	\$ 6,948,550
Infrastructure	117,160	0	(94,400)	22,760
Other Capital Assets	898,677	17,623	0	916,300
Total Capital Assets Depreciated	<u>\$ 7,915,331</u>	<u>\$ 66,679</u>	<u>\$ (94,400)</u>	<u>\$ 7,887,610</u>
Less Accumulated Depreciated For:				
Buildings and Improvements	\$ 2,350,204	\$ 170,716	\$ 0	\$ 2,520,920
Infrastructure	73,404	2,373	(65,731)	10,046
Other Capital Assets	400,672	59,535	0	460,207
Total Accumulated Depreciation	<u>\$ 2,824,280</u>	<u>\$ 232,624</u>	<u>\$ (65,731)</u>	<u>\$ 2,991,173</u>
Total Capital Assets Depreciated, Net	<u>\$ 5,091,051</u>	<u>\$ (165,945)</u>	<u>\$ (28,669)</u>	<u>\$ 4,896,437</u>
Governmental Activities Capital Assets, Net	<u>\$ 5,193,457</u>	<u>\$ (165,945)</u>	<u>\$ (28,669)</u>	<u>\$ 4,998,843</u>

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

Governmental Activities:

Instruction	\$ 172,749
Support Services	<u>59,875</u>
 Total Depreciation Expense - Governmental Activities	 <u>\$ 232,624</u>

C. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2008, is as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 937
General	Ambulance Service	2,570
Nonmajor governmental	General	29,099
Nonmajor governmental	Nonmajor governmental	1,227
Discretely Presented School Department:		
Nonmajor governmental	General Purpose School	313

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.

Discretely Presented Van Buren County School Department

Interfund Transfers:

Interfund transfers for the year ended June 30, 2008, consisted of the following amount:

<u>Transfer Out</u>	<u>Transfer In</u> General Purpose School Fund
Nonmajor governmental funds	\$ 15,563

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. Capital Lease

On October 9, 2007, Van Buren County entered into a five-year lease-purchase agreement for a roll-off truck. The terms of the agreement require total lease payments of \$111,500 plus interest of 4.49 percent. Title to the truck transfers to Van Buren County at the end of the lease period. The lease payments are made from the General Debt Service Fund.

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2008, were as follows:

<u>Year Ending June 30</u>	<u>Governmental Funds</u>
2009	\$ 25,458
2010	25,458
2011	25,458
2012	25,458
2013	25,458
Total Minimum Lease Payments	\$ 127,290
Amount Representing Interest	<u>15,790</u>
Present Value of Minimum Lease Payments	<u>\$ 111,500</u>

E. Long-term Debt

Primary Government

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. The capital outlay note outstanding was issued for three years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. The note included in long-term debt as of June 30, 2008, will be retired from the General Debt Service Fund.

The capital outlay note and capital lease outstanding as of June 30, 2008, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-08
Capital Outlay Note	4.4 %	\$ 24,000	\$ 16,341
Capital Lease	4.49	111,500	111,500

The annual requirements to amortize the note outstanding as of June 30, 2008, including interest payments, are presented in the following table:

Year Ending June 30	Note		
	Principal	Interest	Total
2009	\$ 7,994	\$ 721	\$ 8,715
2010	8,347	266	8,613
Total	\$ 16,341	\$ 987	\$ 17,328

There is \$135,604 available in the General Debt Service Fund to service long-term debt. Debt per capita, including the note and capital lease, totaled \$23, based on the 2000 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2008, was as follows:

Governmental Activities:

	Note	Capital Lease	Landfill Postclosure Care Costs
Balance, July 1, 2007	\$ 66,317	\$ 0	\$ 383,154
Additions	0	111,500	0
Deductions	(49,976)	0	(13,513)
Balance, June 30, 2008	<u>\$ 16,341</u>	<u>\$ 111,500</u>	<u>\$ 369,641</u>
Balance Due Within One Year	<u>\$ 7,994</u>	<u>\$ 20,347</u>	<u>\$ 14,445</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2008	\$ 497,482
Less: Balance Due Within One Year	<u>(42,786)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 454,696</u>

Discretely Presented Van Buren County School Department

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. The bond and other loan included in long-term debt as of June 30, 2008, will be retired from the General Purpose School Fund.

The general obligation bond and other loan outstanding as of June 30, 2008, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-08
General Obligation Bond	7.1 to 9.5 %	\$ 1,000,000	\$ 90,000
Other Loan	Variable	2,000,000	1,163,000

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, 2008, the variable interest rate was 1.39 percent and other fees totaled 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 \$85 per month.

The annual requirements to amortize the general obligation bond and other loan outstanding as of June 30, 2008, including interest payments and other fees, are presented in the following tables:

Year Ending June 30	Bond		
	Principal	Interest	Total
2009	\$ 90,000	\$ 6,975	96,975

Year Ending June 30	Other Loan			
	Principal	Interest	Other Fees	Total
2009	\$ 103,000	\$ 16,046	\$ 5,406	\$ 124,452
2010	109,000	14,608	5,014	128,622
2011	115,000	13,086	4,597	132,683
2012	121,000	11,480	4,159	136,639
2013	128,000	9,790	3,696	141,486
2014-2017	587,000	22,352	10,191	619,543
Total	\$ 1,163,000	\$ 87,362	\$ 33,063	\$ 1,283,425

Bonded debt per capita totaled \$16, based on the 2000 federal census. Debt per capita, including bonds and other loans totaled \$227, based on the 2000 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2008, was as follows:

Governmental Activities:	Bond	Other Loan	Compensated Absences
Balance, July 1, 2007	\$ 175,000	\$ 1,261,000	\$ 3,453
Additions	0	0	3,875
Deductions	(85,000)	(98,000)	(869)
Balance, June 30, 2008	\$ 90,000	\$ 1,163,000	\$ 6,459
Balance Due Within One Year	\$ 90,000	\$ 103,000	\$ 3,230

Governmental Activities:	Other Postemployment Benefits
Balance, July 1, 2007	\$ 0
Additions	177,388
Balance, June 30, 2008	\$ 177,388
Balance Due Within One Year	\$ 0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2008	\$ 1,436,847
Less: Balance Due Within One Year	(196,230)
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	\$ 1,240,617

F. On-Behalf Payments – Discretely Presented Van Buren County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Van Buren County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2008, were \$31,250 and \$6,200, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

G. 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. This note should have been retired by June 30, 2004; however, the note remains unpaid as of June 30, 2008, 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 year, Van Buren County issued tax anticipation notes of \$100,000 and \$20,000 in advance of property tax collections and deposited the proceeds in the General and Solid Waste/Sanitation funds, respectively. These funds were necessary because funds were not available to meet the current expenditures. These notes were properly retired by June 30, 2008.

Also, during the year, Van Buren County issued a tax anticipation note of \$8,400 from the General Debt Service Fund in advance of property tax collections and deposited the proceeds in the General Fund. These funds were necessary to pay the credit card balance from the prior-year cash shortage. This note should have been retired by June 30, 2008; however, the note remains unpaid as of the date of this report, 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.

Short-term debt activity for the year ended June 30, 2008, was as follows:

	Balance 7-1-07	Issued	Redeemed	Balance 6-30-08
Tax Anticipation Notes	\$ 65,000	\$ 128,400	\$ (120,000)	\$ 73,400

V. OTHER INFORMATION

A. Risk Management

Primary Government

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 LGWCF reinsure through commercial insurance companies for claims exceeding \$100,000 for each insured event.

The county carried commercial insurance for risks of loss for the volunteer fire departments. Settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years.

Van Buren County does not provide health insurance for its employees.

Discretely Presented Van Buren County School Department

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

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

B. Accounting Changes

At the beginning of the year, Van Buren County implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. In the prior year, Van Buren County had elected only to implement the provisions of Statement No. 34 that related to fund financial statements. Provisions of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions were early implemented; while Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues; and Statement No. 50, Pension Disclosures became effective for the year ended June 30, 2008.

GASB Statement No. 45 establishes reporting requirements for Other Postemployment Benefits (OPEB). OPEB includes postemployment healthcare, as well as other forms of postemployment benefits (for example, life insurance) when provided separately from a pension plan. This statement establishes standards for the measurement, recognition, and display of OPEB

expenses/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the discretely presented Van Buren County School Department's financial statements. In previous years, the School Department had recognized only the current year cost (expense) of these benefits. GASB Statement No. 45 was implemented prospectively with a zero net OPEB obligation at transition.

GASB Statement No. 48 establishes criteria to ascertain whether certain transactions are sales or collateralized borrowings and provides guidance on how to account for sales or pledges of receivables or future revenues. This statement provides additional guidance for sales of receivables and future revenues within the same reporting entity. This statement also requires governments to disclose in the notes to the financial statements the nature of any receivables or future revenues that have been pledged or sold. Tennessee state statutes do not currently allow counties to sell or pledge receivables or sell future revenue streams. Therefore, those provisions of GASB Statement No. 48 that pertain to the sale or pledge receivables or sale of future revenue will not apply to Van Buren County. GASB Statement No. 48 had no effect on the financial statements of Van Buren County for the year ended June 30, 2008, since the county has not pledged any of its future revenues. However, it is reasonably expected that Van Buren County may pledge a future revenue stream toward the payment of debt in subsequent years.

GASB Statement No. 50 amends previous guidance concerning pension information. This statement closely aligns the financial reporting requirements for pensions with those for other postemployment benefits and enhances the information disclosed in the notes to the financial statements or presented as required supplementary information for pension plans. This statement requires Van Buren County to provide additional and more detailed pension plan note disclosures than in previous years.

C. Subsequent Event

The county issued tax anticipation notes of \$100,000 on September 24, 2008, for temporary operating funds. The proceeds of these loans were deposited into the General Fund.

D. 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 \$21,371 on June 30, 2008.

The county is also involved in 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.

The discretely presented Van Buren County 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.

E. Landfill 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 \$369,641 reported as landfill postclosure care liability at June 30, 2008, 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 2008. 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, 2008, 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, 2008, Van Buren County's annual pension cost of \$185,591 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 postretirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. 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, 2007, which established contribution rates effective July 1, 2008.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-08	\$185,591	100%	\$0
6-30-07	162,498	100	0
6-30-06	104,354	100	0

Funded Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 83.15 percent funded. The actuarial accrued liability for benefits was \$4.44 million, and the actuarial value of assets was \$3.69 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.75 million. The covered payroll (annual payroll of active employees covered by the plan) was \$2.23 million, and the ratio of the UAAL to the covered payroll was 33.5 percent.

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

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

School Teachers

Plan Description

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

CPI increases less than one-half percent. The annual COLA is capped at three percent.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.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, 2008, was 6.24 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, 2008, 2007, and 2006, were \$199,989, \$188,516, and \$161,383, respectively, equal to the required contributions for each year.

G. Other Postemployment Benefits (OPEB)

Plan Description

The School Department participates in the state-administered Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plan is an agent multiple-employer defined benefit OPEB plan. Benefits are established and amended by an insurance committee created by Section 8-27-302, Tennessee Code Annotated for teachers. Prior to reaching the age of 65, all members have the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare supplement plan that does not include pharmacy. The plan is reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tennessee.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plan is self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employer in the plan develops its own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on

that issue. The state provides a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare supplement plan. The required contribution rate for retirees ranges from 80 to 100 percent based on the years of service. During the year ended June 30, 2008, the discretely Van Buren County School Department contributed \$46,612 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan
	<u>Plan</u>
ARC	\$ 224,000
Interest on the NPO	0
Adjustment to the ARC	0
Annual OPEB cost	<u>\$ 224,000</u>
Amount of contribution	<u>(46,612)</u>
Increase/decrease in NPO	\$ 177,388
Net OPEB obligation, 7-1-07	<u>0</u>
Net OPEB obligation, 6-30-08	<u><u>\$ 177,388</u></u>

Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-08	Local Education Group	\$ 224,000	21%	\$ 177,388

* Data not available for two preceding years.

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2008, was as follows:

	<u>Local Education Group Plan</u>
Actuarial valuation date	6-30-07
Actuarial accrued liability (AAL)	\$ 1,978,000
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 1,978,000
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 3,092,045
UAAL as a % of covered payroll	64%

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

Actuarial Methods and Assumptions

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

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

H. Purchasing Laws

Office of County Mayor

Purchasing procedures for the 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 460, Private Acts of 1951, as amended, and Section 54-7-113, Tennessee Code Annotated (TCA) (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.

Office of Director of Schools

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

This page is left blank intentionally.

**REQUIRED SUPPLEMENTARY
INFORMATION**

This page is left blank intentionally.

Exhibit E-1

Van Buren County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Fund
For the Year Ended June 30, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,229,825	\$ 1,242,950	\$ 1,242,950	\$ (13,125)
Licenses and Permits	6,757	2,500	2,500	4,257
Fines, Forfeitures, and Penalties	43,799	33,125	33,125	10,674
Charges for Current Services	7,245	7,800	7,800	(555)
Other Local Revenues	89,471	30,800	30,800	58,671
Fees Received from County Officials	288,723	250,800	250,800	37,923
State of Tennessee	277,424	228,828	228,828	48,596
Federal Government	4,853	0	0	4,853
Other Governments and Citizens Groups	0	300	300	(300)
Total Revenues	\$ 1,948,097	\$ 1,797,103	\$ 1,797,103	\$ 150,994
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 25,331	\$ 33,397	\$ 33,397	\$ 8,066
Board of Equalization	937	1,200	1,200	263
Beer Board	500	1,000	1,000	500
County Mayor/Executive	111,868	115,677	120,138	8,270
County Attorney	8,708	7,200	8,800	92
Election Commission	76,218	77,961	88,456	12,238
Register of Deeds	60,600	64,118	65,070	4,470
Planning	5,426	7,000	7,000	1,574
County Buildings	64,448	66,800	69,100	4,652
Preservation of Records	0	1,200	1,200	1,200
<u>Finance</u>				
Property Assessor's Office	64,182	77,091	77,721	13,539
County Trustee's Office	83,424	87,149	87,209	3,785
County Clerk's Office	77,935	85,147	85,622	7,687
<u>Administration of Justice</u>				
Circuit Court	89,940	100,467	100,467	10,527
General Sessions Court	31,528	31,528	31,528	0
Chancery Court	55,156	62,956	62,956	7,800
Juvenile Court	10,000	11,500	11,500	1,500
Judicial Commissioners	3,775	2,163	4,863	1,088
<u>Public Safety</u>				
Sheriff's Department	379,778	387,895	459,704	79,926
Drug Enforcement	82	0	0	(82)
Jail	301,613	295,021	303,421	1,808
Fire Prevention and Control	1,000	1,000	1,000	0
Rescue Squad	2,500	2,500	2,500	0
Other Emergency Management	1,200	1,200	1,200	0
County Coroner/Medical Examiner	575	4,700	4,700	4,125
Other Public Safety	54,151	53,700	54,000	(151)

(Continued)

Exhibit E-1

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Health and Welfare</u>				
Local Health Center	\$ 15,290	\$ 11,946	\$ 17,713	\$ 2,423
Regional Mental Health Center	2,423	2,423	2,423	0
Appropriation to State	25,000	25,000	25,000	0
<u>Social, Cultural, and Recreational Services</u>				
Adult Activities	14,729	14,298	15,558	829
Senior Citizens Assistance	11,841	14,960	14,960	3,119
Libraries	24,004	24,004	24,004	0
Parks and Fair Boards	1,200	1,200	1,200	0
Other Social, Cultural, and Recreational	9,564	10,000	10,000	436
<u>Agriculture and Natural Resources</u>				
Agriculture Extension Service	29,053	34,305	34,305	5,252
Soil Conservation	9,980	10,945	10,945	965
<u>Other Operations</u>				
Industrial Development	25,845	31,000	31,000	5,155
Other Charges	92,451	68,343	101,343	8,892
Employee Benefits	62,930	0	0	(62,930)
Miscellaneous	30,791	28,000	38,500	7,709
<u>Highways</u>				
Litter and Trash Collection	24,419	33,402	33,402	8,983
<u>Interest on Debt</u>				
General Government	3,797	0	103,797	100,000
Total Expenditures	<u>\$ 1,894,192</u>	<u>\$ 1,889,396</u>	<u>\$ 2,147,902</u>	<u>\$ 253,710</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 53,905</u>	<u>\$ (92,293)</u>	<u>\$ (350,799)</u>	<u>\$ 404,704</u>
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 0	\$ 0	\$ 100,000	\$ (100,000)
Transfers In	0	8,400	8,400	(8,400)
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 8,400</u>	<u>\$ 108,400</u>	<u>\$ (108,400)</u>
Net Change in Fund Balance	\$ 53,905	\$ (83,893)	\$ (242,399)	\$ 296,304
Fund Balance, July 1, 2007	173,469	167,439	167,439	6,030
Fund Balance, June 30, 2008	<u>\$ 227,374</u>	<u>\$ 83,546</u>	<u>\$ (74,960)</u>	<u>\$ 302,334</u>

Exhibit E-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, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 138,862	\$ 136,585	\$ 136,585	\$ 2,277
Charges for Current Services	352,854	240,000	240,000	112,854
Other Local Revenues	3,848	0	0	3,848
Total Revenues	<u>\$ 495,564</u>	<u>\$ 376,585</u>	<u>\$ 376,585</u>	<u>\$ 118,979</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Ambulance/Emergency Medical Services	\$ 345,667	\$ 395,304	\$ 415,084	\$ 69,417
Total Expenditures	<u>\$ 345,667</u>	<u>\$ 395,304</u>	<u>\$ 415,084</u>	<u>\$ 69,417</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 149,897</u>	<u>\$ (18,719)</u>	<u>\$ (38,499)</u>	<u>\$ 188,396</u>
Net Change in Fund Balance	\$ 149,897	\$ (18,719)	\$ (38,499)	\$ 188,396
Fund Balance, July 1, 2007	270,740	282,399	282,399	(11,659)
Fund Balance, June 30, 2008	<u>\$ 420,637</u>	<u>\$ 263,680</u>	<u>\$ 243,900</u>	<u>\$ 176,737</u>

Exhibit E-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, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 2,060	\$ 0	\$ 0	\$ 2,060
State of Tennessee	1,515,097	1,408,662	1,408,662	106,435
Total Revenues	<u>\$ 1,517,157</u>	<u>\$ 1,408,662</u>	<u>\$ 1,408,662</u>	<u>\$ 108,495</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 131,111	\$ 137,410	\$ 137,410	\$ 6,299
Highway and Bridge Maintenance	790,424	1,122,400	1,122,400	331,976
Operation and Maintenance of Equipment	209,994	297,800	297,800	87,806
Quarry Operations	9,968	12,500	12,500	2,532
Other Charges	113,916	125,000	125,000	11,084
Employee Benefits	90,735	129,500	129,500	38,765
Capital Outlay	82,527	358,000	358,000	275,473
Total Expenditures	<u>\$ 1,428,675</u>	<u>\$ 2,182,610</u>	<u>\$ 2,182,610</u>	<u>\$ 753,935</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 88,482</u>	<u>\$ (773,948)</u>	<u>\$ (773,948)</u>	<u>\$ 862,430</u>
Net Change in Fund Balance	\$ 88,482	\$ (773,948)	\$ (773,948)	\$ 862,430
Fund Balance, July 1, 2007	1,390,278	1,352,518	1,352,518	37,760
Fund Balance, June 30, 2008	<u>\$ 1,478,760</u>	<u>\$ 578,570</u>	<u>\$ 578,570</u>	<u>\$ 900,190</u>

Exhibit E-4

Van Buren County, Tennessee
Schedule of Funding Progress – Pension Plan
June 30, 2008

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-07	\$ 3,692	\$ 4,440	\$ 748	83.15 %	\$ 2,233	33.50 %

The Governmental Accounting Standards Board requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the entry age actuarial cost method was a change made during the year; therefore, only the most current year is presented.

Exhibit E-5

Van Buren County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plan
Discretely Presented Van Buren County School Department
June 30, 2008

(Dollar amounts in thousands)

	Actuarial Valuation Date*	Actuarial Value of Assets (a)	Actuarial		Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
			Accrued Liability (AAL) (b)	Liability (AAL) (b)				
Local Education Group Insurance Plan	6-30-07	\$ 0	\$ 1,978	\$ 1,978	\$ 1,978	0%	\$ 3,092	64%

* Data not available for two preceding years.

VAN BUREN COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2008

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. EXPENDITURES EXCEEDED APPROPRIATIONS

Expenditures exceeded appropriations approved by the County Commission in the Employee Benefits major appropriation category (the legal level of control) of the General Fund by \$62,930. Such overexpenditures are a violation of state statutes. These overexpenditures were funded by expenditures being less than appropriations in other major categories.

C. APPROPRIATIONS EXCEEDED AVAILABLE FUNDS

The budget and subsequent amendments submitted to and approved by the County Commission for the General Fund resulted in appropriations exceeding estimated available funding causing a budgeted fund deficit of \$74,960. Sound budgetary principles dictate that appropriations be held within estimated available funding.

D. TAX ANTICIPATION NOTES WERE 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, 2008. This deficiency was

noted in the past four audit reports and management has not taken corrective action.

On September 28, 2007, the General Fund borrowed \$8,400 from the General Debt Service Fund to provide cash to pay the credit card balance for charges incurred by the prior administrative assistant that had been reported as a cash shortage. The county received restitution for the cash shortage; however, the restitution was posted to the General Fund instead of being remitted to the General Debt Service Fund to retire the tax anticipation note. This note should have been retired by June 30, 2008, but was still outstanding on that date.

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

This page is left blank intentionally.

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.

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

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, debt principal, interest, and related costs.

Exhibit F-1

Van Buren County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2008

	Special Revenue Funds						Total	Debt Service Fund	Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Local Purpose Tax	Drug Control	Constitutional Officers - Fees	General Debt Service			
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 400	\$ 400	\$ 0	\$ 400	
Equity in Pooled Cash and Investments	17,389	26,371	24,062	3,396	0	71,218	109,504	180,722	
Accounts Receivable	0	2,468	0	0	18	2,486	0	2,486	
Due from Other Governments	0	0	0	0	0	0	52	52	
Due from Other Funds	3,643	17	698	0	0	4,358	25,968	30,326	
Property Taxes Receivable	0	89,663	109,993	0	0	199,656	65,162	264,818	
Allowance for Uncollectible Property Taxes	0	(2,862)	(3,196)	0	0	(6,058)	(1,765)	(7,823)	
Notes Receivable - Current	0	0	0	0	0	0	73,400	73,400	
Total Assets	\$ 21,032	\$ 115,657	\$ 131,557	\$ 3,396	\$ 418	\$ 272,060	\$ 272,321	\$ 544,381	

ASSETS

LIABILITIES AND FUND BALANCES

Liabilities	\$ 0	\$ 1,423	\$ 0	\$ 0	\$ 0	\$ 1,423	\$ 0	\$ 1,423
Payroll Deductions Payable	520	528	0	698	418	2,164	0	2,164
Due to Other Funds	26	0	0	0	0	26	0	26
Due to State of Tennessee	0	79,985	99,981	0	0	179,966	59,989	239,955
Deferred Revenue - Current Property Taxes	0	6,656	6,656	0	0	13,312	3,328	16,640
Deferred Revenue - Delinquent Property Taxes	546	88,592	106,637	698	418	196,891	63,317	260,208
Total Liabilities	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 73,400	\$ 73,400
Fund Balances	20,486	27,065	24,920	2,698	0	75,169	135,604	210,773
Reserved for Other General Purposes	0	0	0	0	0	0	209,004	209,004
Unreserved	20,486	27,065	24,920	2,698	0	75,169	135,604	210,773
Total Fund Balances	\$ 21,032	\$ 115,657	\$ 131,557	\$ 3,396	\$ 418	\$ 272,060	\$ 272,321	\$ 544,381
Total Liabilities and Fund Balances	\$ 21,032	\$ 115,657	\$ 131,557	\$ 3,396	\$ 418	\$ 272,060	\$ 272,321	\$ 544,381

Exhibit F-2

Van Buren County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2008

	Special Revenue Funds							Total	Debt Service Fund		Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Solid Waste/ Sanitation	Local Purpose Tax	Drug Control	Debt Service		Total		Debt	Service	
					General	Debt					
Revenues											
Local Taxes	\$ 48,985	\$ 88,549	\$ 91,567	\$ 0	\$ 0	\$ 229,101	\$ 104,871	\$ 333,972			
Fines, Forfeitures, and Penalties	0	0	0	9,767	0	9,767	0	9,767			9,767
Charges for Current Services	0	76,543	0	0	0	76,543	0	76,543			76,543
Other Local Revenues	42	3,678	0	439	0	4,159	0	4,159			4,159
State of Tennessee	0	0	10,000	0	0	10,000	15,552	25,552			25,552
Total Revenues	\$ 49,027	\$ 168,770	\$ 101,567	\$ 10,206	\$ 0	\$ 329,570	\$ 120,423	\$ 449,993			
Expenditures											
Current:											
General Government	\$ 38,552	\$ 0	\$ 0	\$ 0	\$ 0	\$ 38,552	\$ 0	\$ 38,552			
Public Safety	1,439	0	99,645	17,177	0	118,261	0	118,261			
Public Health and Welfare	0	262,723	0	0	0	262,723	0	262,723			
Other Operations	3,253	0	1,854	108	0	5,215	0	5,215			
Debt Service:											
Principal on Debt	0	0	0	0	0	0	49,976	49,976			
Interest on Debt	0	440	0	0	0	440	4,279	4,719			
Other Debt Service	0	0	0	0	0	0	1,648	1,648			
Total Expenditures	\$ 43,244	\$ 263,163	\$ 101,499	\$ 17,285	\$ 0	\$ 425,191	\$ 55,903	\$ 481,094			
Excess (Deficiency) of Revenues Over Expenditures	\$ 5,783	\$ (94,393)	\$ 68	\$ (7,079)	\$ 0	\$ (95,621)	\$ 64,520	\$ (31,101)			
Other Financing Sources (Uses)											
Capital Leases Issued	\$ 0	\$ 111,500	\$ 0	\$ 0	\$ 0	\$ 111,500	\$ 0	\$ 111,500			
Total Other Financing Sources (Uses)	\$ 0	\$ 111,500	\$ 0	\$ 0	\$ 0	\$ 111,500	\$ 0	\$ 111,500			
Net Change in Fund Balances	\$ 5,783	\$ 17,107	\$ 68	\$ (7,079)	\$ 0	\$ 15,879	\$ 64,520	\$ 80,399			
Fund Balance, July 1, 2007	14,703	9,958	24,852	9,777	0	59,290	144,484	203,774			
Fund Balance, June 30, 2008	\$ 20,486	\$ 27,065	\$ 24,920	\$ 2,698	\$ 0	\$ 75,169	\$ 209,004	\$ 284,173			

Exhibit F-3

Van Buren County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Courthouse and Jail Maintenance Fund
For the Year Ended June 30, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 48,985	\$ 44,000	\$ 44,000	\$ 4,985
Other Local Revenues	42	550	550	(508)
Total Revenues	<u>\$ 49,027</u>	<u>\$ 44,550</u>	<u>\$ 44,550</u>	<u>\$ 4,477</u>
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 38,552	\$ 36,000	\$ 41,255	\$ 2,703
<u>Public Safety</u>				
Jail	1,439	7,000	7,000	5,561
<u>Other Operations</u>				
Other Charges	485	600	600	115
Employee Benefits	2,768	1,800	1,942	(826)
Total Expenditures	<u>\$ 43,244</u>	<u>\$ 45,400</u>	<u>\$ 50,797</u>	<u>\$ 7,553</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 5,783</u>	<u>\$ (850)</u>	<u>\$ (6,247)</u>	<u>\$ 12,030</u>
Net Change in Fund Balance	\$ 5,783	\$ (850)	\$ (6,247)	\$ 12,030
Fund Balance, July 1, 2007	14,703	13,277	13,277	1,426
Fund Balance, June 30, 2008	<u>\$ 20,486</u>	<u>\$ 12,427</u>	<u>\$ 7,030</u>	<u>\$ 13,456</u>

Exhibit F-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, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 88,549	\$ 89,200	\$ 89,200	\$ (651)
Charges for Current Services	76,543	65,000	65,000	11,543
Other Local Revenues	3,678	15,000	15,000	(11,322)
State of Tennessee	0	2,000	27,000	(27,000)
Total Revenues	\$ 168,770	\$ 171,200	\$ 196,200	\$ (27,430)
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Waste Pickup	\$ 128,372	\$ 20,400	\$ 132,680	\$ 4,308
Convenience Centers	127,121	82,110	157,461	30,340
Landfill Operation and Maintenance	7,230	7,600	7,600	370
<u>Principal on Debt</u>				
General Government	0	0	20,000	20,000
<u>Interest on Debt</u>				
General Government	440	0	440	0
Total Expenditures	\$ 263,163	\$ 110,110	\$ 318,181	\$ 55,018
Excess (Deficiency) of Revenues Over Expenditures	\$ (94,393)	\$ 61,090	\$ (121,981)	\$ 27,588
<u>Other Financing Sources (Uses)</u>				
Capital Leases Issued	\$ 111,500	\$ 0	\$ 111,500	\$ 0
Total Other Financing Sources (Uses)	\$ 111,500	\$ 0	\$ 111,500	\$ 0
Net Change in Fund Balance	\$ 17,107	\$ 61,090	\$ (10,481)	\$ 27,588
Fund Balance, July 1, 2007	9,958	12,595	12,595	(2,637)
Fund Balance, June 30, 2008	\$ 27,065	\$ 73,685	\$ 2,114	\$ 24,951

Exhibit F-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, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 91,567	\$ 92,050	\$ 92,050	\$ (483)
State of Tennessee	10,000	0	0	10,000
Total Revenues	<u>\$ 101,567</u>	<u>\$ 92,050</u>	<u>\$ 92,050</u>	<u>\$ 9,517</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Fire Prevention and Control	\$ 99,645	\$ 87,500	\$ 99,700	\$ 55
<u>Other Operations</u>				
Other Charges	1,854	2,000	2,190	336
Total Expenditures	<u>\$ 101,499</u>	<u>\$ 89,500</u>	<u>\$ 101,890</u>	<u>\$ 391</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 68</u>	<u>\$ 2,550</u>	<u>\$ (9,840)</u>	<u>\$ 9,908</u>
Net Change in Fund Balance	\$ 68	\$ 2,550	\$ (9,840)	\$ 9,908
Fund Balance, July 1, 2007	<u>24,852</u>	<u>37,351</u>	<u>37,351</u>	<u>(12,499)</u>
Fund Balance, June 30, 2008	<u>\$ 24,920</u>	<u>\$ 39,901</u>	<u>\$ 27,511</u>	<u>\$ (2,591)</u>

Exhibit F-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, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 9,767	\$ 17,000	\$ 17,000	\$ (7,233)
Other Local Revenues	439	0	0	439
Total Revenues	<u>\$ 10,206</u>	<u>\$ 17,000</u>	<u>\$ 17,000</u>	<u>\$ (6,794)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 17,177	\$ 21,800	\$ 21,800	\$ 4,623
<u>Other Operations</u>				
Other Charges	108	250	250	142
Total Expenditures	<u>\$ 17,285</u>	<u>\$ 22,050</u>	<u>\$ 22,050</u>	<u>\$ 4,765</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (7,079)</u>	<u>\$ (5,050)</u>	<u>\$ (5,050)</u>	<u>\$ (2,029)</u>
Net Change in Fund Balance	\$ (7,079)	\$ (5,050)	\$ (5,050)	\$ (2,029)
Fund Balance, July 1, 2007	<u>9,777</u>	<u>8,239</u>	<u>8,239</u>	<u>1,538</u>
Fund Balance, June 30, 2008	<u><u>\$ 2,698</u></u>	<u><u>\$ 3,189</u></u>	<u><u>\$ 3,189</u></u>	<u><u>\$ (491)</u></u>

Exhibit F-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, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 104,871	\$ 98,448	\$ 98,448	\$ 6,423
State of Tennessee	15,552	8,000	8,000	7,552
Total Revenues	<u>\$ 120,423</u>	<u>\$ 106,448</u>	<u>\$ 106,448</u>	<u>\$ 13,975</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 49,976	\$ 55,741	\$ 66,087	\$ 16,111
<u>Interest on Debt</u>				
General Government	4,279	3,098	5,438	1,159
<u>Other Debt Service</u>				
General Government	1,648	600	3,000	1,352
Total Expenditures	<u>\$ 55,903</u>	<u>\$ 59,439</u>	<u>\$ 74,525</u>	<u>\$ 18,622</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 64,520</u>	<u>\$ 47,009</u>	<u>\$ 31,923</u>	<u>\$ 32,597</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ 0	\$ (8,400)	\$ (8,400)	\$ 8,400
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ (8,400)</u>	<u>\$ (8,400)</u>	<u>\$ 8,400</u>
Net Change in Fund Balance	\$ 64,520	\$ 38,609	\$ 23,523	\$ 40,997
Fund Balance, July 1, 2007	<u>144,484</u>	<u>112,569</u>	<u>112,569</u>	<u>31,915</u>
Fund Balance, June 30, 2008	<u><u>\$ 209,004</u></u>	<u><u>\$ 151,178</u></u>	<u><u>\$ 136,092</u></u>	<u><u>\$ 72,912</u></u>

This page is left blank intentionally.

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.

This page is left blank intentionally.

Exhibit G-1

Van Buren County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2008

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 368,193	\$ 368,193
Due from Other Governments	14,940	0	14,940
Total Assets	<u>\$ 14,940</u>	<u>\$ 368,193</u>	<u>\$ 383,133</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 14,940	\$ 0	\$ 14,940
Due to Litigants, Heirs, and Others	0	368,193	368,193
Total Liabilities	<u>\$ 14,940</u>	<u>\$ 368,193</u>	<u>\$ 383,133</u>

Exhibit G-2

Van Buren County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2008

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 84,332	\$ 84,332	\$ 0
Due from Other Governments	13,748	14,940	13,748	14,940
Total Assets	<u>\$ 13,748</u>	<u>\$ 99,272</u>	<u>\$ 98,080</u>	<u>\$ 14,940</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 13,748	\$ 99,272	\$ 98,080	\$ 14,940
Total Liabilities	<u>\$ 13,748</u>	<u>\$ 99,272</u>	<u>\$ 98,080</u>	<u>\$ 14,940</u>
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 282,295	\$ 3,299,616	\$ 3,213,718	\$ 368,193
Total Assets	<u>\$ 282,295</u>	<u>\$ 3,299,616</u>	<u>\$ 3,213,718</u>	<u>\$ 368,193</u>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 282,295	\$ 3,299,616	\$ 3,213,718	\$ 368,193
Total Liabilities	<u>\$ 282,295</u>	<u>\$ 3,299,616</u>	<u>\$ 3,213,718</u>	<u>\$ 368,193</u>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 84,332	\$ 84,332	\$ 0
Cash	282,295	3,299,616	3,213,718	368,193
Due from Other Governments	13,748	14,940	13,748	14,940
Total Assets	<u>\$ 296,043</u>	<u>\$ 3,398,888</u>	<u>\$ 3,311,798</u>	<u>\$ 383,133</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 13,748	\$ 99,272	\$ 98,080	\$ 14,940
Due to Litigants, Heirs, and Others	282,295	3,299,616	3,213,718	368,193
Total Liabilities	<u>\$ 296,043</u>	<u>\$ 3,398,888</u>	<u>\$ 3,311,798</u>	<u>\$ 383,133</u>

Van Buren County School Department

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

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

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

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

This page is left blank intentionally.

Exhibit H-1

Van Buren County, Tennessee
Statement of Activities
Discretely Presented Van Buren County School Department
For the Year Ended June 30, 2008

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets Total Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Component Unit:					
Governmental Activities:					
Instruction	\$ 3,703,741	\$ 7,993	\$ 382,569	\$ 9,722	\$ (3,303,457)
Support Services	2,207,555	169,823	609,016	0	(1,428,716)
Operation of Non-Instructional Services	876,571	4,586	161,121	15,789	(695,075)
Interest on Long-term Debt	51,229	0	0	0	(51,229)
Other Debt Service	6,596	0	0	0	(6,596)
Total Governmental Activities	\$ 6,845,692	\$ 182,402	\$ 1,152,706	\$ 25,511	\$ (5,485,073)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 557,050
Local Option Sales Taxes					402,736
Hotel/Motel Taxes					105,423
Other Local Taxes					700
Grants and Contributions Not Restricted to Specific Programs					4,787,761
Unrestricted Investment Earnings					1,052
Miscellaneous					22,243
Total General Revenues					\$ 5,876,965
Change in Net Assets					\$ 391,892
Net Assets, July 1, 2007					6,305,594
Net Assets, June 30, 2008					\$ 6,697,486

Exhibit H-2

Van Buren County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Van Buren County School Department
June 30, 2008

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
	General Purpose School	Other Govern- mental Funds	Govern- mental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 2,646,116	\$ 162,341	\$ 2,808,457
Due from Other Governments	265,709	20,807	286,516
Due from Other Funds	0	313	313
Property Taxes Receivable	692,123	0	692,123
Allowance for Uncollectible Property Taxes	(19,983)	0	(19,983)
Total Assets	<u>\$ 3,583,965</u>	<u>\$ 183,461</u>	<u>\$ 3,767,426</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Due to Other Funds	\$ 313	\$ 0	\$ 313
Deferred Revenue - Current Property Taxes	629,879	0	629,879
Deferred Revenue - Delinquent Property Taxes	41,606	0	41,606
Other Deferred Revenues	43,665	0	43,665
Total Liabilities	<u>\$ 715,463</u>	<u>\$ 0</u>	<u>\$ 715,463</u>
<u>Fund Balances</u>			
Reserved for Career Ladder - Extended Contract	\$ 1,875	\$ 0	\$ 1,875
Reserved for Basic Education Program	2,444,690	0	2,444,690
Reserved for Title I Grants to Local Education Agencies	0	5,395	5,395
Reserved for Innovative Education Program Strategies	0	4	4
Reserved for Special Education - Grants to States	0	35,184	35,184
Other Federal Reserves	0	5,471	5,471
Unreserved, Reported In:			
General Fund	421,937	0	421,937
Special Revenue Funds	0	137,407	137,407
Total Fund Balances	<u>\$ 2,868,502</u>	<u>\$ 183,461</u>	<u>\$ 3,051,963</u>
Total Liabilities and Fund Balances	<u>\$ 3,583,965</u>	<u>\$ 183,461</u>	<u>\$ 3,767,426</u>

Exhibit H-3

Van Buren County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
Discretely Presented Van Buren County School Department
June 30, 2008

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

Total fund balances - balance sheet - governmental funds (Exhibit H-2)		\$ 3,051,963	
(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: buildings and improvements net of accumulated depreciation		4,427,630	
Add: infrastructure net of accumulated depreciation		12,714	
Add: other capital assets net of accumulated depreciation		456,093	4,998,843
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: other loans payable	\$	(1,163,000)	
Less: bonds payable		(90,000)	
Less: accrued interest on bonds		(1,744)	
Less: other postemployment benefits obligations		(177,388)	
Less: compensated absences payable		(6,459)	(1,438,591)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			85,271
Net assets of governmental activities (Exhibit A)			<u>\$ 6,697,486</u>

Exhibit H-4

Van Buren County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Van Buren County School Department
For the Year Ended June 30, 2008

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 1,080,213	\$ 0	\$ 1,080,213
Licenses and Permits	185	0	185
Charges for Current Services	13,104	169,298	182,402
Other Local Revenues	20,566	2,729	23,295
State of Tennessee	5,078,057	4,919	5,082,976
Federal Government	31,053	776,787	807,840
Other Governments and Citizens Groups	15,789	0	15,789
Total Revenues	<u>\$ 6,238,967</u>	<u>\$ 953,733</u>	<u>\$ 7,192,700</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 2,972,409	\$ 404,777	\$ 3,377,186
Support Services	2,042,398	60,984	2,103,382
Operation of Non-Instructional Services	364,809	449,486	814,295
Capital Outlay	96,078	0	96,078
Debt Service:			
Principal on Debt	183,000	0	183,000
Interest on Debt	52,865	0	52,865
Other Debt Service	6,596	0	6,596
Total Expenditures	<u>\$ 5,718,155</u>	<u>\$ 915,247</u>	<u>\$ 6,633,402</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 520,812</u>	<u>\$ 38,486</u>	<u>\$ 559,298</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 15,563	\$ 0	\$ 15,563
Transfers Out	0	(15,563)	(15,563)
Total Other Financing Sources (Uses)	<u>\$ 15,563</u>	<u>\$ (15,563)</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 536,375	\$ 22,923	\$ 559,298
Fund Balance, July 1, 2007	<u>2,332,127</u>	<u>160,538</u>	<u>2,492,665</u>
Fund Balance, June 30, 2008	<u>\$ 2,868,502</u>	<u>\$ 183,461</u>	<u>\$ 3,051,963</u>

Exhibit H-5

Van Buren County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Van Buren County School Department
For the Year Ended June 30, 2008

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

Net change in fund balances - total governmental funds (Exhibit H-4)		\$	559,298
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Add: capital assets purchased in the current period	\$	66,679	
Less: current year depreciation expense		<u>(232,624)</u>	(165,945)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.			
Less: loss on disposal of capital assets			(28,669)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.			
Less: deferred delinquent property taxes and other deferred June 30, 2007	\$	(62,305)	
Add: deferred delinquent property taxes and other deferred June 30, 2008		<u>85,271</u>	22,966
(4) 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:			
Add: principal payments on other loans	\$	98,000	
Add: principal payments on bonds		<u>85,000</u>	183,000
(5) 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.			
Add: decrease in accrued interest payable	\$	1,636	
Less: increase in compensated absences payable		(3,006)	
Less: increase in other postemployment benefits obligations		<u>(177,388)</u>	(178,758)
Change in net assets of governmental activities (Exhibit B)			<u>\$ 391,892</u>

Exhibit H-6

Van Buren County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Van Buren County School Department
June 30, 2008

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 35,800	\$ 126,541	\$ 162,341
Due from Other Governments	9,941	10,866	20,807
Due from Other Funds	313	0	313
Total Assets	<u>\$ 46,054</u>	<u>\$ 137,407</u>	<u>\$ 183,461</u>
<u>FUND BALANCES</u>			
Reserved for Title I Grants to Local Education Agencies	\$ 5,395	\$ 0	\$ 5,395
Reserved for Innovative Education Program Strategies	4	0	4
Reserved for Special Education - Grants to States	35,184	0	35,184
Other Federal Reserves	5,471	0	5,471
Unreserved	0	137,407	137,407
Total Fund Balances	<u>\$ 46,054</u>	<u>\$ 137,407</u>	<u>\$ 183,461</u>

Exhibit H-7

Van Buren County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Van Buren County School Department
For the Year Ended June 30, 2008

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 169,298	\$ 169,298
Other Local Revenues	977	1,752	2,729
State of Tennessee	0	4,919	4,919
Federal Government	492,985	283,802	776,787
Total Revenues	<u>\$ 493,962</u>	<u>\$ 459,771</u>	<u>\$ 953,733</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 404,777	\$ 0	\$ 404,777
Support Services	60,984	0	60,984
Operation of Non-Instructional Services	0	449,486	449,486
Total Expenditures	<u>\$ 465,761</u>	<u>\$ 449,486</u>	<u>\$ 915,247</u>
Excess (Deficiency) of Revenues			
Over Expenditures	<u>\$ 28,201</u>	<u>\$ 10,285</u>	<u>\$ 38,486</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (15,563)	\$ 0	\$ (15,563)
Total Other Financing Sources (Uses)	<u>\$ (15,563)</u>	<u>\$ 0</u>	<u>\$ (15,563)</u>
Net Change in Fund Balances	\$ 12,638	\$ 10,285	\$ 22,923
Fund Balance, July 1, 2007	33,416	127,122	160,538
Fund Balance, June 30, 2008	<u><u>\$ 46,054</u></u>	<u><u>\$ 137,407</u></u>	<u><u>\$ 183,461</u></u>

Exhibit H-8

Van Buren County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Van Buren County School Department
General Purpose School Fund
For the Year Ended June 30, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,080,213	\$ 1,000,916	\$ 1,050,916	\$ 29,297
Licenses and Permits	185	200	200	(15)
Charges for Current Services	13,104	14,000	14,000	(896)
Other Local Revenues	20,566	30,000	30,000	(9,434)
State of Tennessee	5,078,057	4,853,280	4,984,931	93,126
Federal Government	31,053	46,000	50,300	(19,247)
Other Governments and Citizens Groups	15,789	0	15,789	0
Total Revenues	\$ 6,238,967	\$ 5,944,396	\$ 6,146,136	\$ 92,831
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 2,513,052	\$ 2,779,900	\$ 2,779,900	\$ 266,848
Special Education Program	278,118	348,450	348,450	70,332
Vocational Education Program	129,821	174,500	174,500	44,679
Adult Education Program	51,418	52,660	52,660	1,242
<u>Support Services</u>				
Attendance	63,510	65,710	65,710	2,200
Health Services	135,640	125,770	141,560	5,920
Other Student Support	144,043	149,190	149,190	5,147
Regular Instruction Program	254,209	293,730	293,730	39,521
Special Education Program	58,592	79,560	79,560	20,968
Adult Programs	3,515	4,255	4,255	740
Other Programs	37,450	0	37,450	0
Board of Education	104,788	139,900	139,900	35,112
Director of Schools	107,283	114,020	114,020	6,737
Office of the Principal	241,828	258,230	258,230	16,402
Fiscal Services	80,638	91,900	91,900	11,262
Operation of Plant	464,596	547,300	547,300	82,704
Maintenance of Plant	88,342	132,050	132,050	43,708
Transportation	257,964	348,500	348,500	90,536
<u>Operation of Non-Instructional Services</u>				
Community Services	171,733	188,600	188,600	16,867
Early Childhood Education	193,076	130,000	228,500	35,424
<u>Capital Outlay</u>				
Regular Capital Outlay	96,078	365,000	365,000	268,922
<u>Principal on Debt</u>				
Education	183,000	183,000	183,000	0
<u>Interest on Debt</u>				
Education	52,865	82,920	82,920	30,055
<u>Other Debt Service</u>				
Education	6,596	10,000	10,000	3,404
Total Expenditures	\$ 5,718,155	\$ 6,665,145	\$ 6,816,885	\$ 1,098,730

(Continued)

Exhibit H-8

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
Excess (Deficiency) of Revenues Over Expenditures	\$ 520,812	\$ (720,749)	\$ (670,749)	\$ 1,191,561
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 15,563	\$ 8,000	\$ 8,000	\$ 7,563
Total Other Financing Sources (Uses)	\$ 15,563	\$ 8,000	\$ 8,000	\$ 7,563
Net Change in Fund Balance	\$ 536,375	\$ (712,749)	\$ (662,749)	\$ 1,199,124
Fund Balance, July 1, 2007	2,332,127	2,332,166	2,332,166	(39)
Fund Balance, June 30, 2008	\$ 2,868,502	\$ 1,619,417	\$ 1,669,417	\$ 1,199,085

Exhibit H-9

Van Buren County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Van Buren County School Department
School Federal Projects Fund
For the Year Ended June 30, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 977	\$ 0	\$ 0	\$ 977
Federal Government	492,985	469,490	498,490	(5,505)
Total Revenues	<u>\$ 493,962</u>	<u>\$ 469,490</u>	<u>\$ 498,490</u>	<u>\$ (4,528)</u>
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 250,525	\$ 255,977	\$ 254,415	\$ 3,890
Special Education Program	141,977	133,285	162,284	20,307
Vocational Education Program	12,275	10,126	12,275	0
<u>Support Services</u>				
Health Services	0	9,052	0	0
Other Student Support	5,088	8,236	6,088	1,000
Regular Instruction Program	15,255	8,666	19,280	4,025
Special Education Program	39,814	53,337	53,337	13,523
Vocational Education Program	827	827	827	0
Total Expenditures	<u>\$ 465,761</u>	<u>\$ 479,506</u>	<u>\$ 508,506</u>	<u>\$ 42,745</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 28,201</u>	<u>\$ (10,016)</u>	<u>\$ (10,016)</u>	<u>\$ 38,217</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (15,563)	\$ (18,056)	\$ (18,056)	\$ 2,493
Total Other Financing Sources (Uses)	<u>\$ (15,563)</u>	<u>\$ (18,056)</u>	<u>\$ (18,056)</u>	<u>\$ 2,493</u>
Net Change in Fund Balance	\$ 12,638	\$ (28,072)	\$ (28,072)	\$ 40,710
Fund Balance, July 1, 2007	33,416	28,072	28,072	5,344
Fund Balance, June 30, 2008	<u><u>\$ 46,054</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 46,054</u></u>

Exhibit H-10

Van Buren County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Van Buren County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 169,298	\$ 168,000	\$ 168,000	\$ 1,298
Other Local Revenues	1,752	500	500	1,252
State of Tennessee	4,919	5,000	5,000	(81)
Federal Government	283,802	243,500	243,500	40,302
Total Revenues	<u>\$ 459,771</u>	<u>\$ 417,000</u>	<u>\$ 417,000</u>	<u>\$ 42,771</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 449,486	\$ 441,800	\$ 471,800	\$ 22,314
Total Expenditures	<u>\$ 449,486</u>	<u>\$ 441,800</u>	<u>\$ 471,800</u>	<u>\$ 22,314</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 10,285</u>	<u>\$ (24,800)</u>	<u>\$ (54,800)</u>	<u>\$ 65,085</u>
Net Change in Fund Balance	\$ 10,285	\$ (24,800)	\$ (54,800)	\$ 65,085
Fund Balance, July 1, 2007	<u>127,122</u>	<u>116,016</u>	<u>116,016</u>	<u>11,106</u>
Fund Balance, June 30, 2008	<u>\$ 137,407</u>	<u>\$ 91,216</u>	<u>\$ 61,216</u>	<u>\$ 76,191</u>

This page is left blank intentionally.

MISCELLANEOUS SCHEDULES

This page is left blank intentionally.

Exhibit I-1

Van Buren County, Tennessee
Schedule of Changes in Long-term Notes, Capital Leases, Other Loans, and Bonds
Primary Government and Discretely Presented Van Buren County School Department
For the Year Ended June 30, 2008

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-07	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-08
<u>PRIMARY GOVERNMENT</u>								
<u>NOTES PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Patrol Car and Roofing Project	\$ 81,915	4.5 %	10-25-04	10-25-07	\$ 22,317	\$ 0	\$ 22,317	\$ 0
Solid Waste Recycling Center	20,000	4.55	5-26-05	5-25-08	20,000	0	20,000	0
4-Wheel Drive, Quad Cab Police Cruiser	24,000	4.4	12-20-06	12-20-09	24,000	0	7,659	16,341
Total Notes Payable					\$ 66,317	\$ 0	\$ 49,976	\$ 16,341
<u>CAPITAL LEASES PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Roll-off Truck	111,500	4.49	10-9-07	10-25-12	\$ 0	\$ 111,500	\$ 0	\$ 111,500
<u>DISCRETELY PRESENTED VAN BUREN COUNTY SCHOOL DEPARTMENT</u>								
<u>OTHER LOANS PAYABLE</u>								
<u>Public Building Authority Loan Agreement</u>								
Payable through General Purpose School Fund School	2,000,000	Variable	6-30-1997	5-15-17	\$ 1,261,000	\$ 0	\$ 98,000	\$ 1,163,000
<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	\$ 175,000	\$ 0	\$ 85,000	\$ 90,000

Exhibit I-2

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

PRIMARY GOVERNMENT

Year Ending June 30	Note Principal	Note Interest	Total Note Requirements
2009	\$ 7,994	\$ 721	\$ 8,715
2010	8,347	266	8,613
Total	<u>\$ 16,341</u>	<u>\$ 987</u>	<u>\$ 17,328</u>

Year Ending June 30	Capital Lease Principal	Capital Lease Interest	Total Capital Lease Requirements
2009	\$ 20,347	\$ 5,111	\$ 25,458
2010	21,280	4,178	25,458
2011	22,255	3,203	25,458
2012	23,275	2,183	25,458
2013	24,343	1,115	25,458
Total	<u>\$ 111,500</u>	<u>\$ 15,790</u>	<u>\$ 127,290</u>

(Continued)

Exhibit I-2

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

DISCRETELY PRESENTED VAN BUREN COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Other Loan Principal	Other Loan Interest	Other Loan Fees	Total Other Loan Requirements
2009	\$ 103,000	\$ 16,046	\$ 5,406	\$ 124,452
2010	109,000	14,608	5,014	128,622
2011	115,000	13,086	4,597	132,683
2012	121,000	11,480	4,159	136,639
2013	128,000	9,790	3,696	141,486
2014	135,000	8,003	3,208	146,211
2015	143,000	6,117	2,692	151,809
2016	150,000	4,121	2,147	156,268
2017	159,000	4,111	2,144	165,255
Total	<u>\$ 1,163,000</u>	<u>\$ 87,362</u>	<u>\$ 33,063</u>	<u>\$ 1,283,425</u>

Year Ending June 30	Bond Principal	Bond Interest	Total Bond Requirements
2009	\$ 90,000	\$ 6,975	\$ 96,975
Total	<u>\$ 90,000</u>	<u>\$ 6,975</u>	<u>\$ 96,975</u>

Exhibit I-3

Van Buren County, Tennessee
Schedule of Notes Receivable
June 30, 2008

Description/Payee	Debtor	Original Amount of Notes	Date of Maturity	Interest Rate	Balance 6-30-08
Tax Anticipation Notes:					
General Debt Service Fund	General Fund	\$ 65,000	6-30-04	0%	\$ 65,000 (1)
General Debt Service Fund	General Fund	8,400	6-30-08	0	<u>8,400 (2)</u>
Total Tax Anticipation Notes Receivable					<u>\$ 73,400</u>

- (1) This note was not retired by June 30, 2004, as required by state statutes.
- (2) This note was not retired by June 30, 2008, as required by state statutes.

Exhibit I-4

Van Buren County, Tennessee
Schedule of Transfers
Discretely Presented Van Buren County School Department
For the Year Ended June 30, 2008

From Fund	To Fund	Purpose	Amount
School Federal Projects	General Purpose School	Indirect costs	<u>\$ 15,563</u>
Total Transfers Discretely Presented Van Buren County School Department			<u><u>\$ 15,563</u></u>

Exhibit I-5

Van Buren County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Van Buren County School Department
For the Year Ended June 30, 2008

Official	Authorization for Salary	\$	Salary Paid During Period	\$	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u>		57,025		25,000	RLI Insurance Company
Road Superintendent	Section 8-24-102, <u>TCA</u>		54,310		100,000	Western Surety Company
Director of Schools	State Board of Education and Van Buren County Board of Education		79,000	(1)	(2)	
Trustee	Section 8-24-102, <u>TCA</u>		49,372		271,000	Hartford Fire Insurance Company
Assessor of Property	Section 8-24-102, <u>TCA</u>		49,372		10,000	Western Surety Company
County Clerk	Section 8-24-102, <u>TCA</u>		49,372		25,000	"
Circuit Court Clerk	Section 8-24-102, <u>TCA</u>		49,372		30,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u>		49,372		50,000	"
Register	Section 8-24-102, <u>TCA</u>		49,372		15,000	"
Sheriff	Section 8-24-102, <u>TCA</u>		54,310	(3)	25,000	"
Public Employees Blanket Bond:						
Public Employees Dishonesty - County Employees					150,000	Local Government Insurance Pool
Public Employees Dishonesty - School Employees					150,000	Tennessee Risk Management Trust

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

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

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

Exhibit I-6

Van Buren County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2008

	Special Revenue Funds										Total
	General	Courthouse and Jail Maintenance	Solid Waste/ Sanitation	Ambulance Service	Local Purpose Tax	Drug Control	Highway/ Public Works	Debt		Total	
								General	Service		
<u>Local Taxes</u>											
<u>County Property Taxes</u>											
Current Property Tax	\$ 974,132	\$ 0	\$ 84,529	\$ 127,291	\$ 84,700	\$ 0	\$ 0	\$ 0	\$ 41,968	\$ 1,312,620	
Trustee's Collections - Prior Year	39,275	0	2,080	6,319	3,458	0	0	0	0	51,132	
Circuit/Clerk & Master Collections - Prior Years	18,140	0	1,145	3,513	2,369	0	0	0	99	25,266	
Interest and Penalty	16,907	0	482	1,310	717	0	0	0	65	19,481	
Pick-up Taxes	3,720	0	313	429	323	0	0	0	149	4,934	
Payments in-Lieu-of Taxes - T.V.A.	4,729	0	0	0	0	0	0	0	675	5,404	
Payments in-Lieu-of Taxes - Other	58,333	0	0	0	0	0	0	0	0	58,333	
<u>County Local Option Taxes</u>											
Local Option Sales Tax	65,115	0	0	0	0	0	0	0	0	65,115	
Hotel/Motel Tax	0	0	0	0	0	0	0	0	61,915	61,915	
Litigation Tax - General	572	0	0	0	0	0	0	0	0	572	
Litigation Tax - Special Purpose	13	35,924	0	0	0	0	0	0	0	35,937	
Litigation Tax - Jail, Workhouse, or Courthouse	0	13,061	0	0	0	0	0	0	0	13,061	
Business Tax	20,902	0	0	0	0	0	0	0	0	20,902	
<u>Statutory Local Taxes</u>											
Bank Excise Tax	10,241	0	0	0	0	0	0	0	0	10,241	
Wholesale Beer Tax	17,257	0	0	0	0	0	0	0	0	17,257	
Interstate Telecommunications Tax	489	0	0	0	0	0	0	0	0	489	
Total Local Taxes	\$ 1,229,825	\$ 48,985	\$ 88,549	\$ 138,862	\$ 91,567	\$ 0	\$ 0	\$ 0	\$ 104,871	\$ 1,702,659	
<u>Licenses and Permits</u>											
<u>Licenses</u>											
Cable TV Franchise	\$ 6,757	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,757	
Total Licenses and Permits	\$ 6,757	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,757	
<u>Fines, Forfeitures, and Penalties</u>											
<u>Circuit Court</u>											
Fines	\$ 2,969	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,969	
Officers Costs	3,283	0	0	0	0	0	0	0	0	3,283	
Drug Control Fines	133	0	0	0	0	8,214	0	0	0	8,347	

(Continued)

Exhibit I-6

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

	Special Revenue Funds										Debt Service Fund	
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Ambulance Service	Local Purpose Tax	Drug Control	Highway / Public Works	Debt Service Fund		Total		
								General	Debt Service			
<u>Fines, Forfeitures, and Penalties (Cont.)</u>												
<u>Circuit Court (Cont.)</u>												
Drug Court Fees	208	0	0	0	0	0	0	0	0	0	0	208
Data Entry Fee - Circuit Court	40	0	0	0	0	0	0	0	0	0	0	40
<u>General Sessions Court</u>												
Fines	15,168	0	0	0	0	0	0	0	0	0	0	15,168
Officers Costs	17,334	0	0	0	0	0	0	0	0	0	0	17,334
Drug Control Fines	1,718	0	0	0	0	1,553	0	0	0	0	0	3,271
Drug Court Fees	66	0	0	0	0	0	0	0	0	0	0	66
Jail Fees	47	0	0	0	0	0	0	0	0	0	0	47
Data Entry Fee - General Sessions Court	2,414	0	0	0	0	0	0	0	0	0	0	2,414
<u>Chancery Court</u>												
Officers Costs	48	0	0	0	0	0	0	0	0	0	0	48
Data Entry Fee - Chancery Court	371	0	0	0	0	0	0	0	0	0	0	371
Total Fines, Forfeitures, and Penalties	\$ 43,799	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,767	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 53,566
<u>Charges for Current Services</u>												
<u>General Service Charges</u>												
Convenience Waste Centers Collection Charge	0	0	76,543	0	0	0	0	0	0	0	0	76,543
Patient Charges	0	0	0	352,854	0	0	0	0	0	0	0	352,854
<u>Fees</u>												
Copy Fees	1,200	0	0	0	0	0	0	0	0	0	0	1,200
Telephone Commissions	762	0	0	0	0	0	0	0	0	0	0	762
Vending Machine Collections	525	0	0	0	0	0	0	0	0	0	0	525
Data Processing Fee - Register	3,758	0	0	0	0	0	0	0	0	0	0	3,758
Sexual Offender Registration Fees - Sheriff	1,000	0	0	0	0	0	0	0	0	0	0	1,000
Total Charges for Current Services	\$ 7,245	\$ 0	\$ 76,543	\$ 352,854	\$ 0	\$ 9,767	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 436,642
<u>Other Local Revenues</u>												
<u>Recurring Items</u>												
Investment Income	67,197	0	0	0	0	0	0	0	0	0	0	67,197
Lease/Rentals	2,527	0	0	0	0	0	0	0	0	0	0	2,527

(Continued)

Exhibit I-6

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

	Special Revenue Funds										Total
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Ambulance Service	Local Purpose Tax	Drug Control	Highway / Public Works	Debt Service Fund		Total	
								General	Debt		
<u>Other Local Revenues (Cont.)</u>											
<u>Recurring Items (Cont.)</u>											
Sale of Materials and Supplies	\$ 150	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 150
Sale of Recycled Materials	0	0	3,611	0	0	0	0	0	0	0	3,611
Miscellaneous Refunds	19,597	42	67	3,848	0	439	2,060	0	0	0	26,053
Total Other Local Revenues	\$ 89,471	\$ 42	\$ 3,678	\$ 3,848	\$ 0	\$ 439	\$ 2,060	\$ 0	\$ 0	\$ 0	\$ 99,538
<u>Fees Received from County Officials</u>											
<u>Fees in-Lieu-of Salary</u>											
County Clerk	\$ 49,811	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 49,811
Circuit Court Clerk	18,863	0	0	0	0	0	0	0	0	0	18,863
General Sessions Court Clerk	76,152	0	0	0	0	0	0	0	0	0	76,152
Clerk and Master	14,844	0	0	0	0	0	0	0	0	0	14,844
Register	44,125	0	0	0	0	0	0	0	0	0	44,125
Sheriff	2,297	0	0	0	0	0	0	0	0	0	2,297
Trustee	82,631	0	0	0	0	0	0	0	0	0	82,631
Total Fees Received from County Officials	\$ 288,723	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 288,723
<u>State of Tennessee</u>											
<u>General Government Grants</u>											
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,000
Aging Programs	9,239	0	0	0	0	0	0	0	0	0	9,239
State Reappraisal Grant	3,394	0	0	0	0	0	0	0	0	0	3,394
<u>Public Safety Grants</u>											
Law Enforcement Training Programs	7,200	0	0	0	0	0	0	0	0	0	7,200
<u>Health and Welfare Grants</u>											
Health Department Programs	1,946	0	0	0	0	0	0	0	0	0	1,946
Other Health and Welfare Grants	15,789	0	0	0	0	0	0	0	0	0	15,789
<u>Public Works Grants</u>											
State Aid Program	0	0	0	0	0	0	146,168	0	0	0	146,168
Litter Program	9,917	0	0	0	0	0	0	0	0	0	9,917

(Continued)

Exhibit I-6

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		
<u>State of Tennessee (Cont.)</u>									
<u>Other State Revenues</u>									
Income Tax	\$ 21,673	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 21,673
Beer Tax	8,846	0	0	0	0	0	0	0	8,846
Alcoholic Beverage Tax	27,425	0	0	0	0	0	0	0	27,425
State Revenue Sharing - T. V. A.	108,867	0	0	0	0	0	0	15,552	124,419
Contracted Prisoner Boarding	8,677	0	0	0	0	0	0	0	8,677
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	1,364,505	0	1,364,505
Petroleum Special Tax	0	0	0	0	0	0	4,424	0	4,424
Registrar's Salary Supplement	16,380	0	0	0	0	0	0	0	16,380
Other State Grants	17,777	0	0	0	10,000	0	0	0	27,777
Other State Revenues	11,294	0	0	0	0	0	0	0	11,294
Total State of Tennessee	\$ 277,424	\$ 0	\$ 0	\$ 0	\$ 10,000	\$ 0	\$ 1,515,097	\$ 15,552	\$ 1,818,073
<u>Federal Government</u>									
<u>Federal Through State</u>									
Other Federal through State	\$ 4,853	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,853
Total Federal Government	\$ 4,853	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,853
Total	\$ 1,948,097	\$ 49,027	\$ 168,770	\$ 495,564	\$ 101,567	\$ 10,206	\$ 1,517,157	\$ 120,423	\$ 4,410,811

Exhibit I-7

Van Buren County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Van Buren County School Department
For the Year Ended June 30, 2008

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 493,400	\$ 0	\$ 0	\$ 493,400
Trustee's Collections - Prior Year	21,453	0	0	21,453
Circuit/Clerk & Master Collections - Prior Years	16,724	0	0	16,724
Interest and Penalty	4,618	0	0	4,618
Pick-up Taxes	2,011	0	0	2,011
Payments in-Lieu-of Taxes - T.V.A.	5,404	0	0	5,404
Payments in-Lieu-of Taxes - Local Utilities	31,866	0	0	31,866
<u>County Local Option Taxes</u>				
Local Option Sales Tax	398,604	0	0	398,604
Hotel/Motel Tax	105,423	0	0	105,423
<u>Statutory Local Taxes</u>				
Interstate Telecommunications Tax	710	0	0	710
Total Local Taxes	\$ 1,080,213	\$ 0	\$ 0	\$ 1,080,213
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 185	\$ 0	\$ 0	\$ 185
Total Licenses and Permits	\$ 185	\$ 0	\$ 0	\$ 185
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Lunch Payments - Children	\$ 0	\$ 0	\$ 74,251	\$ 74,251
Lunch Payments - Adults	0	0	9,463	9,463
Income from Breakfast	0	0	23,621	23,621
Special Milk Sales	0	0	18	18
A la carte Sales	0	0	61,945	61,945
Receipts from Individual Schools	13,104	0	0	13,104
Total Charges for Current Services	\$ 13,104	\$ 0	\$ 169,298	\$ 182,402
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 1,052	\$ 1,052
Sale of Materials and Supplies	248	0	0	248
Miscellaneous Refunds	19,642	977	700	21,319
<u>Nonrecurring Items</u>				
Damages Recovered from Individuals	645	0	0	645
Contributions and Gifts	31	0	0	31
Total Other Local Revenues	\$ 20,566	\$ 977	\$ 1,752	\$ 23,295
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 37,450	\$ 0	\$ 0	\$ 37,450
<u>State Education Funds</u>				
Basic Education Program	4,391,775	0	0	4,391,775
Early Childhood Education	184,081	0	0	184,081
School Food Service	0	0	4,919	4,919
Other State Education Funds	246,589	0	0	246,589
Career Ladder Program	48,651	0	0	48,651

(Continued)

Exhibit I-7

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

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>State of Tennessee (Cont.)</u>				
<u>State Education Funds (Cont.)</u>				
Career Ladder - Extended Contract	\$ 28,369	\$ 0	\$ 0	\$ 28,369
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	134,788	0	0	134,788
Other State Revenues	6,354	0	0	6,354
Total State of Tennessee	\$ 5,078,057	\$ 0	\$ 4,919	\$ 5,082,976
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 185,202	\$ 185,202
Breakfast	0	0	94,931	94,931
USDA - Other	0	0	3,669	3,669
Adult Education State Grant Program	25,238	0	0	25,238
Vocational Education - Basic Grants to States	0	16,553	0	16,553
Title I Grants to Local Education Agencies	0	198,865	0	198,865
Innovative Education Program Strategies	0	24,878	0	24,878
Special Education - Grants to States	1,515	188,552	0	190,067
Special Education Preschool Grants	0	5,945	0	5,945
Eisenhower Professional Development State Grants	0	52,775	0	52,775
Other Federal through State	4,300	5,417	0	9,717
Total Federal Government	\$ 31,053	\$ 492,985	\$ 283,802	\$ 807,840
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 15,789	\$ 0	\$ 0	\$ 15,789
Total Other Governments and Citizens Groups	\$ 15,789	\$ 0	\$ 0	\$ 15,789
Total	\$ 6,238,967	\$ 493,962	\$ 459,771	\$ 7,192,700

Exhibit I-8

Van Buren County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2008

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	10,850	
Audit Services		2,931	
Consultants		2,000	
Dues and Memberships		1,050	
Other Charges		8,500	
Total County Commission			\$ 25,331

Board of Equalization

Board and Committee Members Fees	\$	937	
Total Board of Equalization			937

Beer Board

Board and Committee Members Fees	\$	500	
Total Beer Board			500

County Mayor/Executive

County Official/Administrative Officer	\$	57,025	
Accountants/Bookkeepers		28,050	
Social Security		5,224	
Unemployment Compensation		130	
Employer Medicare		1,222	
Communication		4,947	
Data Processing Services		10,661	
Dues and Memberships		1,895	
Legal Notices, Recording, and Court Costs		135	
Printing, Stationery, and Forms		381	
Travel		1,196	
Office Supplies		1,002	
Total County Mayor/Executive			111,868

County Attorney

County Official/Administrative Officer	\$	8,708	
Total County Attorney			8,708

Election Commission

County Official/Administrative Officer	\$	44,435	
Election Commission		5,040	
Election Workers		3,445	
Social Security		2,755	
Unemployment Compensation		140	

(Continued)

Exhibit I-8

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Employer Medicare	\$	644	
Communication		1,162	
Data Processing Services		6,943	
Dues and Memberships		200	
Legal Notices, Recording, and Court Costs		2,936	
Printing, Stationery, and Forms		242	
Travel		2,100	
Office Supplies		52	
Other Charges		6,124	
Total Election Commission			\$ 76,218

Register of Deeds

County Official/Administrative Officer	\$	49,372	
Social Security		3,061	
Employer Medicare		716	
Communication		508	
Data Processing Services		4,417	
Dues and Memberships		285	
Printing, Stationery, and Forms		1,170	
Office Supplies		971	
Premiums on Corporate Surety Bonds		100	
Total Register of Deeds			60,600

Planning

Contracts with Government Agencies	\$	5,426	
Total Planning			5,426

County Buildings

Communication	\$	2,441	
Maintenance and Repair Services - Buildings		9,104	
Custodial Supplies		1,366	
Electricity		29,944	
Natural Gas		16,777	
Water and Sewer		4,816	
Total County Buildings			64,448

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	49,372	
Part-time Personnel		1,570	

(Continued)

Exhibit I-8

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Social Security	\$	3,158	
Unemployment Compensation		31	
Employer Medicare		739	
Audit Services		600	
Communication		558	
Data Processing Services		4,653	
Dues and Memberships		704	
Legal Notices, Recording, and Court Costs		38	
Travel		949	
Office Supplies		874	
Other Charges		936	
Total Property Assessor's Office			\$ 64,182

County Trustee's Office

County Official/Administrative Officer	\$	49,372	
Deputy(ies)		7,157	
Social Security		3,505	
Unemployment Compensation		143	
Employer Medicare		820	
Communication		1,532	
Dues and Memberships		410	
Legal Notices, Recording, and Court Costs		250	
Printing, Stationery, and Forms		800	
Office Supplies		799	
Data Processing Equipment		18,636	
Total County Trustee's Office			83,424

County Clerk's Office

County Official/Administrative Officer	\$	49,372	
Deputy(ies)		17,821	
Social Security		4,612	
Unemployment Compensation		258	
Employer Medicare		1,078	
Communication		1,659	
Data Processing Services		1,000	
Dues and Memberships		285	
Printing, Stationery, and Forms		478	
Office Supplies		948	
Premiums on Corporate Surety Bonds		125	
Data Processing Equipment		299	
Total County Clerk's Office			77,935

(Continued)

Exhibit I-8

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

General Fund (Cont.)

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	49,372	
Secretary(ies)		17,968	
Part-time Personnel		89	
Jury and Witness Fees		8,892	
Social Security		4,181	
Unemployment Compensation		140	
Employer Medicare		978	
Communication		2,462	
Dues and Memberships		365	
Printing, Stationery, and Forms		3,613	
Office Supplies		1,805	
Other Charges		75	
Total Circuit Court			\$ 89,940

General Sessions Court

Judge(s)	\$	23,155	
Secretary(ies)		5,000	
Other Fringe Benefits		2,800	
Communication		298	
Travel		100	
Office Supplies		175	
Total General Sessions Court			31,528

Chancery Court

County Official/Administrative Officer	\$	49,372	
Social Security		3,061	
Employer Medicare		716	
Communication		643	
Dues and Memberships		285	
Printing, Stationery, and Forms		595	
Office Supplies		184	
Premiums on Corporate Surety Bonds		300	
Total Chancery Court			55,156

Juvenile Court

Contracts with Government Agencies	\$	10,000	
Total Juvenile Court			10,000

Judicial Commissioners

County Official/Administrative Officer	\$	3,675	
--	----	-------	--

(Continued)

Exhibit I-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Judicial Commissioners (Cont.)

Premiums on Corporate Surety Bonds	\$ 100	
Total Judicial Commissioners		\$ 3,775

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$ 54,310	
Deputy(ies)	148,657	
Accountants/Bookkeepers	20,332	
Salary Supplements	3,600	
Overtime Pay	37,239	
In-Service Training	1,910	
Social Security	16,427	
Unemployment Compensation	1,065	
Employer Medicare	3,842	
Communication	16,037	
Dues and Memberships	1,080	
Legal Notices, Recording, and Court Costs	16	
Maintenance and Repair Services - Vehicles	16,470	
Printing, Stationery, and Forms	1,332	
Travel	669	
Gasoline	39,587	
Office Supplies	2,782	
Uniforms	2,826	
Premiums on Corporate Surety Bonds	2,250	
Other Charges	5,597	
Communication Equipment	3,750	
Total Sheriff's Department		379,778

Drug Enforcement

Other Supplies and Materials	\$ 82	
Total Drug Enforcement		82

Jail

Guards	\$ 152,584
Overtime Pay	6,679
Social Security	9,874
Unemployment Compensation	1,618
Employer Medicare	2,309
Medical and Dental Services	68,695
Custodial Supplies	5,246

(Continued)

Exhibit I-8

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

<u>General Fund (Cont.)</u>		
<u>Public Safety (Cont.)</u>		
<u>Jail (Cont.)</u>		
Electricity	\$ 6,300	
Food Supplies	29,614	
Natural Gas	3,232	
Water and Sewer	5,146	
Other Charges	<u>10,316</u>	
Total Jail		\$ 301,613
 <u>Fire Prevention and Control</u>		
Contributions	\$ <u>1,000</u>	
Total Fire Prevention and Control		1,000
 <u>Rescue Squad</u>		
Contributions	\$ <u>2,500</u>	
Total Rescue Squad		2,500
 <u>Other Emergency Management</u>		
Contributions	\$ <u>1,200</u>	
Total Other Emergency Management		1,200
 <u>County Coroner/Medical Examiner</u>		
Premiums on Corporate Surety Bonds	\$ 200	
Other Charges	<u>375</u>	
Total County Coroner/Medical Examiner		575
 <u>Other Public Safety</u>		
Overtime Pay	\$ 137	
Social Security	9	
Unemployment Compensation	3	
Employer Medicare	2	
Contracts with Government Agencies	2,300	
Contributions	<u>51,700</u>	
Total Other Public Safety		54,151
 <u>Public Health and Welfare</u>		
<u>Local Health Center</u>		
Clerical Personnel	\$ 1,956	
Social Security	121	
Unemployment Compensation	39	
Employer Medicare	28	
Communication	<u>1,215</u>	

(Continued)

Exhibit I-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Travel	\$	484	
Custodial Supplies		100	
Drugs and Medical Supplies		828	
Electricity		3,201	
Natural Gas		2,245	
Water and Sewer		285	
Other Charges		4,788	
Total Local Health Center			\$ 15,290

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

Supervisor/Director	\$	10,285	
Social Security		187	
Unemployment Compensation		60	
Employer Medicare		44	
Communication		643	
Custodial Supplies		142	
Electricity		1,761	
Natural Gas		1,234	
Utilities		34	
Water and Sewer		339	
Total Adult Activities			14,729

Senior Citizens Assistance

Communication	\$	608	
Contributions		10,500	
Medical and Dental Services		540	
Office Supplies		193	
Total Senior Citizens Assistance			11,841

Libraries

Contributions	\$	24,004	
Total Libraries			24,004

(Continued)

Exhibit I-8

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Parks and Fair Boards

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

Other Social, Cultural, and Recreational

Contributions	\$ 9,564	
Total Other Social, Cultural, and Recreational		9,564

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$ 14,431	
Secretary(ies)	6,995	
Social Security	1,598	
State Retirement	1,942	
Other Fringe Benefits	426	
Communication	2,661	
Other Equipment	1,000	
Total Agriculture Extension Service		29,053

Soil Conservation

Secretary(ies)	\$ 8,684	
Social Security	538	
Unemployment Compensation	174	
Employer Medicare	126	
Communication	458	
Total Soil Conservation		9,980

Other Operations

Industrial Development

Contributions	\$ 16,257	
Other Charges	9,588	
Total Industrial Development		25,845

Other Charges

Liability Insurance	\$ 39,557	
Trustee's Commission	28,108	
Workers' Compensation Insurance	24,786	
Total Other Charges		92,451

Employee Benefits

State Retirement	\$ 62,930	
Total Employee Benefits		62,930

(Continued)

Exhibit I-8

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

General Fund (Cont.)

Other Operations (Cont.)

Miscellaneous

Postal Charges	\$	15,267	
Duplicating Supplies		9,314	
Other Charges		6,210	
Total Miscellaneous			\$ 30,791

Highways

Litter and Trash Collection

Laborers	\$	15,560	
Social Security		1,095	
Unemployment Compensation		143	
Employer Medicare		256	
Accounting Services		2,106	
Other Supplies and Materials		4,002	
Other Charges		1,257	
Total Litter and Trash Collection			24,419

Interest on Debt

General Government

Interest on Notes	\$	3,797	
Total General Government			3,797

Total General Fund \$ 1,894,192

Courthouse and Jail Maintenance Fund

General Government

County Buildings

Custodial Personnel	\$	7,709	
Maintenance Personnel		21,490	
Social Security		1,838	
Unemployment Compensation		119	
Employer Medicare		430	
Building Improvements		6,966	
Total County Buildings			\$ 38,552

Public Safety

Jail

Maintenance and Repair Services - Buildings	\$	1,439	
Total Jail			1,439

(Continued)

Exhibit I-8

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

Courthouse and Jail Maintenance Fund (Cont.)

Other Operations

Other Charges

Trustee's Commission	\$ 485	
Total Other Charges		\$ 485

Employee Benefits

State Retirement	\$ 2,768	
Total Employee Benefits		<u>2,768</u>

Total Courthouse and Jail Maintenance Fund		\$ 43,244
--	--	-----------

Solid Waste/Sanitation Fund

Public Health and Welfare

Waste Pickup

Truck Drivers	\$ 10,669	
Social Security	655	
Unemployment Compensation	64	
Employer Medicare	153	
Maintenance and Repair Services - Equipment	1,027	
Diesel Fuel	4,304	
Solid Waste Equipment	<u>111,500</u>	
Total Waste Pickup		\$ 128,372

Convenience Centers

Laborers	\$ 27,784	
Social Security	1,804	
Unemployment Compensation	920	
Employer Medicare	422	
Communication	1,466	
Other Contracted Services	43,810	
Electricity	3,823	
Natural Gas	604	
Water and Sewer	473	
Other Supplies and Materials	611	
Trustee's Commission	2,565	
Other Charges	<u>42,839</u>	
Total Convenience Centers		127,121

Landfill Operation and Maintenance

Other Charges	\$ 7,230	
Total Landfill Operation and Maintenance		7,230

(Continued)

Exhibit I-8

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

Solid Waste/Sanitation Fund (Cont.)

Interest on Debt

General Government

Interest on Notes	\$ 440	
Total General Government		\$ 440

Total Solid Waste/Sanitation Fund \$ 263,163

Ambulance Service Fund

Public Health and Welfare

Ambulance/Emergency Medical Services

Medical Personnel	\$ 155,748	
Part-time Personnel	5,559	
Overtime Pay	54,316	
In-Service Training	5,286	
Social Security	13,840	
State Retirement	5,432	
Unemployment Compensation	1,880	
Employer Medicare	3,237	
Communication	5,311	
Data Processing Services	2,419	
Dues and Memberships	262	
Licenses	550	
Maintenance and Repair Services - Buildings	4,860	
Maintenance and Repair Services - Equipment	360	
Maintenance and Repair Services - Vehicles	15,259	
Printing, Stationery, and Forms	904	
Custodial Supplies	1,086	
Data Processing Supplies	648	
Diesel Fuel	18,979	
Drugs and Medical Supplies	16,845	
Electricity	3,715	
Natural Gas	1,177	
Office Supplies	1,279	
Uniforms	1,524	
Water and Sewer	1,197	
Other Supplies and Materials	2,529	
Trustee's Commission	6,481	
Vehicle and Equipment Insurance	4,500	
Workers' Compensation Insurance	10,000	
Other Charges	484	
Total Ambulance/Emergency Medical Services		\$ 345,667

Total Ambulance Service Fund 345,667

(Continued)

Exhibit I-8

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

Local Purpose Tax Fund

Public Safety

Fire Prevention and Control

Contributions	\$	65,000	
Building and Contents Insurance		26,645	
Other Charges		8,000	
Total Fire Prevention and Control			\$ 99,645

Other Operations

Other Charges

Trustee's Commission	\$	1,854	
Total Other Charges			1,854

Total Local Purpose Tax Fund \$ 101,499

Drug Control Fund

Public Safety

Drug Enforcement

Contributions	\$	2,500	
Legal Notices, Recording, and Court Costs		236	
Maintenance and Repair Services - Vehicles		5,822	
Other Supplies and Materials		3,430	
Law Enforcement Equipment		5,189	
Total Drug Enforcement			\$ 17,177

Other Operations

Other Charges

Trustee's Commission	\$	108	
Total Other Charges			108

Total Drug Control Fund 17,285

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	54,310
Assistant(s)		33,050
Accountants/Bookkeepers		32,975
Overtime Pay		2,663
Other Salaries and Wages		2,063
Communication		1,554
Dues and Memberships		2,018
Legal Notices, Recording, and Court Costs		17

(Continued)

Exhibit I-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Maintenance and Repair Services - Office Equipment	\$	225	
Postal Charges		248	
Travel		175	
Electricity		1,269	
Office Supplies		480	
Other Charges		64	
Total Administration			\$ 131,111

Highway and Bridge Maintenance

Equipment Operators	\$	57,574	
Truck Drivers		86,444	
Laborers		181,652	
Other Contracted Services		416,041	
Asphalt - Cold Mix		2,014	
Crushed Stone		11,462	
Pipe - Metal		6,350	
Road Signs		714	
Salt		28,018	
Small Tools		62	
Other Charges		93	
Total Highway and Bridge Maintenance			790,424

Operation and Maintenance of Equipment

Mechanic(s)	\$	59,551	
Laborers		13,705	
Nightwatchmen		26,192	
Laundry Service		740	
Maintenance and Repair Services - Equipment		1,003	
Other Contracted Services		4,206	
Diesel Fuel		33,459	
Equipment and Machinery Parts		20,559	
Garage Supplies		187	
Gasoline		30,521	
Lubricants		7,174	
Propane Gas		1,326	
Small Tools		283	
Tires and Tubes		9,960	
Water and Sewer		516	
Other Supplies and Materials		226	
Other Charges		386	
Total Operation and Maintenance of Equipment			209,994

(Continued)

Exhibit I-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Quarry Operations

Communication	\$	1,979	
Operating Lease Payments		4,800	
Electricity		3,063	
Other Charges		126	
Total Quarry Operations			\$ 9,968

Other Charges

Liability Insurance	\$	20,198	
Premiums on Corporate Surety Bonds		450	
Trustee's Commission		13,673	
Workers' Compensation Insurance		79,595	
Total Other Charges			113,916

Employee Benefits

Social Security	\$	42,088	
State Retirement		40,992	
Employee and Dependent Insurance		5,928	
Unemployment Compensation		357	
Other Fringe Benefits		1,370	
Total Employee Benefits			90,735

Capital Outlay

Communication Equipment	\$	385	
Furniture and Fixtures		1,556	
Highway Equipment		43,730	
Motor Vehicles		35,060	
Office Equipment		1,796	
Total Capital Outlay			82,527

Total Highway/Public Works Fund \$ 1,428,675

General Debt Service Fund

Principal on Debt

General Government

Principal on Notes	\$	49,976	
Total General Government			\$ 49,976

Interest on Debt

General Government

Interest on Notes	\$	4,279	
Total General Government			4,279

(Continued)

Exhibit I-8

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

<u>General Debt Service Fund (Cont.)</u>			
<u>Other Debt Service</u>			
<u>General Government</u>			
Trustee's Commission	\$	<u>1,648</u>	
Total General Government			\$ <u>1,648</u>
Total General Debt Service Fund			\$ <u>55,903</u>
Total Governmental Funds - Primary Government			\$ <u><u>4,149,628</u></u>

Exhibit I-9

Van Buren County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Van Buren County School Department
For the Year Ended June 30, 2008

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	1,772,715	
Career Ladder Program		19,000	
Career Ladder Extended Contracts		17,000	
Homebound Teachers		1,876	
Educational Assistants		87,702	
Certified Substitute Teachers		30	
Non-certified Substitute Teachers		32,717	
Social Security		110,069	
State Retirement		119,823	
Medical Insurance		115,089	
Unemployment Compensation		3,158	
Employer Medicare		25,743	
Contracts with Other School Systems		18,800	
Instructional Supplies and Materials		19,886	
Textbooks		65,194	
Other Supplies and Materials		4,808	
Other Charges		2,100	
Regular Instruction Equipment		97,342	
Total Regular Instruction Program			\$ 2,513,052

Special Education Program

Teachers	\$	177,223	
Career Ladder Program		2,970	
Educational Assistants		35	
Speech Pathologist		43,180	
Non-certified Substitute Teachers		615	
Social Security		11,939	
State Retirement		14,005	
Medical Insurance		23,755	
Unemployment Compensation		80	
Employer Medicare		2,788	
Maintenance and Repair Services - Equipment		138	
Other Supplies and Materials		320	
Other Charges		1,070	
Total Special Education Program			278,118

Vocational Education Program

Teachers	\$	109,341	
Career Ladder Program		1,000	

(Continued)

Exhibit I-9

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Vocational Education Program (Cont.)

Social Security	\$	6,817	
State Retirement		6,937	
Unemployment Compensation		150	
Employer Medicare		1,594	
Tuition		3,700	
Instructional Supplies and Materials		187	
Other Supplies and Materials		60	
Vocational Instruction Equipment		35	
Total Vocational Education Program			\$ 129,821

Adult Education Program

Teachers	\$	43,080	
Social Security		2,449	
State Retirement		2,688	
Medical Insurance		2,452	
Employer Medicare		573	
Instructional Supplies and Materials		142	
Other Charges		34	
Total Adult Education Program			51,418

Support Services

Attendance

Supervisor/Director	\$	53,850	
Career Ladder Program		1,000	
Social Security		3,361	
State Retirement		3,423	
Employer Medicare		786	
Travel		990	
In Service/Staff Development		100	
Total Attendance			63,510

Health Services

Supervisor/Director	\$	30,215	
Medical Personnel		35,636	
Other Salaries and Wages		14,842	
Social Security		4,578	
State Retirement		6,278	
Medical Insurance		5,608	
Employer Medicare		1,071	

(Continued)

Exhibit I-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services (Cont.)

Communication	\$	256	
Travel		1,965	
Drugs and Medical Supplies		1,017	
Other Supplies and Materials		18,052	
In Service/Staff Development		175	
Other Charges		15,947	
Total Health Services			\$ 135,640

Other Student Support

Career Ladder Program	\$	2,000	
Guidance Personnel		95,158	
Social Security		5,739	
State Retirement		6,063	
Medical Insurance		2,452	
Employer Medicare		1,342	
Contracts with Government Agencies		28,364	
Evaluation and Testing		2,675	
Travel		25	
In Service/Staff Development		225	
Total Other Student Support			144,043

Regular Instruction Program

Supervisor/Director	\$	61,294	
Career Ladder Program		6,000	
Career Ladder Extended Contracts		6,000	
Librarians		82,007	
Instructional Computer Personnel		42,763	
Social Security		11,887	
State Retirement		13,018	
Medical Insurance		4,489	
Employer Medicare		2,780	
Travel		1,811	
Library Books/Media		11,839	
Other Supplies and Materials		384	
In Service/Staff Development		1,266	
Other Charges		99	
Other Equipment		8,572	
Total Regular Instruction Program			254,209

(Continued)

Exhibit I-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program

Supervisor/Director	\$	26,398	
Career Ladder Program		2,000	
Psychological Personnel		14,764	
Other Salaries and Wages		6,516	
Social Security		2,897	
State Retirement		3,233	
Medical Insurance		1,446	
Unemployment Compensation		20	
Employer Medicare		678	
Travel		640	
Total Special Education Program			\$ 58,592

Adult Programs

Career Ladder Program	\$	1,000	
Social Security		62	
State Retirement		62	
Employer Medicare		14	
In Service/Staff Development		557	
Other Charges		1,820	
Total Adult Programs			3,515

Other Programs

On-Behalf Payments to OPEB	\$	37,450	
Total Other Programs			37,450

Board of Education

Board and Committee Members Fees	\$	3,850	
Social Security		239	
Medical Insurance		32,810	
Employer Medicare		56	
Audit Services		2,600	
Dues and Memberships		2,835	
Travel		84	
Other Contracted Services		1,500	
Trustee's Commission		26,866	
Workers' Compensation Insurance		33,948	
Total Board of Education			104,788

(Continued)

Exhibit I-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools

County Official/Administrative Officer	\$	78,000	
Career Ladder Program		1,000	
Social Security		4,431	
State Retirement		4,930	
Medical Insurance		6,061	
Employer Medicare		1,036	
Communication		7,033	
Dues and Memberships		799	
Postal Charges		988	
Travel		278	
Office Supplies		1,112	
Other Supplies and Materials		1,305	
Other Charges		310	
Total Director of Schools			\$ 107,283

Office of the Principal

Principals	\$	114,937	
Career Ladder Program		2,000	
Career Ladder Extended Contracts		4,000	
Assistant Principals		47,888	
Secretary(ies)		37,614	
Social Security		11,993	
State Retirement		13,461	
Medical Insurance		6,701	
Employer Medicare		2,805	
Communication		429	
Total Office of the Principal			241,828

Fiscal Services

Accountants/Bookkeepers	\$	31,600	
Secretary(ies)		29,560	
Social Security		3,733	
State Retirement		4,758	
Employer Medicare		873	
Data Processing Services		7,117	
Other Contracted Services		1,644	
Data Processing Supplies		270	
Office Supplies		1,083	
Total Fiscal Services			80,638

(Continued)

Exhibit I-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant

Custodial Personnel	\$	130,298	
Social Security		8,053	
State Retirement		9,694	
Employer Medicare		1,883	
Janitorial Services		2,337	
Disposal Fees		19,771	
Other Contracted Services		3,955	
Custodial Supplies		15,327	
Electricity		151,240	
Natural Gas		41,256	
Water and Sewer		20,491	
Other Supplies and Materials		264	
Building and Contents Insurance		59,752	
Other Charges		206	
Plant Operation Equipment		69	
Total Operation of Plant			\$ 464,596

Maintenance of Plant

Supervisor/Director	\$	32,110	
Social Security		1,991	
State Retirement		2,498	
Employer Medicare		466	
Communication		404	
Maintenance and Repair Services - Buildings		13,143	
Maintenance and Repair Services - Equipment		8,546	
Maintenance and Repair Services - Vehicles		93	
Other Contracted Services		10,858	
Other Supplies and Materials		5,074	
Maintenance Equipment		13,159	
Total Maintenance of Plant			88,342

Transportation

Mechanic(s)	\$	23,269	
Bus Drivers		96,221	
Other Salaries and Wages		10,352	
Social Security		7,904	
State Retirement		9,720	
Employer Medicare		1,848	
Communication		27	

(Continued)

Exhibit I-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Travel	\$	701	
Gasoline		59,326	
Lubricants		1,027	
Tires and Tubes		5,734	
Vehicle Parts		12,058	
Other Supplies and Materials		2,331	
Other Charges		5,823	
Transportation Equipment		21,623	
Total Transportation			\$ 257,964

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	57,024	
Teachers		46,285	
Educational Assistants		4,898	
Other Salaries and Wages		6,703	
Social Security		6,451	
State Retirement		7,256	
Medical Insurance		7,662	
Employer Medicare		1,509	
Travel		86	
Food Supplies		113	
Instructional Supplies and Materials		3,443	
Other Supplies and Materials		28,950	
In Service/Staff Development		300	
Other Equipment		1,053	
Total Community Services			171,733

Early Childhood Education

Teachers	\$	80,204	
Educational Assistants		34,444	
Social Security		6,624	
State Retirement		7,674	
Medical Insurance		5,608	
Employer Medicare		1,549	
Food Supplies		405	
Instructional Supplies and Materials		11,188	
Other Supplies and Materials		29,413	
In Service/Staff Development		535	

(Continued)

Exhibit I-9

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education (Cont.)

Other Charges	\$	6,804	
Other Equipment		<u>8,628</u>	
Total Early Childhood Education	\$		193,076

Capital Outlay

Regular Capital Outlay

Architects	\$	3,200	
Building Construction		36,556	
Building Improvements		23,038	
Furniture and Fixtures		17,381	
Site Development		<u>15,903</u>	
Total Regular Capital Outlay			96,078

Principal on Debt

Education

Principal on Bonds	\$	85,000	
Principal on Other Loans		<u>98,000</u>	
Total Education			183,000

Interest on Debt

Education

Interest on Bonds	\$	13,520	
Interest on Other Loans		<u>39,345</u>	
Total Education			52,865

Other Debt Service

Education

Other Debt Service	\$	<u>6,596</u>	
Total Education			<u>6,596</u>

Total General Purpose School Fund \$ 5,718,155

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	189,603	
Non-certified Substitute Teachers		2,411	
Social Security		11,905	
State Retirement		11,832	

(Continued)

Exhibit I-9

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

Medical Insurance	\$	2,512	
Unemployment Compensation		151	
Employer Medicare		2,784	
Instructional Supplies and Materials		1,474	
Other Charges		9,623	
Regular Instruction Equipment		18,230	
Total Regular Instruction Program			\$ 250,525

Special Education Program

Teachers	\$	1,794	
Educational Assistants		106,419	
Speech Pathologist		2,000	
Social Security		6,618	
State Retirement		8,176	
Unemployment Compensation		237	
Employer Medicare		1,547	
Contracts with Private Agencies		13,740	
Instructional Supplies and Materials		147	
Other Supplies and Materials		1,299	
Total Special Education Program			141,977

Vocational Education Program

Instructional Supplies and Materials	\$	669	
Other Supplies and Materials		186	
Vocational Instruction Equipment		11,420	
Total Vocational Education Program			12,275

Support Services

Other Student Support

Contracts with Government Agencies	\$	1,636	
Travel		1,061	
In Service/Staff Development		1,892	
Other Charges		499	
Total Other Student Support			5,088

Regular Instruction Program

Travel	\$	582	
Library Books/Media		2,924	
In Service/Staff Development		11,574	

(Continued)

Exhibit I-9

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Other Charges	\$ 175	
Total Regular Instruction Program		\$ 15,255

Special Education Program

Psychological Personnel	\$ 12,534	
Clerical Personnel	617	
Other Salaries and Wages	19,065	
Social Security	1,989	
State Retirement	2,012	
Unemployment Compensation	61	
Employer Medicare	465	
Travel	1,726	
Other Supplies and Materials	784	
In Service/Staff Development	561	
Total Special Education Program		39,814

Vocational Education Program

Supervisor/Director	\$ 827	
Total Vocational Education Program		827

Total School Federal Projects Fund \$ 465,761

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$ 31,600
Cafeteria Personnel	121,921
Social Security	9,366
State Retirement	11,766
Unemployment Compensation	338
Employer Medicare	2,191
Communication	879
Maintenance and Repair Services - Equipment	2,125
Travel	333
Other Contracted Services	3,074
Food Preparation Supplies	11,989
Food Supplies	221,324
Office Supplies	744
Uniforms	213

(Continued)

Exhibit I-9

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Other Supplies and Materials	\$	1,172	
In Service/Staff Development		364	
Other Charges		94	
Food Service Equipment		<u>29,993</u>	
Total Food Service			<u>\$ 449,486</u>

Total Central Cafeteria Fund \$ 449,486

Total Governmental Funds - Van Buren County School Department \$ 6,633,402

Exhibit I-10

Van Buren County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2008

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 84,322
Total Cash Receipts	<u>\$ 84,322</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 83,479
Trustee's Commission	843
Total Cash Disbursements	<u>\$ 84,322</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2007	<u>0</u>
 Cash Balance, June 30, 2008	 <u><u>\$ 0</u></u>

This page is left blank intentionally.

SINGLE AUDIT SECTION

This page is left blank intentionally.



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

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

January 27, 2009

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 financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Van Buren County, Tennessee, as of and for the year ended June 30, 2008, which collectively comprise Van Buren County's basic financial statements and have issued our report thereon dated January 27, 2009. Our report on the governmental activities expresses an adverse opinion due to material misstatements in the amounts reported for capital assets. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Van Buren County Emergency Communications District, which were not available from other auditors as of the date of this report and the Industrial Development Board of Van Buren County whose financial statements were not audited. 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 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 internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Van Buren County's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting: 08.01, 08.02, 08.03, 08.04, 08.06(A), 08.07, 08.08, 08.10, 08.11, 08.12, 08.13, 08.14, 08.15, 08.16, 08.17, 08.18, 08.19(A), and 08.21.

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 internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 08.01, 08.02, 08.03, and 08.08 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Van Buren County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and are described in the accompanying Schedule of Findings and Questioned Costs as items 08.05, 08.06(B), 08.09, 08.19(B), and 08.22.

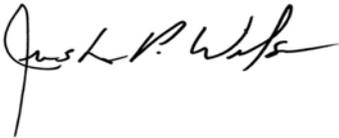
We consider item 08.20 described in the accompanying Schedule of Findings and Questioned Costs to be a noteworthy control deficiency over financial operations.

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

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

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, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

This page is left blank intentionally.



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

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

January 27, 2009

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited the compliance of Van Buren County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2008. Van Buren County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Van Buren County's management. Our responsibility is to express an opinion on Van Buren County's compliance based on our audit.

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

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

In our opinion, Van Buren County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of Van Buren County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Van Buren County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 internal control over compliance.

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

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

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

Schedule of Expenditures of Federal Awards

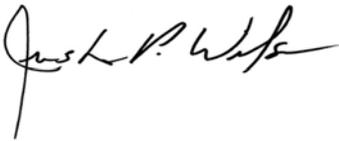
We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Van Buren County as of and for the year ended June 30, 2008, and have issued our report thereon dated January 27, 2009. Our report on the governmental activities expresses an adverse opinion due to material misstatements in the amounts reported for capital assets. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Van Buren County

Emergency Communications District, which were not available from other auditors as of the date of this report and the Industrial Development Board of Van Buren County whose financial statements were not audited. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Van Buren County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

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 the entity, 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.

Yours very truly,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

This page is left blank intentionally.

Van Buren County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2008

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:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	\$ 21,918 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	94,931
National School Lunch Program	10.555	N/A	185,202 (3)
Passed-through State Department of Human Services:			
Summer Food Service Program for Children	10.559	N/A	3,669
Total U.S. Department of Agriculture			<u>\$ 305,720</u>
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - State Grant Program	84.002	(4)	\$ 25,238
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	198,249
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	182,955
Special Education - Preschool Grants	84.173	N/A	5,945
Vocational Education - Basic Grants to States	84.048	N/A	16,553
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	3,297
State Grants for Innovative Programs	84.298	N/A	2,980
Education Technology State Grants	84.318	(2)	1,781
Rural Education	84.358	(2)	22,932
Improving Teacher Quality State Grants	84.367	N/A	48,147
Total U.S. Department of Education			<u>\$ 508,077</u>
U.S. Elections Assistance Commission:			
Passed-through Tennessee Office of Secretary of State:			
Help America Vote Act Requirements Payments	90.401	N/A	\$ 1,773
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)	\$ 3,080
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	\$ 4,300
Total Expenditures of Federal Awards			<u>\$ 822,950</u>

<u>State Grants</u>		Contract Number	
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	\$ 3,394
Juvenile Services Program - State Department of Children's Services	N/A	Z-08-022817-00	9,000
Community Enhancement Grant Program - Tennessee Secretary of State	N/A	(2)	23,000
Litter Program - State Department of Transportation	N/A	Z-08-021053-00	9,917
Rural Local Health Services - State Department of Health	N/A	Z-08-020391-00	1,946
Tobacco Use Prevention and Cessation Grant - State Department of Health	N/A	GG-08-23385-00	15,789
Highway Safety Grant - State Department of Transportation	N/A	Z-07-036017-00	4,777
Coordinated School Health Program - State Department of Health	N/A	(2)	91,762

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
<u>State Grants (Cont.)</u>			
Adult Basic Education - State Department of Labor and Workforce Development	N/A	(2)	\$ 12,463
Aging Program - Upper Cumberland Development District	N/A	(2)	9,239
Voluntary Pre-K for Tennessee - State Department of Education	N/A	(2)	184,081
Lottery for Education Afterschool Program - State Department of Education	N/A	(2)	99,870
Safe Schools Act - State Department of Education	N/A	(2)	5,200
Family Resource Center - State Department of Education	N/A	(2)	<u>33,300</u>
 Total State Grants			 <u>\$ 503,738</u>

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

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information was not available.
- (3) Total for CFDA No. 10.555 is \$207,120.
- (4) Z-08-020838-00: \$20,738; Z-08-200596-00: \$4,500.

Van Buren County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2008

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, for the year ended June 30, 2007, which have not been corrected.

OFFICE OF COUNTY MAYOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
07.04	16	General ledger trustee cash accounts were not reconciled with county trustee reports
07.05(B)	16	Expenditures exceeded appropriations
07.06(A)	17	Payroll deduction accounts were not reconciled with subsidiary payroll records
07.07(A,B,C)	18	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
07.08	19	Tax anticipation notes were not retired in compliance with state statute

OFFICE OF SHERIFF

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
07.11	20	The office did not comply with its personnel policy

OTHER FINDINGS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
07.12	20	A central system of accounting, budgeting, and purchasing had not been adopted
07.13	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

This page is left blank intentionally.

VAN BUREN COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2008

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the governmental activities is adverse, and our report on the aggregate discretely presented component units is qualified. Our report on each major fund and the aggregate remaining fund information is unqualified.
2. The audit of the financial statements of Van Buren County disclosed significant deficiencies in internal control. Four of these deficiencies were considered to be material weaknesses.
3. The audit disclosed two instances of noncompliance that were material to the financial statements of Van Buren County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: the School Breakfast Program, National School Lunch Program, and Summer Food Service Program for Children (CFDA Nos. 10.553, 10.555, and 10.559), and Title I Grants to Local Educational Agencies (CFDA No. 84.010) 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 did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The written responses of the county mayor are paraphrased in this report. Other officials offered oral responses to certain findings and recommendations; however, these oral responses have not been included in this report.

VAN BUREN COUNTY AND VAN BUREN COUNTY SCHOOL DEPARTMENT

FINDING 08.01 **VAN BUREN COUNTY AND THE VAN BUREN COUNTY SCHOOL DEPARTMENT DO NOT HAVE THE RESOURCES TO PRODUCE FINANCIAL STATEMENTS AND NOTES TO THE FINANCIAL STATEMENTS**

(Internal Control – Material Weakness Under Government Auditing Standards)

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

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – COUNTY MAYOR

Van Buren County does not have the financial resources to employ a certified public accountant.

AUDITOR'S REBUTTAL

We have not recommended hiring a certified public accountant. We are recommending that the county have a least one staff member trained to have sufficient technical skills to prepare a complete set of year-end financial statements and disclosures.

OFFICE OF COUNTY MAYOR

**FINDING 08.02 THE GENERAL AND SOLID WASTE/SANITATION FUNDS
REQUIRED MATERIAL AUDIT ADJUSTMENTS FOR PROPER
FINANCIAL STATEMENT PRESENTATION**
(Internal Control – Material Weakness Under Government Auditing
Standards)

At June 30, 2008, certain general ledger account balances in the General and Solid Waste/Sanitation funds were not materially correct, and audit adjustments were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require Van Buren County to have adequate internal controls over the maintenance of its accounting records. Material audit adjustments were required because the county's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the county has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

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

**FINDING 08.03 DEFICIENCIES WERE NOTED IN THE MAINTENANCE OF
CAPITAL ASSETS RECORDS**
(Internal Control – Material Weakness Under Government Auditing
Standards)

Our report on Van Buren County's financial statements expresses an adverse opinion on the governmental activities because the capital assets records were materially misstated. Our examination of the capital assets records revealed the following deficiencies:

- A. Industrial park land and infrastructure (\$806,300) and an industrial building (\$285,000) were included in the county's capital assets records; however, the assets are owned by the Van Buren County Industrial Board.
- B. Assets (\$56,229) owned by the Van Buren County Emergency Communications District were included in the county's capital assets records.

- C. Current year capital assets purchases (\$57,321) that should have been included in the county's capital assets records were not included.
- D. Other assets (\$20,739) that were below the county's capitalization threshold and should not have been included in the county's capital assets records were included.
- E. Supporting documentation for several capital assets did not agree with the historical costs or the service dates in the capital assets records.
- F. Several buildings and parcels of land were recorded under the general government function in the capital assets records; however, these assets were actually being used for other purposes such as solid waste collection sites, the old landfill, a senior citizen's building, industrial park, emergency services, and fair purposes. Therefore, these assets were misclassified in the capital assets records.

RECOMMENDATION

Management should review the capital assets records and include only assets owned by the county. Only the capital assets that meet the county's capitalization threshold should be included in the capital assets records. All capital assets should have accurate supporting documentation. Furthermore, all capital assets should be reported in the appropriate function.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

June 30, 2008, was the final deadline for compliance under Governmental Accounting Standards Board (GASB) Statement No. 34. It took a year and a half to compile the capital assets of Van Buren County from June 30, 2008, back to the very creation of Van Buren County government in 1840. Items A. through D. have been corrected since June 30, 2008, and will be updated and maintained. Items E. and F. will be corrected for future reference but were not noted in the pre-audit review.

AUDITOR'S REBUTTAL

GASB Statement No. 34 was effective for Van Buren County, as a phase three county, for the fiscal year ended June 30, 2004; therefore, the county has had five years to implement the standard, which includes the reporting of capital assets. To assist the county in valuing their capital assets, the county could use actual historical cost if records were available or estimated historical costs if records were not available. In addition, Van Buren County only had to record infrastructure obtained after July 1, 2003. County officials were given the opportunity to correct the above-noted deficiencies during the audit period; however, the county mayor decided to accept the findings on the capital assets records rather than make the corrections citing a lack of time to make the adjustments.

FINDING 08.04 LEAVE RECORDS WERE NOT ON FILE TO SUPPORT PAYROLL DISBURSEMENTS
(Internal Control – Significant Deficiency Under Government Auditing Standards)

Certain personnel policies adopted by various county officials permit employees to accumulate earned but unused vacation leave; however, the county could not provide us with accrued leave balances at June 30, 2008. Governmental Accounting Standards Board (GASB) Statement No. 34 requires that all vacation pay should be accrued when incurred in the government-wide financial statements. However, the omission of these amounts was not considered to be material to the county's financial statements.

RECOMMENDATION

The County Mayor's Office should maintain summary accrued leave information by account function for all county offices and departments of the general county government. These records should reflect the dollar value of the leave at the beginning of the year, the amounts earned and used, and the value of the leave at year-end.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

The Mayor's Office was told that this would not be required under GASB Statement No. 34 by June 30, 2008, but would be required by June 30, 2009. The leave is on file in the Mayor's Office; however, we could not compile all of it at the time the auditor requested.

AUDITOR'S REBUTTAL

GASB Statement No. 34 was effective for Van Buren County, as a phase three county, for the fiscal year ended June 30, 2004.

FINDING 08.05 GENERAL LEDGER CASH ACCOUNTS WERE NOT RECONCILED WITH COUNTY TRUSTEE REPORTS
(Noncompliance Under Government Auditing Standards)

The office did not reconcile general ledger cash accounts with county trustee reports for funds administered by the county mayor. When auditors began work in this office in March 2008, 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. This deficiency was noted in the prior audit report; however, management has not taken corrective action. 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. The following deficiencies were noted in the reconciliations:

- A. As of February 29, 2008, the general ledger cash accounts did not reconcile with the county trustee's reports in the General (\$25,988), Courthouse and

Jail Maintenance (\$528), Solid Waste/Sanitation (\$24), Ambulance Service (\$2,068), Local Purpose Tax (\$11,135), Drug Control (\$125), and General Debt Service (\$99) funds. These differences included numerous errors on outstanding warrant lists, posting errors, and warrants that were not posted to the general ledgers. Cash with trustee for each fund was determined by substantive testing and alternative auditing procedures. We provided county officials with audit adjustments in April 2008 for their approval and posting to properly reflect the cash with trustee accounts as of February 29, 2008.

- B. As of June 30, 2008, the general ledger cash accounts did not reconcile with the county trustee's reports in the General (\$7,194), Solid Waste/Sanitation (\$498), Ambulance Service (\$842), Local Purpose Tax (\$11,234), Drug Control (\$4,047), and General Debt Service (\$8,715) funds. These differences included errors on outstanding warrant lists, posting errors, and entries posted to the general ledger after the reconciliations were performed. 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.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – COUNTY MAYOR

The finding reads that the funds have not been properly reconciled with the trustee's reports since March 2007, and this means to balance to exact trustee figures. The General Fund has never reconciled with the trustee's exact figures since before the change in administration in 2006. A true reconciliation of the General Fund is hampered by outstanding checks and carryover errors prior to 2006. The Mayor's Office is attempting to reconcile with the trustee's office monthly for all funds. The reconciliation is much improved from the status of funds in September 2006, due to the administrative assistant's efforts. Although separate from those General Fund problems already existing, voided checks have not been posted back to the general ledger in the local government software equipment. These issues are being worked on and will be resolved. The Van Buren County Mayor's Office has sought the professional services of both a certified public accountant and local audit; however, neither could offer a corrective conclusion to carryover errors that have existed in the General Fund since prior to 2006. The implementation of a computer system in the Trustee's Office should help in future reconciliations. The Mayor's Office will continue to work to achieve proper reconciliations for all funds.

AUDITOR'S REBUTTAL

The audit adjustments we provided to management in April 2008 reconciled the funds as of February 29, 2008, to within nominal amounts (General \$930; Solid Waste/Sanitation \$0;

Ambulance Service \$5; Drug Control \$.05; and General Debt Service \$.20). Differences on the June 30, 2008, reconciliations were for uncorrected errors made by the county between March and June 2008.

FINDING 08.06 **THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS**
(A. – Internal Control – Significant Deficiency Under Government Auditing Standards; B. – Material Noncompliance Under Government Auditing Standards)

Our examination revealed the following deficiencies in budget operations. These deficiencies result from the failure of management to adequately monitor and review budget procedures.

- A. The budget and subsequent amendments submitted to and approved by the County Commission for the General Fund resulted in appropriations exceeding estimated available funding causing a budgeted fund deficit of \$74,960. Sound budgetary principles dictate that appropriations be held within estimated available funding.

- B. Expenditures exceeded appropriations approved by the County Commission in the Employee Benefits (\$62,930) major appropriation category (the legal level of control) of the General Fund. Section 5-9-401, Tennessee Code Annotated, states that “All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies.” This finding was noted in the prior audit report and has not been corrected.

RECOMMENDATION

Appropriations that exceed estimated available funds should not be submitted to the County Commission, and the County Commission should not approve such appropriations. Expenditures should be held within appropriations approved by the County Commission.

MANAGEMENT’S RESPONSE – COUNTY MAYOR

- A. The Mayor’s Office has taken further preventive measures requiring an amendment to be approved by the full County Commission prior to any line-item being exceeded within the budget.

- B. In 2007, the Mayor’s Office was informed by local audit that the appropriations for retirement had to be broken down by department and not paid out of a single collective line-item; however, amendments were not done by June 30, 2008. This has been corrected in our system.

AUDITOR'S REBUTTAL

Appropriations for retirement benefits were properly approved in the budget by major appropriation categories. However, the disbursements for retirement expenditures were posted to the Employee Benefits major appropriation category rather than to the major appropriation categories as approved in the budget.

FINDING 08.07 **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. These deficiencies exist due to a lack of management oversight.

- A. General ledger payroll liability accounts for the General, Courthouse and Jail Maintenance, Solid Waste/Sanitation, and Ambulance Service funds were not reconciled monthly with payroll records and payments. As a result, unidentified balances accumulated in the liability accounts for social security, income tax, state retirement, and other payroll deductions. The failure to regularly reconcile payroll deduction accounts allows certain errors to remain undiscovered and uncorrected. This deficiency was reported in the prior year report and has not been corrected.
- B. Receivable and payable totals were reflected in the general ledgers of the General and Courthouse and Jail Maintenance funds at June 30, 2008; however, the official could not provide us with detailed listings to support the amounts posted to the general ledgers. We recreated these detailed listings by reviewing subsequent receipts and disbursements.
- C. In an attempt to post the collection of prior-year receivables, posting errors were discovered that understated current year revenues \$43,934. We have provided county officials with audit adjustments for their approval and posting to properly present revenues in the financial statements.

RECOMMENDATION

General ledger payroll liability accounts should be reconciled monthly with payroll reports and payments, and errors should be corrected promptly. The official should maintain a detailed listing of receivables posted to the general ledger at year-end and accurately post the collection of these receivables.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

- A. The amounts within these accounts have been unidentifiable for several years. The Mayor's Office is working to resolve these and other problems.

B.-C. The Mayor's Office is working to absorb this task. Receivables were traditionally set up by county audit until this year. The Mayor's Office was unaware until the audit was performed that these services would no longer be provided by the state.

AUDITOR'S REBUTTAL

The receivables and payables were established by county personnel; however, supporting documentation for these receivables and payables was not provided.

FINDING 08.08 **THE OFFICE HAD DEFICIENCIES IN PURCHASING PROCEDURES** (Internal Control – Material Weakness Under Government Auditing Standards)

Our examination of purchasing procedures revealed the following deficiencies. These deficiencies can be attributed to the failure of management to correct audit findings noted in prior audit reports.

- A. Purchase orders were not issued for some required purchases. Purchase orders are necessary to control who has purchasing authority for the office and to document purchasing commitments. The failure to issue purchase orders increases the risks of unauthorized purchases.
- B. In some instances, invoices were not on file to support purchases. Sound business practice dictates that invoices should be on file to support all purchases. The absence of invoices increases the risks of fraud and unauthorized purchases.
- C. Several invoices were paid without documentation that goods had been received and/or services had been rendered. The practice of paying invoices without documentation that goods had been received or services rendered increases the risks of paying for something that was never received.
- D. Several expenditures were coded to accounts that did not reflect the true nature of the transactions. Misclassifying expenditures diminishes the usefulness of the financial records as a management tool and results in a loss of budgetary control. Audit adjustments have been provided to management to classify these expenditures properly in the financial statements of this report.

RECOMMENDATION

The office should issue purchase orders for all applicable purchases, and 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. Expenditures should be coded to accounts that reflect the true nature of the transactions.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

- A.-C. Purchase orders are issued if requested. The Mayor's Office has changed the policy so that any purchase made without a prior approved purchase order will be paid by the individual purchaser. Invoices are kept on file if received. This has been corrected, and every invoice must have the purchase order number written on it or a copy attached to it.
- D. The capital outlay notes were coded wrong in the system in regard to the purchase of a garbage truck. New codes provided by the state now have been downloaded, and this has corrected our system.

AUDITOR'S REBUTTAL

Purchase orders should be issued to authorize all purchases, and disbursements should not be made without an invoice being on file. We noted numerous misclassifications during the audit including the purchase of the roll-off truck, retirement payments, grant revenues, state revenues, salaries, and equipment.

FINDING 08.09 **TAX ANTICIPATION NOTES WERE NOT RETIRED IN COMPLIANCE WITH STATE STATUTE** (Material Noncompliance Under Government Auditing Standards)

Our examination disclosed the following deficiencies in the retirement of tax anticipation notes:

- A. 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, 2008. This deficiency was noted in the past four audit reports and management has not taken corrective action.
- B. On September 28, 2007, the General Fund borrowed \$8,400 from the General Debt Service Fund to provide cash to pay the credit card balance for charges incurred by the prior administrative assistant that had been reported as a cash shortage. The county received restitution for the cash shortage; however, the restitution was posted to the General Fund instead of being remitted to the General Debt Service Fund to retire the tax anticipation note. This note should have been retired by June 30, 2008, but was still outstanding on that date.

Section 9-21-801, Tennessee Code Annotated, provides that tax anticipation notes shall mature not later than the close of the fiscal year issued. These notes have 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.

MANAGEMENT’S RESPONSE – COUNTY MAYOR

- A. The General Fund cannot afford to reimburse the General Debt Service Fund. The Mayor’s Office will request the County Commission and state Division of Local Finance to write-off this debt.

 - B. This has been corrected; the cash shortage reimbursement was mistakenly posted to the wrong fund.
-

FINDING 08.10 **THE OFFICE DID NOT MAINTAIN ADEQUATE RECORDS FOR STATE AND FEDERAL GRANTS**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The County Mayor’s Office did not maintain adequate records for state and federal grants received by the county. Records maintained did not include claims for reimbursements and compliance documentation that are necessary for the county mayor to have proper oversight of the grants. Furthermore, grant revenues were not consistently posted to account codes that reflect the true nature of the transactions. Misclassifying revenues diminishes the usefulness of the financial records as a management tool and results in a loss of budgetary control. In addition, the office could not provide auditors with a list of the federal awards and their Catalog of Federal Domestic Assistance (CFDA) numbers. We obtained the grant information for the Statement of Expenditure and Federal Awards from revenue transmittals, direct deposit information maintained by the county trustee, and from state pass-through agencies.

RECOMMENDATION

The County Mayor’s Office should maintain all grant records and administer grant funds for all departments of the general county government. Grant records should be complete, and revenues should be coded to accounts that most appropriately reflect the true nature of the transactions. The office should maintain a list of federal awards received by the county, including each grant’s CFDA number.

MANAGEMENT’S RESPONSE – COUNTY MAYOR

The grant summary sheet was handled in prior years by local audit. The Mayor’s Office was unaware this service had been discontinued. The Mayor’s Office is in the process of managing this task to correct this finding.

AUDITOR'S REBUTTAL

The Division of County Audit typically compiles a grant schedule for the county each year from the grant records maintained by management; however, the county mayor's records for the current year did not include the necessary information to compile the schedule. This year that information had to be obtained from other sources.

FINDING 08.11 **THE OFFICE HAD DEFICIENCIES IN COMPUTER SYSTEM BACKUP PROCEDURES** (Internal Control – Significant Deficiency Under Government Auditing Standards)

The following weaknesses regarding computer system backup procedures in the office were identified during the audit period:

- A. Backups were not performed on a routine basis. Inadequate backup procedures could result in the loss of data in the event of a hardware or software failure.
- B. System backups were not stored off-site on a regular basis. In the event of a disaster, all backup data could be destroyed, resulting in costly delays in generating and recording information accounted for through the automated process.
- C. A backup log was not maintained. If system backups are not labeled and inventoried systematically, discrepancies may occur and affect the integrity of system backups in the event of a hardware or software failure.

Sound business practices dictate that proper backup procedures be implemented. This deficiency is the result of management's failure to implement adequate disaster recovery planning procedures.

RECOMMENDATION

Management should perform a backup on a daily basis. In addition to daily system backups, a weekly system backup should be rotated off-site on a weekly basis. Some possibilities for an off-site storage location would be another county office building with a fireproof vault or a safe-deposit box at a local bank. A current log of all backups that includes label descriptions, date of creation, contents, and storage location should be maintained.

FINDING 08.12 THE AMBULANCE SERVICE DID NOT IMPLEMENT ADEQUATE CONTROLS TO PROTECT ITS INFORMATION RESOURCES
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The office did not implement adequate controls to protect its information resources. This finding does not identify specific vulnerabilities that could allow someone to exploit the office’s information system or misuse county funds. Disclosing those vulnerabilities could present a potential security risk by providing the readers with information that might be confidential pursuant to Section 10-7-504(i), Tennessee Code Annotated. Sound business practices dictate that proper controls be implemented. Without these controls, unauthorized system activity could occur.

RECOMMENDATION

The office should ensure that adequate controls over information systems and the resources associated with those systems are implemented.

OFFICE OF ROAD SUPERINTENDENT

FINDING 08.13 DEFICIENCIES WERE NOTED IN THE MAINTENANCE OF CAPITAL ASSETS RECORDS
(Internal Control – Significant Deficiency Under Government Auditing Standards)

Our examination of capital assets records revealed the following deficiencies:

- A. Supporting documentation for an infrastructure capital asset did not agree with the historical cost on the Highway Department’s capital assets records by \$126,679.
- B. Several infrastructure assets were posted in the capital assets records with a useful life of 50 years; however, the county’s policy states that the useful life of these assets should be 40 years. We also noted differences between the acquisition dates on supporting documentation and the service dates entered into capital assets records.

RECOMMENDATION

The historical costs posted in the capital assets records should agree with the supporting documentation. Capital assets should be depreciated in accordance with the county’s capital assets policy.

OFFICE OF TRUSTEE

FINDING 08.14 **THE OFFICE DID NOT IMPLEMENT ADEQUATE CONTROLS TO PROTECT ITS INFORMATION RESOURCES**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The office did not implement adequate controls to protect its information resources. This finding does not identify specific vulnerabilities that could allow someone to exploit the office's information system or misuse county funds. Disclosing those vulnerabilities could present a potential security risk by providing the readers with information that might be confidential pursuant to Section 10-7-504(i), Tennessee Code Annotated. Sound business practices dictate that proper controls be implemented. Without these controls, unauthorized system activity could occur. The vulnerabilities noted were corrected after they were brought to the official's attention.

FINDING 08.15 **THE OFFICE HAD DEFICIENCIES IN COMPUTER SYSTEM BACKUP PROCEDURES**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The following weaknesses regarding computer system backup procedures in the office were identified during the audit period:

- A. System backups were not stored off-site on a regular basis. In the event of a disaster, all backup data could be destroyed, resulting in costly delays in generating and recording information accounted for through the automated process.
- B. Backups were not performed on a routine basis. Inadequate backup procedures could result in the loss of data in the event of a hardware or software failure.

Sound business practices dictate that proper backup procedures be implemented. This deficiency is the result of management's failure to implement adequate disaster recovery planning procedures. Procedures for adequate backup procedures are currently in place.

FINDING 08.16 **THE OFFICE DID NOT REVIEW SOFTWARE AUDIT LOGS**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The software application used by the office generated a daily log that displayed changes made by users. Since this log provided the only audit trail of these changes, it should be reviewed for inappropriate activity. Because they were not aware of its existence, management did not review the audit log.

RECOMMENDATION

Management should review the audit log on a routine basis.

OFFICE OF COUNTY CLERK

FINDING 08.17 THE OFFICE DID NOT IMPLEMENT ADEQUATE CONTROLS TO PROTECT ITS INFORMATION RESOURCES
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The office did not implement adequate controls to protect its information resources. This finding does not identify specific vulnerabilities that could allow someone to exploit the office's information system or misuse county funds. Disclosing those vulnerabilities could present a potential security risk by providing the readers with information that might be confidential pursuant to Section 10-7-504(i), Tennessee Code Annotated. Sound business practices dictate that proper controls be implemented. Without these controls, unauthorized system activity could occur. The vulnerabilities noted were corrected after they were brought to the official's attention.

OFFICE OF REGISTER

FINDING 08.18 THE OFFICE DID NOT REVIEW SOFTWARE AUDIT LOGS
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The software application used by the office generated a daily log that displayed changes made by users. Since this log provided the only audit trail of these changes, it should be reviewed for inappropriate activity. Because they were not aware of its existence, management did not review the audit log. Procedures for reviewing this log are currently in place.

OFFICE OF SHERIFF

FINDING 08.19 DEFICIENCIES WERE NOTED IN THE MAINTENANCE OF PAYROLL RECORDS
(A. – Internal Control – Significant Deficiency Under Government Auditing Standards; B. – Noncompliance Under Government Auditing Standards)

Our examination of the office's payroll procedures revealed the following administrative deficiencies. These deficiencies appear to be the result of a lack of management oversight.

- A. Some time and attendance records were not signed by the employees and their supervisors as evidence of review and approval. If employees and supervisors do not review and approve time sheets, improper payments could result.
- B. 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 ensure that time and attendance records are signed by both the employee and his supervisor as evidence of review and approval. The office should comply with its personnel policy regarding the accumulation of leave.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

The Mayors Office changed the policy on time sheets effective July 1, 2008, and informed local audit. If the employee and supervisor do not sign time sheets, pay is held until the next pay period. Since 2006, the Mayors Office has never received a written copy of the personnel policy for Sheriff Barney Evans, and multiple requests have been made. The no pay policy, new time sheets, and better management by the chief deputy and jail administrator have alleviated some problems.

OTHER FINDINGS AND RECOMMENDATIONS

FINDING 08.20 **A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING HAD NOT BEEN ADOPTED**
(Internal Control – Control Deficiency Under Government Auditing Standards)

County officials had not adopted a central system of accounting, budgeting, and purchasing. Sound business practices indicate that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing process. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the County Commission resulting in decentralization and some duplication of effort.

RECOMMENDATION

County officials should consider adopting 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.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

This recurring audit finding is a result of the county's inability to fund a central accounting office. The cost would be enormous upon the taxpayers and the transition. However, the cost could help to ensure the prosperity of the county by preventing the financial ruin of the county by an outgoing administration, department head, or elected official.

FINDING 08.21 **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**
(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. Accounting standards provide that internal controls be designated to give reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – COUNTY MAYOR

This recurring audit finding is due to limited financial resources that impede the county's ability to segregate duties due to only having limited staff. The Mayor's Office currently employs one full-time person.

FINDING 08.22 **THE INDUSTRIAL DEVELOPMENT BOARD OF VAN BUREN COUNTY WAS NOT AUDITED**
(Noncompliance Under Government Auditing Standards)

An annual audit was not performed on the Industrial Development Board of Van Buren County, a component unit of Van Buren County. Section 9-3-211, Tennessee Code Annotated, requires an annual audit of each entity charged with the care and control of public funds.

RECOMMENDATION

An annual audit of the Industrial Development Board of Van Buren County should be performed as required by state statute.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

Local Audit reviewed the documents of the Van Buren County Industrial Board and stated that no audit would be necessary due to the limited financial transactions on December 18, 2008, in the County Mayor's Office.

AUDITOR'S REBUTTAL

Auditors reviewed the level of financial activity of the Van Buren County Industrial Board on December 18, 2008, and told officials on that date a decision would be forthcoming on whether the entity needed an audit. Subsequent to December 18, 2008, the county was informed by letter that an audit would be necessary. Section 9-3-211, Tennessee Code Annotated, requires an annual audit of each entity charged with the care and control of public funds.

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

There were no findings and questioned costs for federal awards.

This page is left blank intentionally.

VAN BUREN COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2008

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