
ANNUAL FINANCIAL REPORT VAN BUREN COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2009



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ANNUAL FINANCIAL REPORT
VAN BUREN COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2009

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
RODNEY MALIN, CGFM
JENI PALADENI
State Auditors

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

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VAN BUREN COUNTY, TENNESSEE

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Audit Highlights
Annual Financial Report
Van Buren County, Tennessee
For the Year Ended June 30, 2009

Scope

We have audited the basic financial statements of Van Buren County as of and for the year ended June 30, 2009.

Results

Our report on the aggregate discretely presented component units is qualified because the financial statements do not include a component unit whose financial statements were not audited. Our report on the governmental activities, each major fund, and the aggregate remaining fund information was unqualified.

Our audit resulted in 15 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 Ambulance Service Fund required material audit adjustments for proper financial statement presentation.
- ◆ Leave records were not on file to support payroll disbursements.
- ◆ The office had accounting deficiencies.
- ◆ General ledger cash accounts were not reconciled with county trustee reports.
- ◆ The office had deficiencies in budget operations.
- ◆ The office had deficiencies in purchasing procedures.
- ◆ Tax anticipation notes were not retired in compliance with state statute.
- ◆ Deficiencies were noted in the administration of the Community Development Block Grant.

OFFICE OF COUNTY MAYOR (Cont.)

- ◆ The office had deficiencies in computer system backup procedures.
 - ◆ The Ambulance Service billing software did not have adequate application controls.
-

OFFICE OF SHERIFF

- ◆ Leave balances were not accrued in compliance with the personnel policy.
-

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

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Van Buren County Officials

June 30, 2009

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

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FINANCIAL SECTION

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

INDEPENDENT AUDITOR'S REPORT

January 20, 2010

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, 2009, 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 did not audit the financial statements of the discretely presented Van Buren County Emergency Communications District, which represent 6.4 and 3.5 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Van Buren County Emergency Communications District, is based on the report of the other auditors.

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

The 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 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 reasonable determinable.

In our opinion, based on our audit and the report of other auditors, except for the effects of not including the financial statements of the Industrial Development Board of Van Buren County as discussed in the preceding paragraph, the financial statements present fairly, in all material respects, the financial position of the aggregate discretely presented component units of Van Buren County, Tennessee, at June 30, 2009, 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 the governmental activities, each major fund, and the aggregate remaining fund information of Van Buren County, Tennessee, as of June 30, 2009, 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 20, 2010, 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 adopted Governmental Accounting Standards Board Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations; and Statement No. 52, Land and Other Real Estate Held as Investments by Endowments.

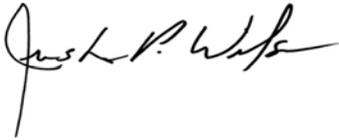
The management of Van Buren County did not prepare a management's discussion and analysis. The management's discussion and analysis section is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States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

The budgetary comparison, pension, and other postemployment benefits information on pages 71 through 78 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,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/sb

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BASIC FINANCIAL STATEMENTS

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Exhibit A

Van Buren County, Tennessee
Statement of Net Assets
June 30, 2009

	Primary Government Governmental Activities	Component Units	
		Van Buren County School Department	Van Buren County Emergency Communications District
<u>ASSETS</u>			
Cash	\$ 1,567	\$ 0	\$ 0
Equity in Pooled Cash and Investments	2,740,101	3,376,862	33,053
Accounts Receivable	454,052	0	2,323
Allowance for Uncollectibles	(158,326)	0	0
Due from Other Governments	285,604	303,529	20,609
Prepaid Expenses	3,339	0	2,949
Property Taxes Receivable	1,740,721	712,113	0
Allowance for Uncollectible Property Taxes	(44,792)	(18,324)	0
Capital Assets:			
Assets Not Depreciated:			
Land	130,924	227,406	60,000
Construction in Progress	0	48,152	0
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	934,892	4,256,151	340,297
Other Capital Assets	1,364,194	482,741	187,356
Infrastructure	3,850,132	11,587	0
Total Assets	<u>\$ 11,302,408</u>	<u>\$ 9,400,217</u>	<u>\$ 646,587</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 57,601	\$ 0	\$ 1,370
Accrued Payroll	0	0	4,338
Payroll Deductions Payable	6,111	0	852
Accrued Interest Payable	2,969	0	0
Due to State of Tennessee	1,251	0	0
Deferred Revenue - Current Property Taxes	1,578,195	645,625	0
Noncurrent Liabilities:			
Due Within One Year	52,488	113,730	20,203
Due in More Than One Year	419,342	1,320,347	67,481
Total Liabilities	<u>\$ 2,117,957</u>	<u>\$ 2,079,702</u>	<u>\$ 94,244</u>
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	\$ 6,078,142	\$ 3,966,037	\$ 499,969
Restricted for:			
Debt Service	310,196	0	0
Courthouse and Jail Maintenance	32,870	0	0
Solid Waste/Sanitation	92,635	0	0
Ambulance Service	643,704	0	0
Local Purpose Tax	39,979	0	0
Drug Control	4,239	0	0
Highway/Public Works	1,879,003	0	0
School Federal Projects	0	66,772	0
Central Cafeteria	0	151,507	0
Basic Education Program	0	2,910,291	0
Other Purposes	27,611	3,488	0
Unrestricted	76,072	222,420	52,374
Total Net Assets	<u>\$ 9,184,451</u>	<u>\$ 7,320,515</u>	<u>\$ 552,343</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, 2009

Functions/Programs	Program Revenues						Net (Expense) Revenue and Changes in Net Assets		
	Operating Grants and Contributions			Capital Grants and Contributions			Primary Government Total	Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Van Buren County School Department	Emergency Communications District		
Primary Government:									
Governmental Activities:									
General Government	\$ 443,146	\$ 50,694	\$ 14,912	\$ 0	\$ (377,540)	\$ 0	\$ 0	\$ 0	\$ 0
Finance	229,193	142,572	4,246	0	(82,375)	0	0	0	0
Administration of Justice	204,851	134,846	9,000	0	(61,005)	0	0	0	0
Public Safety	916,522	6,087	4,200	50,000	(856,235)	0	0	0	0
Public Health and Welfare	587,520	346,153	55,188	324,468	138,289	0	0	0	0
Social, Cultural, and Recreational Services	64,826	0	12,452	0	(52,374)	0	0	0	0
Agriculture and Natural Resources	43,123	0	0	0	(43,123)	0	0	0	0
Other Operations	165,392	0	0	0	(165,392)	0	0	0	0
Highways/Public Works	1,237,694	0	1,288,713	0	51,019	0	0	0	0
Interest on Long-term Debt	7,718	0	0	0	(7,718)	0	0	0	0
Other Debt Service	1,968	0	0	0	(1,968)	0	0	0	0
Total Governmental Activities	\$ 3,901,953	\$ 680,352	\$ 1,388,711	\$ 374,468	\$ (1,458,422)	\$ 0	\$ 0	\$ 0	\$ 0
Total Primary Government	\$ 3,901,953	\$ 680,352	\$ 1,388,711	\$ 374,468	\$ (1,458,422)	\$ 0	\$ 0	\$ 0	\$ 0
Component Units:									
Van Buren County School Department	\$ 6,836,281	\$ 167,459	\$ 1,138,867	\$ 29,243	\$ 0	\$ (5,500,712)	\$ 0	\$ 0	\$ 0
Emergency Communications District	266,666	129,668	0	0	0	0	0	0	(136,998)
Total Component Units	\$ 7,102,947	\$ 297,127	\$ 1,138,867	\$ 29,243	\$ 0	\$ (5,500,712)	\$ (136,998)	\$ 0	\$ (136,998)

(Continued)

Exhibit B

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

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units	
				Total Governmental Activities	Van Buren County School Department	Emergency Communications District	
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes				\$ 1,411,040	\$ 596,951	\$ 0	0
Property Taxes Levied for Debt Service				55,748	0	0	0
Local Option Sales Taxes				65,181	410,547	0	0
Hotel/Motel Tax				60,757	103,452	0	0
Litigation Tax - Special Purpose				49,231	0	0	0
Other Local Taxes				31,439	669	0	0
Grants and Contributions Not Restricted to Specific Programs				318,897	4,957,681	144,126	202
Unrestricted Investment Earnings				49,228	658		
Miscellaneous				9,341	53,783		579
Total General Revenues				\$ 2,050,862	\$ 6,123,741	\$ 144,907	
Insurance Recovery				\$ 0	\$ 0	\$ 22,996	
Change in Net Assets				\$ 592,440	\$ 623,029	\$ 30,905	
Net Assets, July 1, 2008				9,937,259	6,697,486	521,438	
Prior-period Adjustment				(1,345,248)	0	0	
Net Assets, June 30, 2009				\$ 9,184,451	\$ 7,320,515	\$ 552,343	

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

Exhibit C-1

Van Buren County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2009

	Major Funds			Nonmajor Funds	Total Govern- mental Funds
	General	Ambulance Service	Highway / Public Works	Other Govern- mental Funds	
<u>ASSETS</u>					
Cash	\$ 0	\$ 1,000	\$ 0	\$ 567	\$ 1,567
Equity in Pooled Cash and Investments	341,040	383,005	1,648,187	367,869	2,740,101
Accounts Receivable	25,211	421,914	0	6,927	454,052
Allowance for Uncollectibles	0	(158,326)	0	0	(158,326)
Due from Other Governments	33,108	21,628	230,816	52	285,604
Due from Other Funds	18,272	5,785	0	31,117	55,174
Property Taxes Receivable	1,322,496	146,944	0	271,281	1,740,721
Allowance for Uncollectible Property Taxes	(34,030)	(3,781)	0	(6,981)	(44,792)
Prepaid Items	3,339	0	0	0	3,339
Notes Receivable - Current	0	0	0	73,400	73,400
Total Assets	<u>\$ 1,709,436</u>	<u>\$ 818,169</u>	<u>\$ 1,879,003</u>	<u>\$ 744,232</u>	<u>\$ 5,150,840</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 30,406	\$ 21,253	\$ 0	\$ 5,942	\$ 57,601
Payroll Deductions Payable	736	2,457	0	2,918	6,111
Due to Other Funds	31,673	17,070	0	6,431	55,174
Due to State of Tennessee	689	460	0	102	1,251
Revenue Anticipation Notes Payable	73,400	0	0	0	73,400
Deferred Revenue - Current Property Taxes	1,199,019	133,224	0	245,952	1,578,195
Deferred Revenue - Delinquent Property Taxes	83,694	9,299	0	17,168	110,161
Other Deferred Revenues	13,739	213,439	111,685	0	338,863
Total Liabilities	<u>\$ 1,433,356</u>	<u>\$ 397,202</u>	<u>\$ 111,685</u>	<u>\$ 278,513</u>	<u>\$ 2,220,756</u>
<u>Fund Balances</u>					
Reserved for Alcohol and Drug Treatment	\$ 263	\$ 0	\$ 0	\$ 0	\$ 263
Reserved for Computer System - Register	7,231	0	0	0	7,231
Reserved for Automation Purposes - Circuit Court	218	0	0	0	218
Reserved for Automation Purposes - General Sessions Court	13,718	0	0	0	13,718
Reserved for Automation Purposes - Chancery Court	1,338	0	0	0	1,338
Reserved for Capital Outlay	4,843	0	0	0	4,843
Reserved for Other General Purposes	0	0	0	73,400	73,400
Unreserved, Reported In:					
General Fund	248,469	0	0	0	248,469
Special Revenue Funds	0	420,967	1,767,318	156,847	2,345,132
Debt Service Funds	0	0	0	235,472	235,472
Total Fund Balances	<u>\$ 276,080</u>	<u>\$ 420,967</u>	<u>\$ 1,767,318</u>	<u>\$ 465,719</u>	<u>\$ 2,930,084</u>
Total Liabilities and Fund Balances	<u>\$ 1,709,436</u>	<u>\$ 818,169</u>	<u>\$ 1,879,003</u>	<u>\$ 744,232</u>	<u>\$ 5,150,840</u>

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

Exhibit C-2

Van Buren County, Tennessee
Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Assets
June 30, 2009

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)		\$ 2,930,084
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 130,924	
Add: infrastructure net of accumulated depreciation	3,850,132	
Add: buildings and improvements net of accumulated depreciation	934,892	
Add: other capital assets net of accumulated depreciation	<u>1,364,194</u>	6,280,142
(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	\$ (8,347)	
Less: bonds payable	(102,500)	
Less: capital leases payable	(91,153)	
Less: accrued interest on bonds, notes, other loans, and capital leases	(2,969)	
Less: landfill closure/postclosure care costs (net of prior-period adjustment)	<u>(269,830)</u>	(474,799)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>449,024</u>
Net assets of governmental activities (Exhibit A)		<u><u>\$ 9,184,451</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, 2009

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 1,336,150	\$ 130,265	\$ 0	\$ 342,204	\$ 1,808,619
Licenses and Permits	8,852	0	0	0	8,852
Fines, Forfeitures, and Penalties	28,129	0	0	6,152	34,281
Charges for Current Services	6,144	291,407	0	45,898	343,449
Other Local Revenues	56,952	492	439	11,220	69,103
Fees Received from County Officials	280,942	0	0	0	280,942
State of Tennessee	208,519	0	1,288,713	40,758	1,537,990
Federal Government	55,872	300,000	0	0	355,872
Total Revenues	<u>\$ 1,981,560</u>	<u>\$ 722,164</u>	<u>\$ 1,289,152</u>	<u>\$ 446,232</u>	<u>\$ 4,439,108</u>
<u>Expenditures</u>					
Current:					
General Government	\$ 382,942	\$ 0	\$ 0	\$ 29,446	\$ 412,388
Finance	229,193	0	0	0	229,193
Administration of Justice	204,851	0	0	0	204,851
Public Safety	881,181	0	0	96,390	977,571
Public Health and Welfare	39,581	721,834	0	100,207	861,622
Social, Cultural, and Recreational Services	64,826	0	0	0	64,826
Agriculture and Natural Resources	43,123	0	0	0	43,123
Other Operations	162,890	0	0	2,502	165,392
Highways	24,082	0	1,000,594	0	1,024,676
Debt Service:					
Principal on Debt	0	0	0	28,341	28,341
Interest on Debt	2,685	0	0	5,832	8,517
Other Debt Service	0	0	0	1,968	1,968
Total Expenditures	<u>\$ 2,035,354</u>	<u>\$ 721,834</u>	<u>\$ 1,000,594</u>	<u>\$ 264,686</u>	<u>\$ 4,022,468</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (53,794)</u>	<u>\$ 330</u>	<u>\$ 288,558</u>	<u>\$ 181,546</u>	<u>\$ 416,640</u>
<u>Other Financing Sources (Uses)</u>					
Bonds Issued	\$ 102,500	\$ 0	\$ 0	\$ 0	\$ 102,500
Total Other Financing Sources (Uses)	<u>\$ 102,500</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 102,500</u>
Net Change in Fund Balances	\$ 48,706	\$ 330	\$ 288,558	\$ 181,546	\$ 519,140
Fund Balance, July 1, 2008	<u>227,374</u>	<u>420,637</u>	<u>1,478,760</u>	<u>284,173</u>	<u>2,410,944</u>
Fund Balance, June 30, 2009	<u>\$ 276,080</u>	<u>\$ 420,967</u>	<u>\$ 1,767,318</u>	<u>\$ 465,719</u>	<u>\$ 2,930,084</u>

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, 2009

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)		\$ 519,140
<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	\$ 487,604	
Less: current year depreciation expense	<u>(403,829)</u>	83,775
<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, 2008	\$ (393,739)	
Add: deferred delinquent property taxes and other deferred June 30, 2009	<u>449,024</u>	55,285
<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: bond proceeds	\$ (102,500)	
Add: principal payments on notes	20,347	
Add: principal payments on capital leases	<u>7,994</u>	(74,159)
<p>(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
Change in accrued interest on bonds, notes, other loans, and capital leases	\$ 799	
Change in landfill closure/postclosure care costs (net of prior-period adjustment)	<u>7,600</u>	<u>8,399</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 592,440</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, 2009

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 341,217
Due from Other Governments	<u>15,049</u>
Total Assets	<u><u>\$ 356,266</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 15,049
Due to Litigants, Heirs, and Others	<u>341,217</u>
Total Liabilities	<u><u>\$ 356,266</u></u>

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

VAN BUREN COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2009

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.

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 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 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’s 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; deposit accounts at state and federal chartered banks and savings and loan association; repurchase agreements; the State Treasurer's Investment Pool; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises, and the county's own legally issued bonds or notes.

The county trustee maintains a cash and internal investment pool that is used by all funds 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 receivables 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 1.4 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:

<u>Assets</u>	<u>Years</u>
Primary Government:	
Buildings and Improvements	15 - 40
Other Capital Assets	5 - 15
Infrastructure:	
Roads	20 - 50
Bridges	40
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 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, other postemployment benefits, 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.

8. Prior-period Adjustments

A prior-period adjustment totaling \$1,345,248 was recognized in the Statement of Activities. This prior-period adjustment resulted from: 1) a decrease to the value of the capital assets totaling \$1,437,459 at June 30, 2008, because the historical values of the assets estimated by the primary government were overstated; and 2) a change in the method of accumulating landfill postclosure care costs for \$92,211.

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 County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, 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. 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 \$27,795. 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 and Solid Waste Sanitation funds resulted in appropriations exceeding estimated available funding by \$25,362 and \$5,734, respectively. 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, 2009. This deficiency has been noted in the past five 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 at of June 30, 2009. This deficiency was noted in the prior-year audit report.

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; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state 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, 2009.

B. Capital Assets

Capital assets activity for the year ended June 30, 2009, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-08	Increases	Decreases	Balance 6-30-09
Capital Assets Not Depreciated:				
Land	\$ 937,224	\$ 0	\$ (806,300)	\$ 130,924
Total Capital Assets Not Depreciated	<u>\$ 937,224</u>	<u>\$ 0</u>	<u>\$ (806,300)</u>	<u>\$ 130,924</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 1,854,349	\$ 0	\$ (317,461)	\$ 1,536,888
Roads and Bridges	6,929,057	0	(434,937)	6,494,120
Other Capital Assets	2,836,619	487,604	(47,377)	3,276,846
Total Capital Assets Depreciated	<u>\$ 11,620,025</u>	<u>\$ 487,604</u>	<u>\$ (799,775)</u>	<u>\$ 11,307,854</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 667,819	\$ 32,084	\$ (97,907)	\$ 601,996
Roads and Bridges	2,569,182	157,426	(82,620)	2,643,988
Other Capital Assets	1,686,422	226,230	0	1,912,652
Total Accumulated Depreciation	<u>\$ 4,923,423</u>	<u>\$ 415,740</u>	<u>\$ (180,527)</u>	<u>\$ 5,158,636</u>
Total Capital Assets Depreciated, Net	<u>\$ 6,696,602</u>	<u>\$ 71,864</u>	<u>\$ (619,248)</u>	<u>\$ 6,149,218</u>
Governmental Activities Capital Assets, Net	<u>\$ 7,633,826</u>	<u>\$ 71,864</u>	<u>\$ (1,425,548)</u>	<u>\$ 6,280,142</u>

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

Governmental Activities:

General Government	\$ 30,758
Public Safety	90,499
Public Health and Welfare	49,159
Highways/Public Works	<u>233,413</u>
 Total Depreciation Expense - Governmental Activities	 <u>\$ 403,829</u>

Discretely Presented Van Buren County School Department

Governmental Activities:

	Balance 7-1-08	Increases	Decreases	Balance 6-30-09
Capital Assets Not Depreciated:				
Land	\$ 102,406	\$ 125,000	\$ 0	\$ 227,406
Construction in Progress	0	48,152	0	48,152
Total Capital Assets Not Depreciated	<u>\$ 102,406</u>	<u>\$ 173,152</u>	<u>\$ 0</u>	<u>\$ 275,558</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 6,948,550	\$ 0	\$ 0	\$ 6,948,550
Infrastructure	22,760	0	0	22,760
Other Capital Assets	916,300	86,922	(45,458)	957,764
Total Capital Assets Depreciated	<u>\$ 7,887,610</u>	<u>\$ 86,922</u>	<u>\$ (45,458)</u>	<u>\$ 7,929,074</u>
Less Accumulated Depreciated For:				
Buildings and Improvements	\$ 2,520,920	\$ 171,479	\$ 0	\$ 2,692,399
Infrastructure	10,046	1,127	0	11,173
Other Capital Assets	460,207	59,819	(45,003)	475,023
Total Accumulated Depreciation	<u>\$ 2,991,173</u>	<u>\$ 232,425</u>	<u>\$ (45,003)</u>	<u>\$ 3,178,595</u>
Total Capital Assets Depreciated, Net	<u>\$ 4,896,437</u>	<u>\$ (145,503)</u>	<u>\$ (455)</u>	<u>\$ 4,750,479</u>
Governmental Activities Capital Assets, Net	<u>\$ 4,998,843</u>	<u>\$ 27,649</u>	<u>\$ (455)</u>	<u>\$ 5,026,037</u>

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

Governmental Activities:

Instruction	\$ 173,511
Support Services	<u>58,914</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 232,425</u>

C. Construction Commitments

At June 30, 2009, the discretely presented General Purpose School Fund had uncompleted construction contracts of approximately \$84,091 for the construction of tennis courts. Funding for these future expenditures is expected to be paid from fund balance.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2009, is as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 1,202
General	Ambulance Service	17,070
Ambulance Service	General	1,782
Ambulance Service	Nonmajor governmental	4,003
Nonmajor governmental	General	29,891
Nonmajor governmental	Nonmajor governmental	1,226
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	47

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, 2009, consisted of the following amount:

Transfer Out	<u>Transfer In</u> General Purpose School Fund
Nonmajor governmental funds	\$ 10,180

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.

E. 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, 2009, were as follows:

Year Ending June 30	Governmental Funds
2010	\$ 25,458
2011	25,458
2012	25,458
2013	<u>25,458</u>
Total Minimum Lease Payments	\$ 101,832
Less: Amount Representing Interest	<u>(10,679)</u>
 Present Value of Minimum Lease Payments	 <u><u>\$ 91,153</u></u>

F. Long-term Debt

Primary Government

General Obligation Bonds and Notes

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

General obligation bonds and capital outlay notes are direct obligations and pledge the full faith and credit of the government. The general obligation bond and capital outlay note outstanding were issued for original terms of six years for the bond and three years for the note. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. The bond and note included in long-term debt as of June 30, 2009, will be retired from the General Debt Service Fund.

The general obligation bond, capital outlay note, and capital lease outstanding as of June 30, 2009, are as follows:

<u>Type</u>	<u>Interest Rate</u>	<u>Original Amount of Issue</u>	<u>Balance 6-30-09</u>
General Obligation Bond	4.5 %	\$ 102,500	\$ 102,500
Capital Outlay Note	4.4	24,000	8,347
Capital Lease	4.49	111,500	91,153

The annual requirements to amortize the general obligation bond and note outstanding as of June 30, 2009, including interest payments, are presented in the following tables:

<u>Year Ending June 30</u>	<u>Bond</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 15,261	\$ 4,613	\$ 19,874
2011	15,947	3,926	19,873
2012	16,665	3,208	19,873
2013	17,415	2,458	19,873
2014	18,198	1,675	19,873
2015	19,014	858	19,872
Total	\$ 102,500	\$ 16,738	\$ 119,238

Year Ending June 30	Note		
	Principal	Interest	Total
2010	\$ 8,347	\$ 266	\$ 8,613
Total	\$ 8,347	\$ 266	\$ 8,613

There is \$235,472 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$19, based on the 2000 federal census. Debt per capita, including the bond, note and capital lease totaled \$37, based on the 2000 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2009, was as follows:

Governmental Activities:

	Bond	Note
Balance, July 1, 2008	\$ 0	\$ 16,341
Additions	102,500	0
Deductions	0	(7,994)
Balance, June 30, 2009	\$ 102,500	\$ 8,347
Balance Due Within One Year	\$ 15,261	\$ 8,347

Governmental Activities:

	Capital Lease	Landfill Postclosure Care Costs
Balance, July 1, 2008	\$ 111,500	\$ 369,641
Deductions	(20,347)	(99,811)
Balance, June 30, 2009	\$ 91,153	\$ 269,830
Balance Due Within One Year	\$ 21,280	\$ 7,600

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2009	\$ 471,830
Less: Balance Due Within One Year	<u>(52,488)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 419,342</u>

Discretely Presented Van Buren County School Department

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. The general obligation bond and other loan 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 other loan included in long-term debt as of June 30, 2009, will be retired from the General Purpose School Fund.

The other loan outstanding as of June 30, 2009, is as follows:

<u>Type</u>	<u>Interest Rate</u>	<u>Original Amount of Issue</u>	<u>Balance 6-30-09</u>
Other Loan	Variable %	\$ 2,000,000	\$ 1,060,000

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, 2009, the variable interest rate was .58 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 other loan outstanding as of June 30, 2009, including interest payments and other fees, are presented in the following table:

Year Ending June 30	Other Loan			
	Principal	Interest	Other Fees	Total
2010	\$ 109,000	\$ 6,095	\$ 5,014	\$ 120,109
2011	115,000	5,460	4,597	125,057
2012	121,000	4,790	4,159	129,949
2013	128,000	4,085	3,696	135,781
2014-2017	587,000	8,456	9,621	605,077
Total	\$ 1,060,000	\$ 28,886	\$ 27,087	\$ 1,115,973

Debt per capita, for the other loan totaled \$192, based on the 2000 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2009, was as follows:

Governmental Activities:

	Bond	Other Loan	Compensated Absences
Balance, July 1, 2008	\$ 90,000	\$ 1,163,000	\$ 6,459
Additions	0	0	3,914
Deductions	(90,000)	(103,000)	(914)
Balance, June 30, 2009	\$ 0	\$ 1,060,000	\$ 9,459
Balance Due Within One Year	\$ 0	\$ 109,000	\$ 4,730

	Other Postemployment Benefits
Balance, July 1, 2008	\$ 177,388
Additions	227,213
Deductions	(39,983)
Balance, June 30, 2009	\$ 364,618
Balance Due Within One Year	\$ 0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2009	\$ 1,434,077
Less: Balance Due Within One Year	<u>(113,730)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 1,320,347</u>

G. 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, 2009, were \$32,630 and \$5,758, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

H. 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, 2009, 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.

On September 28, 2007, 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 June 30, 2009, 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 a \$100,000 tax anticipation note 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. These notes were properly retired by June 30, 2009.

Short-term debt activity for the year ended June 30, 2009, was as follows:

	Balance 7-1-08	Issued	Redeemed	Balance 6-30-09
Tax Anticipation Notes	\$ 73,400	\$ 100,000	\$ (100,000)	\$ 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 LWCF reinsure through commercial insurance companies for claims exceeding \$100,000 for each insured event.

The county carries 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

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations; and Statement No. 52, Land and Other Real Estate Held as Investments by Endowments became effective for the year ended June 30, 2009.

GASB Statement No. 49 requires county governments to measure and report their pollution remediation liabilities. A county has a pollution remediation problem if one of five obligating events occurs. The statement requires governments to restate beginning net assets in government-wide and proprietary fund financial statements for pollution remediation liabilities that existed as of July 1, 2008. Previous to Statement No. 49, counties were not required to measure and record pollution remediation liabilities. GASB Statement No. 49 had no effect on the financial statements of Van Buren County for the year ended June 30, 2009, since the county had none of the obligating events. However, it is reasonably expected that Van Buren County could have pollution remediation liabilities in subsequent years.

GASB Statement No. 52 requires endowments to report land and other real estate investments at fair value. Previous to Statement No. 52, land and other real estate held by endowments were reported at historical cost. Changes in fair value between years will be reported as investment income (loss). GASB Statement No. 52 had no effect on the financial statements of Van Buren County for the year ended June 30, 2009, since the county had no endowment investments. However, it is reasonably expected that Van Buren County could have endowment investments in subsequent years.

C. Contingent Liabilities

The county is a defendant in litigation filed in September 2009, seeking compensatory damages of \$15,000,000 and punitive damages of \$25,000,000 related to a personal injury suffered by the plaintiff in connection with the Sheriff's Department. This case is being defended by the county's insurance carrier. This lawsuit is in the preliminary stage and no estimate of possible loss to the county can be made.

The county attorney has advised that the county is not involved in any other pending or threatened litigation.

The discretely presented Van Buren County School Department officials advised us there are no pending lawsuits in which the School Department is involved as of the date of this report.

D. Landfill Postclosure Care Costs

Van Buren County has an active permit on file with the state Department of Environment and Conservation for a sanitary landfill. The county has provided financial assurances for estimated postclosure liabilities as required by the State of Tennessee. These financial assurances are on file with the Department of Environment and Conservation.

State and federal laws and regulations require the county to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Van Buren County closed its sanitary landfill in 1996. The \$269,830 reported as postclosure care liability at June 30, 2009, represents amounts based on what it would cost to perform all postclosure care in 2009. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

E. 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 www.tn.gov/treasury/tcrs.

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, 2009, was 7.11 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, 2009, Van Buren County’s annual pension cost of \$181,297 to TCRS was equal to the county’s required and actual contributions. The required contribution was determined as part of the July 1, 2007, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post retirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Van Buren County’s unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2007, was eight 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
6-30-09	\$181,297	100%	\$0
6-30-08	185,591	100	0
6-30-07	162,498	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 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.tn.gov/treasury/tcrs.

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, 2009, was 6.42 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, 2009, 2008, and 2007, were \$207,896, \$199,989, and \$188,516, respectively, equal to the required contributions for each year.

F. 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://tn.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The 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, 2009, the discretely presented Van Buren County School Department contributed \$39,983 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan
	<hr/>
ARC	\$ 227,000
Interest on the NPO	7,982
Adjustment to the ARC	(7,769)
Annual OPEB cost	<hr/> \$ 227,213
Amount of contribution	(39,983)
Increase/decrease in NPO	<hr/> \$ 187,230
Net OPEB obligation, 7-1-08	<hr/> 177,388
	<hr/>
Net OPEB obligation, 6-30-09	<u><u>\$ 364,618</u></u>

Fiscal Year Ended*	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
<hr/>				
6-30-08	Local Education Group	\$ 224,000	21%	\$ 177,388
6-30-09	"	227,213	18	364,618

* Data only available for two years.

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2009, was as follows:

	<u>Local Education Group Plan</u>
Actuarial valuation date	7-1-07
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)	\$ 1,738,068
UAAL as a % of covered payroll	114%

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 multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

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

In the July 1, 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.

G. Purchasing Laws

Office of County Mayor

Purchasing procedures for the Office of County Mayor 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 based on 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.

VI. OTHER NOTES – DISCRETELY PRESENTED VAN BUREN COUNTY EMERGENCY COMMUNICATIONS DISTRICT

A. Summary of Significant Accounting Policies

The Van Buren County Emergency Communication District was established for the purpose of providing an enhanced level of 911 services to the Van Buren County citizens by acquiring certain types of equipment that enable emergency service providers to respond more rapidly and more effectively due to increased speed in the transmittal of critical information and improved reliability of address and information. It is a component unit of Van Buren County. The Van Buren County Emergency Communications District is run by a board of directors, which is appointed by Van Buren County. The district must file a budget with Van Buren County each year. Any bond issued by the district is subject to approval by Van Buren County.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis of accounting when the exchange takes place. Nonexchange transactions, in which the district receives value without directly giving value in return, include grants and donations. On an accrual basis, revenue from grants and donations is

recognized in the fiscal year in which all eligibility requirements have been satisfied. On an accrual basis, expenses are recognized at the time they are incurred. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units and by the Financial Accounting Standards Board. As allowed in Section P80 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, the board has elected not to apply to its proprietary activities Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedures issued after November 30, 1989.

1. Depreciation

Depreciation is computed at rates designed to amortize the cost of the individual assets over their useful lives. Depreciation begins when the capital assets are placed in service. Depreciation is summarized as follows:

	Method	Estimated Useful Life	2009 Depreciation
Buildings and Improvements	S/L	40 years	\$ 9,611
Furniture and Fixtures	S/L	10 years	2,233
Office Equipment	S/L	5-10 years	84
Communications Equipment	S/L	5-10 years	35,368
Total			<u>\$ 47,296</u>

2. Major Source of Revenue

The major source of operating revenue is emergency telephone, wireless surcharges, and operational funding from the Tennessee Emergency Communications Board (TECB). Nonoperating revenue consists of grants given by the TECB, contributions from Van Buren County and the City of Spencer, and miscellaneous income.

3. Net Assets

Net assets present the difference between assets and liabilities in the Statement of Net Assets. Net assets invested in capital assets are reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are legal limitations imposed on their use by the district legislation or external restrictions by creditors, grantors, laws, or regulations of other governments. If

restricted and unrestricted assets are available for the same purpose, then restricted assets will be used before unrestricted assets.

B. Cash and Cash Investments

The Tennessee Code Annotated requires Tennessee banks and savings and loan associations to secure a governmental entity's deposits by pledging government securities as collateral. The market value of pledged securities must equal 105 percent of the entity's deposits. The entity may waive collateral requirements for deposits that are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) or Savings Association Insurance Fund.

The following is a schedule of bank accounts at June 30, 2009:

Operating Checking - Citizens Bank	\$ 32,137
Payroll Checking - Citizens Bank	<u>916</u>
Total Deposits	<u><u>\$ 33,053</u></u>

At June 30, 2009, the carrying amount of the Van Buren County Emergency Communications District's cash deposits was \$37,102. The district's deposit accounts are covered up to \$250,000 by FDIC. The district is authorized to deposit and invest funds according to the provisions of Section 5-8-301, Tennessee Code Annotated. [Acts 1992, ch. 891, section 10].

C. Bonding

Van Buren County Emergency Communications District has a bond covering certain members of the board at June 30, 2009. The district also has insurance covering liability and vehicles. There have been no losses or settlements that exceeded coverage during the past three years.

D. Capital Assets

The following is a schedule of capital assets at June 30, 2009:

Assets	Cost	Accumulated Depreciation	Net
Non-Depreciable:			
Land	\$ 60,000	\$ 0	\$ 60,000
Depreciable:			
Buildings and Improvements	\$ 359,326	\$ 19,029	\$ 340,297
Furniture and Fixtures	22,494	2,233	20,261
Office Equipment	840	518	322
Communications Equipment	272,981	106,208	166,773
Total Depreciable	<u>\$ 655,641</u>	<u>\$ 127,988</u>	<u>\$ 527,653</u>
Total Assets	<u>\$ 715,641</u>	<u>\$ 127,988</u>	<u>\$ 587,653</u>

Assets	Balance 7-1-08	Additions	Balance 6-30-09
Non-Depreciable:			
Land	\$ 60,000	\$ 0	\$ 60,000
Depreciable:			
Buildings and Improvements	\$ 356,556	\$ 2,770	\$ 359,326
Furniture and Fixtures	0	22,494	22,494
Office Equipment	840	0	840
Communications Equipment	229,496	43,485	272,981
Total Depreciable	<u>\$ 586,892</u>	<u>\$ 68,749</u>	<u>\$ 655,641</u>
Total Assets	<u>\$ 646,892</u>	<u>\$ 68,749</u>	<u>\$ 715,641</u>

E. Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits with original maturities of three months or less with local financial institutions.

F. Accounts Receivable/Due from State

The amounts due to the district from the wireless charges and Tennessee Emergency Communications Board include the following:

Ben Lomand	\$ 1,758
Bledsoe Telephone	<u>565</u>
Subtotal	\$ 2,323
State of Tennessee - ECB Wireless	<u>20,609</u>
 Total	 <u><u>\$ 22,932</u></u>

G. Compensated Absences

There were no compensated absences for June 30, 2009.

H. Notes Payable

Van Buren County Emergency Communications District purchased the old bank building from Citizens Bank of Spencer, Tennessee, at a cost of \$150,000. The district paid a \$25,000 down payment leaving a principal balance of \$125,000. Payments will be made annually totaling \$25,000 a year for five years at an interest rate of 5.472 percent with a balloon payment of \$25,003 on June 5, 2013. The schedule of the note payments are as follows:

Year Ending June 30	Principal	Interest	Total
2010	\$ 20,203	\$ 4,797	\$ 25,000
2011	21,308	3,692	25,000
2012	22,467	2,533	25,000
2013	<u>23,706</u>	<u>1,297</u>	<u>25,003</u>
 Total	 <u><u>\$ 87,684</u></u>	 <u><u>\$ 12,319</u></u>	 <u><u>\$ 100,003</u></u>

A schedule of changes in notes payable is as follows:

	Balance 6-30-08	Payments	Balance 6-30-09
Building	\$ 106,839	\$ (19,155)	\$ 87,684
 Total	 <u><u>\$ 106,839</u></u>	 <u><u>\$ (19,155)</u></u>	 <u><u>\$ 87,684</u></u>

I. Calculation of Invested in Capital Assets

Net Book Value	\$ 587,653
Current and Non-current Debt	<u>(87,684)</u>
Invested in Capital Assets	<u>\$ 499,969</u>

J. Budgetary Information

The district must file a budget with Van Buren County each year, which must be legally adopted by the county. The budget is prepared on the accrual basis of accounting. Compliance with the legally adopted budget is required at the program level as well as the object level.

K. Pension Plan

Plan Description

Employees of Van Buren County Emergency Communications District are members of the Political Subdivision Pension Plan (PSPP), and 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 Emergency Communications District participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

Funding Policy

Van Buren County Emergency Communications District requires employees to contribute five percent of earnable compensation. The district is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2009, was 3.15 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the district is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2009, Van Buren County Emergency Communications District's annual pension cost of \$2,860 to TCRS was equal to the district's required and actual contributions. The required contribution was determined as part of the July 1, 2007, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), and (c) projected 3.5 percent annual increase in the Social Security wage base.

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. The district's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2007, was 18 years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008.

Trend Information

<u>Fiscal Year Ended</u>		<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6-30-09	\$	2,860	100 %	\$ 0
6-30-08		2,628	100	0
6-30-07		2,087	100	0

Funded Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 50 percent funded. The actuarial accrued liability for benefits was \$.03 million, and the actuarial value of assets was \$.01 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.02 million. The covered payroll (annual payroll of active employees covered by the plan) was \$0, and the ratio of the UAAL to the covered payroll was 26.79 percent.

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 the purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

**REQUIRED SUPPLEMENTARY
INFORMATION**

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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, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,336,150	\$ 1,318,650	\$ 1,318,650	\$ 17,500
Licenses and Permits	8,852	5,000	5,000	3,852
Fines, Forfeitures, and Penalties	28,129	37,230	37,230	(9,101)
Charges for Current Services	6,144	4,900	4,900	1,244
Other Local Revenues	56,952	49,700	49,700	7,252
Fees Received from County Officials	280,942	259,000	259,000	21,942
State of Tennessee	208,519	719,833	719,833	(511,314)
Federal Government	55,872	3,000	52,046	3,826
Other Governments and Citizens Groups	0	100	100	(100)
Total Revenues	\$ 1,981,560	\$ 2,397,413	\$ 2,446,459	\$ (464,899)
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 14,202	\$ 19,997	\$ 19,997	\$ 5,795
Board of Equalization	897	1,200	1,200	303
Beer Board	1,100	1,000	1,200	100
County Mayor/Executive	118,106	128,125	128,125	10,019
County Attorney	8,200	8,200	8,200	0
Election Commission	91,254	99,209	109,859	18,605
Register of Deeds	64,980	69,964	69,964	4,984
Planning	6,875	7,000	7,500	625
County Buildings	77,328	68,500	85,100	7,772
Preservation of Records	0	1,200	1,200	1,200
<u>Finance</u>				
Property Assessor's Office	74,165	90,578	90,578	16,413
County Trustee's Office	72,821	84,423	84,423	11,602
County Clerk's Office	82,207	87,958	88,743	6,536
<u>Administration of Justice</u>				
Circuit Court	96,824	105,370	105,370	8,546
General Sessions Court	32,772	33,321	33,321	549
Chancery Court	59,855	65,366	65,366	5,511
Juvenile Court	10,600	11,500	11,500	900
Judicial Commissioners	4,800	4,900	4,900	100
<u>Public Safety</u>				
Sheriff's Department	521,662	427,101	599,370	77,708
Jail	298,557	309,230	328,730	30,173
Fire Prevention and Control	1,000	1,000	1,000	0
Rescue Squad	3,500	3,500	3,500	0
Other Emergency Management	2,000	2,000	2,000	0
County Coroner/Medical Examiner	1,857	3,700	3,700	1,843
Other Public Safety	52,605	57,300	57,300	4,695
<u>Public Health and Welfare</u>				
Local Health Center	12,158	12,023	12,023	(135)

(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 (Cont.)</u>				
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	16,672	15,562	16,837	165
Senior Citizens Assistance	13,300	16,380	16,380	3,080
Libraries	28,004	28,004	28,004	0
Parks and Fair Boards	1,200	1,200	1,200	0
Other Social, Cultural, and Recreational	5,650	10,250	10,250	4,600
<u>Agriculture and Natural Resources</u>				
Agriculture Extension Service	32,609	34,405	34,405	1,796
Soil Conservation	10,514	11,305	11,305	791
<u>Other Operations</u>				
Industrial Development	15,312	31,000	31,000	15,688
Housing and Urban Development	0	500,000	500,000	500,000
Veterans' Services	0	1,500	1,500	1,500
Other Charges	89,806	94,074	125,074	35,268
Employee Benefits	27,795	0	0	(27,795)
Miscellaneous	29,977	33,000	33,000	3,023
<u>Highways</u>				
Litter and Trash Collection	24,082	33,545	33,545	9,463
<u>Principal on Debt</u>				
General Government	0	104,000	0	0
<u>Interest on Debt</u>				
General Government	2,685	0	4,000	1,315
Total Expenditures	\$ 2,035,354	\$ 2,645,313	\$ 2,798,092	\$ 762,738
Excess (Deficiency) of Revenues				
Over Expenditures	\$ (53,794)	\$ (247,900)	\$ (351,633)	\$ 297,839
<u>Other Financing Sources (Uses)</u>				
Bonds Issued	\$ 102,500	\$ 0	\$ 102,500	\$ 0
Notes Issued	0	100,000	0	0
Transfers In	0	15,000	15,000	(15,000)
Total Other Financing Sources (Uses)	\$ 102,500	\$ 115,000	\$ 117,500	\$ (15,000)
Net Change in Fund Balance				
Fund Balance, July 1, 2008	\$ 48,706	\$ (132,900)	\$ (234,133)	\$ 282,839
	227,374	208,771	208,771	18,603
Fund Balance, June 30, 2009				
	\$ 276,080	\$ 75,871	\$ (25,362)	\$ 301,442

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, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 130,265	\$ 130,850	\$ 130,850	\$ (585)
Charges for Current Services	291,407	260,000	260,000	31,407
Other Local Revenues	492	0	0	492
State of Tennessee	0	300,000	0	0
Federal Government	300,000	0	300,000	0
Total Revenues	<u>\$ 722,164</u>	<u>\$ 690,850</u>	<u>\$ 690,850</u>	<u>\$ 31,314</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Ambulance/Emergency Medical Services	\$ 721,834	\$ 752,924	\$ 780,585	\$ 58,751
Total Expenditures	<u>\$ 721,834</u>	<u>\$ 752,924</u>	<u>\$ 780,585</u>	<u>\$ 58,751</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 330</u>	<u>\$ (62,074)</u>	<u>\$ (89,735)</u>	<u>\$ 90,065</u>
Net Change in Fund Balance	\$ 330	\$ (62,074)	\$ (89,735)	\$ 90,065
Fund Balance, July 1, 2008	<u>420,637</u>	<u>402,519</u>	<u>402,519</u>	<u>18,118</u>
Fund Balance, June 30, 2009	<u>\$ 420,967</u>	<u>\$ 340,445</u>	<u>\$ 312,784</u>	<u>\$ 108,183</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, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 439	\$ 0	\$ 0	\$ 439
State of Tennessee	1,288,713	1,654,959	1,654,959	(366,246)
Total Revenues	<u>\$ 1,289,152</u>	<u>\$ 1,654,959</u>	<u>\$ 1,654,959</u>	<u>\$ (365,807)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 139,269	\$ 145,502	\$ 145,502	\$ 6,233
Highway and Bridge Maintenance	424,711	1,171,300	1,171,300	746,589
Operation and Maintenance of Equipment	202,528	327,150	327,150	124,622
Quarry Operations	10,903	12,300	12,300	1,397
Other Charges	113,829	136,450	136,450	22,621
Employee Benefits	87,952	134,000	134,000	46,048
Capital Outlay	21,402	383,000	383,000	361,598
Total Expenditures	<u>\$ 1,000,594</u>	<u>\$ 2,309,702</u>	<u>\$ 2,309,702</u>	<u>\$ 1,309,108</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 288,558</u>	<u>\$ (654,743)</u>	<u>\$ (654,743)</u>	<u>\$ 943,301</u>
Net Change in Fund Balance	\$ 288,558	\$ (654,743)	\$ (654,743)	\$ 943,301
Fund Balance, July 1, 2008	<u>1,478,760</u>	<u>1,323,041</u>	<u>1,323,041</u>	<u>155,719</u>
Fund Balance, June 30, 2009	<u>\$ 1,767,318</u>	<u>\$ 668,298</u>	<u>\$ 668,298</u>	<u>\$ 1,099,020</u>

Exhibit E-4

Van Buren County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Van Buren County School Department
June 30, 2009

(Dollar amounts in thousands)

Fiscal Year Ended	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)
6-30-09	7-1-07	\$ 3,692	\$ 4,440	\$ 748	83.15 %	\$ 2,233	33.50 %
6-30-08	7-1-07	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 2007-08 fiscal year; therefore, data is only presented for two years.

Exhibit E-5

Van Buren County, Tennessee
 Schedule of Funding Progress – Other Postemployment Benefits Plan
 Discretely Presented Van Buren County School Department
 June 30, 2009

(Dollar amounts in thousands)

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-08	7-1-07	\$ 0	\$ 1,978	\$ 1,978	0 %	\$ 3,092	64 %
6-30-09	7-1-07	0	1,978	1,978	0	3,092	64

Local Education Group Plan*

"

*Data only available for two years.

VAN BUREN COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2009

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 County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, 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 \$27,795. Such overexpenditures are a violation of state statutes. These overexpenditures were funded by expenditures being less than appropriations in other major categories. This deficiency was also noted in the prior-year audit report

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 by \$25,362. Sound budgetary principles dictate that appropriations be held within estimated available funding. This deficiency was also noted in the prior-year audit report.

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, 2009. This deficiency has been noted in the prior five 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 as of June 30, 2009. This deficiency was also noted in the prior-year audit report.

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

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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, long-term debt principal, interest, and related costs.

Exhibit F-1

Van Buren County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2009

	Special Revenue Funds						Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Local Purpose Tax	Drug Control	Constitu- tional Officers - Fees	Total	
\$	0	0	0	0	567	0	567
Equity in Pooled Cash and Investments	26,687	95,452	31,636	4,937	0	209,157	367,869
Accounts Receivable	3,162	3,650	0	0	115	0	6,927
Due from Other Governments	0	0	0	0	0	52	52
Due from Other Funds	3,643	808	698	0	0	25,968	31,117
Property Taxes Receivable	0	90,427	113,034	0	0	67,820	271,281
Allowance for Uncollectible Property Taxes	0	(2,327)	(2,909)	0	0	(1,745)	(6,981)
Notes Receivable - Current	0	0	0	0	0	73,400	73,400
Total Assets	\$ 33,492	\$ 188,010	\$ 142,459	\$ 4,937	\$ 682	\$ 369,580	\$ 744,232

ASSETS

Cash
 Equity in Pooled Cash and Investments
 Accounts Receivable
 Due from Other Governments
 Due from Other Funds
 Property Taxes Receivable
 Allowance for Uncollectible Property Taxes
 Notes Receivable - Current

Total Assets

LIABILITIES AND FUND BALANCES

Liabilities
 Accounts Payable
 Payroll Deductions Payable
 Due to Other Funds
 Due to State of Tennessee
 Deferred Revenue - Current Property Taxes
 Deferred Revenue - Delinquent Property Taxes
 Total Liabilities

Fund Balances
 Reserved for Other General Purposes
 Unreserved
 Total Fund Balances

Total Liabilities and Fund Balances

\$	0	5,942	0	0	0	0	5,942
0	2,918	0	0	0	0	0	2,918
520	4,531	0	698	682	6,431	0	6,431
102	0	0	0	0	102	0	102
0	81,984	102,480	0	0	184,464	61,488	245,952
0	5,723	7,153	0	0	12,876	4,292	17,168
\$ 622	\$ 101,098	\$ 109,633	\$ 698	\$ 682	\$ 212,733	\$ 65,780	\$ 278,513
\$	0	0	0	0	0	73,400	73,400
32,870	86,912	32,826	4,239	0	156,847	235,472	392,319
\$ 32,870	\$ 86,912	\$ 32,826	\$ 4,239	\$ 0	\$ 156,847	\$ 308,872	\$ 465,719
\$ 33,492	\$ 188,010	\$ 142,459	\$ 4,937	\$ 682	\$ 369,580	\$ 374,652	\$ 744,232

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, 2009

	Special Revenue Funds							Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Local Purpose Tax	Drug Control	Debt Service Fund		Total	
					General	Debt Service		
<u>Revenues</u>								
Local Taxes	\$ 42,987	\$ 80,664	\$ 98,834	\$ 0	\$ 0	\$ 119,719	\$ 0	\$ 342,204
Fines, Forfeitures, and Penalties	0	0	0	6,152	0	0	0	6,152
Charges for Current Services	0	45,898	0	0	0	0	0	45,898
Other Local Revenues	0	9,024	0	2,196	0	0	0	11,220
State of Tennessee	0	24,468	0	0	0	16,290	0	40,758
Total Revenues	\$ 42,987	\$ 160,054	\$ 98,834	\$ 8,348	\$ 0	\$ 136,009	\$ 0	\$ 446,232
<u>Expenditures</u>								
Current:								
General Government	\$ 29,446	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 29,446
Public Safety	727	0	88,918	6,745	0	0	0	96,390
Public Health and Welfare	0	100,207	0	0	0	0	0	100,207
Other Operations	430	0	2,010	62	0	0	0	2,502
Debt Service:								
Principal on Debt	0	0	0	0	0	28,341	0	28,341
Interest on Debt	0	0	0	0	0	5,832	0	5,832
Other Debt Service	0	0	0	0	0	1,968	0	1,968
Total Expenditures	\$ 30,603	\$ 100,207	\$ 90,928	\$ 6,807	\$ 0	\$ 36,141	\$ 0	\$ 264,686
Excess (Deficiency) of Revenues Over Expenditures	\$ 12,384	\$ 59,847	\$ 7,906	\$ 1,541	\$ 0	\$ 99,868	\$ 0	\$ 181,546
Net Change in Fund Balances Fund Balance, July 1, 2008	\$ 12,384	\$ 59,847	\$ 7,906	\$ 1,541	\$ 0	\$ 99,868	\$ 0	\$ 181,546
	20,486	27,065	24,920	2,698	0	209,004	0	284,173
Fund Balance, June 30, 2009	\$ 32,870	\$ 86,912	\$ 32,826	\$ 4,239	\$ 0	\$ 308,872	\$ 0	\$ 465,719

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, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 42,987	\$ 47,000	\$ 47,000	\$ (4,013)
Other Local Revenues	0	250	250	(250)
Total Revenues	<u>\$ 42,987</u>	<u>\$ 47,250</u>	<u>\$ 47,250</u>	<u>\$ (4,263)</u>
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 29,446	\$ 40,513	\$ 44,101	\$ 14,655
<u>Public Safety</u>				
Jail	727	8,000	8,000	7,273
<u>Other Operations</u>				
Other Charges	430	600	600	170
Total Expenditures	<u>\$ 30,603</u>	<u>\$ 49,113</u>	<u>\$ 52,701</u>	<u>\$ 22,098</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 12,384</u>	<u>\$ (1,863)</u>	<u>\$ (5,451)</u>	<u>\$ 17,835</u>
Net Change in Fund Balance	\$ 12,384	\$ (1,863)	\$ (5,451)	\$ 17,835
Fund Balance, July 1, 2008	<u>20,486</u>	<u>22,472</u>	<u>22,472</u>	<u>(1,986)</u>
Fund Balance, June 30, 2009	<u>\$ 32,870</u>	<u>\$ 20,609</u>	<u>\$ 17,021</u>	<u>\$ 15,849</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, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 80,664	\$ 76,950	\$ 76,950	\$ 3,714
Charges for Current Services	45,898	42,000	42,000	3,898
Other Local Revenues	9,024	7,500	7,500	1,524
State of Tennessee	24,468	2,000	2,000	22,468
Total Revenues	<u>\$ 160,054</u>	<u>\$ 128,450</u>	<u>\$ 128,450</u>	<u>\$ 31,604</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Waste Pickup	\$ 25,605	\$ 34,576	\$ 42,586	\$ 16,981
Convenience Centers	67,002	86,238	89,343	22,341
Landfill Operation and Maintenance	7,600	7,600	7,600	0
Total Expenditures	<u>\$ 100,207</u>	<u>\$ 128,414</u>	<u>\$ 139,529</u>	<u>\$ 39,322</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 59,847</u>	<u>\$ 36</u>	<u>\$ (11,079)</u>	<u>\$ 70,926</u>
Net Change in Fund Balance	\$ 59,847	\$ 36	\$ (11,079)	\$ 70,926
Fund Balance, July 1, 2008	<u>27,065</u>	<u>5,345</u>	<u>5,345</u>	<u>21,720</u>
Fund Balance, June 30, 2009	<u>\$ 86,912</u>	<u>\$ 5,381</u>	<u>\$ (5,734)</u>	<u>\$ 92,646</u>

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, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 98,834	\$ 98,400	\$ 98,400	\$ 434
State of Tennessee	0	1,000	1,000	(1,000)
Total Revenues	<u>\$ 98,834</u>	<u>\$ 99,400</u>	<u>\$ 99,400</u>	<u>\$ (566)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Fire Prevention and Control	\$ 88,918	\$ 87,500	\$ 89,000	\$ 82
<u>Other Operations</u>				
Other Charges	2,010	2,000	2,030	20
Total Expenditures	<u>\$ 90,928</u>	<u>\$ 89,500</u>	<u>\$ 91,030</u>	<u>\$ 102</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 7,906</u>	<u>\$ 9,900</u>	<u>\$ 8,370</u>	<u>\$ (464)</u>
Net Change in Fund Balance	\$ 7,906	\$ 9,900	\$ 8,370	\$ (464)
Fund Balance, July 1, 2008	<u>24,920</u>	<u>24,923</u>	<u>24,923</u>	<u>(3)</u>
Fund Balance, June 30, 2009	<u>\$ 32,826</u>	<u>\$ 34,823</u>	<u>\$ 33,293</u>	<u>\$ (467)</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, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 6,152	\$ 10,500	\$ 10,500	\$ (4,348)
Other Local Revenues	2,196	500	500	1,696
Total Revenues	<u>\$ 8,348</u>	<u>\$ 11,000</u>	<u>\$ 11,000</u>	<u>\$ (2,652)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 6,745	\$ 14,800	\$ 12,800	\$ 6,055
<u>Other Operations</u>				
Other Charges	62	250	250	188
Total Expenditures	<u>\$ 6,807</u>	<u>\$ 15,050</u>	<u>\$ 13,050</u>	<u>\$ 6,243</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,541</u>	<u>\$ (4,050)</u>	<u>\$ (2,050)</u>	<u>\$ 3,591</u>
Net Change in Fund Balance	\$ 1,541	\$ (4,050)	\$ (2,050)	\$ 3,591
Fund Balance, July 1, 2008	<u>2,698</u>	<u>2,837</u>	<u>2,837</u>	<u>(139)</u>
Fund Balance, June 30, 2009	<u>\$ 4,239</u>	<u>\$ (1,213)</u>	<u>\$ 787</u>	<u>\$ 3,452</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, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 119,719	\$ 111,420	\$ 111,420	\$ 8,299
State of Tennessee	16,290	10,000	10,000	6,290
Total Revenues	<u>\$ 136,009</u>	<u>\$ 121,420</u>	<u>\$ 121,420</u>	<u>\$ 14,589</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 28,341	\$ 123,000	\$ 123,029	\$ 94,688
<u>Interest on Debt</u>				
General Government	5,832	4,172	9,144	3,312
<u>Other Debt Service</u>				
General Government	1,968	1,500	1,500	(468)
Total Expenditures	<u>\$ 36,141</u>	<u>\$ 128,672</u>	<u>\$ 133,673</u>	<u>\$ 97,532</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 99,868</u>	<u>\$ (7,252)</u>	<u>\$ (12,253)</u>	<u>\$ 112,121</u>
Net Change in Fund Balance	\$ 99,868	\$ (7,252)	\$ (12,253)	\$ 112,121
Fund Balance, July 1, 2008	<u>209,004</u>	<u>189,158</u>	<u>189,158</u>	<u>19,846</u>
Fund Balance, June 30, 2009	<u>\$ 308,872</u>	<u>\$ 181,906</u>	<u>\$ 176,905</u>	<u>\$ 131,967</u>

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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.

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Exhibit G-1

Van Buren County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2009

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 341,217	\$ 341,217
Due from Other Governments	15,049	0	15,049
Total Assets	<u>\$ 15,049</u>	<u>\$ 341,217</u>	<u>\$ 356,266</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 15,049	\$ 0	\$ 15,049
Due to Litigants, Heirs, and Others	0	341,217	341,217
Total Liabilities	<u>\$ 15,049</u>	<u>\$ 341,217</u>	<u>\$ 356,266</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, 2009

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 90,609	\$ 90,609	\$ 0
Due from Other Governments	14,940	15,049	14,940	15,049
Total Assets	\$ 14,940	\$ 105,658	\$ 105,549	\$ 15,049
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 14,940	\$ 105,658	\$ 105,549	\$ 15,049
Total Liabilities	\$ 14,940	\$ 105,658	\$ 105,549	\$ 15,049
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 368,193	\$ 3,533,293	\$ 3,560,269	\$ 341,217
Total Assets	\$ 368,193	\$ 3,533,293	\$ 3,560,269	\$ 341,217
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 368,193	\$ 3,533,293	\$ 3,560,269	\$ 341,217
Total Liabilities	\$ 368,193	\$ 3,533,293	\$ 3,560,269	\$ 341,217
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 368,193	\$ 3,533,293	\$ 3,560,269	\$ 341,217
Equity in Pooled Cash and Investments	0	90,609	90,609	0
Due from Other Governments	14,940	15,049	14,940	15,049
Total Assets	\$ 383,133	\$ 3,638,951	\$ 3,665,818	\$ 356,266
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 14,940	\$ 105,658	\$ 105,549	\$ 15,049
Due to Litigants, Heirs, and Others	368,193	3,533,293	3,560,269	341,217
Total Liabilities	\$ 383,133	\$ 3,638,951	\$ 3,665,818	\$ 356,266

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.

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Exhibit H-1

Van Buren County, Tennessee
 Statement of Activities
Discretely Presented Van Buren County School Department
For the Year Ended June 30, 2009

Functions/Programs	Program Revenues			Expenses	Net (Expense) Revenue and Changes in Net Assets	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Total Governmental Activities	
Governmental Activities:						
Instruction	\$ 3,739,687	\$ 7,696	\$ 22,365	\$ 3,739,687	\$ 7,696	\$ (3,363,041)
Support Services	2,199,273	155,347	6,878	2,199,273	155,347	(1,448,946)
Operation of Non-Instructional Services	867,296	4,416	0	867,296	4,416	(658,700)
Interest on Long-term Debt	23,844	0	0	23,844	0	(23,844)
Other Debt Service	6,181	0	0	6,181	0	(6,181)
Total Governmental Activities	\$ 6,836,281	\$ 167,459	\$ 29,243	\$ 6,836,281	\$ 167,459	\$ (5,500,712)
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes						\$ 596,951
Local Option Sales Taxes						410,547
Hotel/Motel Taxes						103,452
Other Local Taxes						669
Grants and Contributions Not Restricted to Specific Programs						4,957,681
Unrestricted Investment Earnings						658
Miscellaneous						53,783
Total General Revenues						\$ 6,123,741
Change in Net Assets						\$ 623,029
Net Assets, July 1, 2008						6,697,486
Net Assets, June 30, 2009						<u>\$ 7,320,515</u>

Exhibit H-2

Van Buren County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Van Buren County School Department
June 30, 2009

	<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	\$ 3,188,381	\$ 188,481	\$ 3,376,862
Due from Other Governments	273,684	29,845	303,529
Due from Other Funds	47	0	47
Property Taxes Receivable	712,113	0	712,113
Allowance for Uncollectible Property Taxes	(18,324)	0	(18,324)
Total Assets	\$ 4,155,901	\$ 218,326	\$ 4,374,227
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Due to Other Funds	\$ 0	\$ 47	\$ 47
Deferred Revenue - Current Property Taxes	645,625	0	645,625
Deferred Revenue - Delinquent Property Taxes	46,494	0	46,494
Other Deferred Revenues	43,665	0	43,665
Total Liabilities	\$ 735,784	\$ 47	\$ 735,831
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 84,091	\$ 0	\$ 84,091
Reserved for Career Ladder - Extended Contract	2,027	0	2,027
Reserved for Career Ladder Program	1,461	0	1,461
Reserved for Basic Education Program	2,910,291	0	2,910,291
Reserved for Title I Grants to Local Education Agencies	0	7,666	7,666
Reserved for Special Education - Grants to States	0	53,365	53,365
Other Federal Reserves	0	5,741	5,741
Unreserved, Reported In:			
General Fund	422,247	0	422,247
Special Revenue Funds	0	151,507	151,507
Total Fund Balances	\$ 3,420,117	\$ 218,279	\$ 3,638,396
Total Liabilities and Fund Balances	\$ 4,155,901	\$ 218,326	\$ 4,374,227

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, 2009

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)		\$ 3,638,396	
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$ 227,406		
Add: construction in progress	48,152		
Add: buildings and improvements net of accumulated depreciation	4,256,151		
Add: infrastructure net of accumulated depreciation	11,587		
Add: other capital assets net of accumulated depreciation	<u>482,741</u>	5,026,037	
(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	\$ (1,060,000)		
Less: other postemployment benefits liabilities	(364,618)		
Less: compensated absences payable	<u>(9,459)</u>	(1,434,077)	
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>90,159</u>
Net assets of governmental activities (Exhibit A)			<u>\$ 7,320,515</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, 2009

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 1,142,255	\$ 0	\$ 1,142,255
Licenses and Permits	195	0	195
Charges for Current Services	12,617	154,842	167,459
Other Local Revenues	53,439	1,457	54,896
State of Tennessee	5,099,140	4,763	5,103,903
Federal Government	35,271	792,612	827,883
Total Revenues	<u>\$ 6,342,917</u>	<u>\$ 953,674</u>	<u>\$ 7,296,591</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 2,994,234	\$ 418,954	\$ 3,413,188
Support Services	2,167,536	41,049	2,208,585
Operation of Non-Instructional Services	363,786	448,673	812,459
Capital Outlay	51,157	0	51,157
Debt Service:			
Principal on Debt	193,000	0	193,000
Interest on Debt	25,588	0	25,588
Other Debt Service	6,181	0	6,181
Total Expenditures	<u>\$ 5,801,482</u>	<u>\$ 908,676</u>	<u>\$ 6,710,158</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 541,435</u>	<u>\$ 44,998</u>	<u>\$ 586,433</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 10,180	\$ 0	\$ 10,180
Transfers Out	0	(10,180)	(10,180)
Total Other Financing Sources (Uses)	<u>\$ 10,180</u>	<u>\$ (10,180)</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 551,615	\$ 34,818	\$ 586,433
Fund Balance, July 1, 2008	<u>2,868,502</u>	<u>183,461</u>	<u>3,051,963</u>
Fund Balance, June 30, 2009	<u>\$ 3,420,117</u>	<u>\$ 218,279</u>	<u>\$ 3,638,396</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, 2009

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)		\$	586,433
(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	\$	135,074	
Less: current year depreciation expense		<u>(232,425)</u>	(97,351)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net assets.			
Add: assets donated and capitalized	\$	125,000	
Add: gain on disposal of capital assets		245	
Less: proceeds from the sale of capital assets		<u>(700)</u>	124,545
(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, 2008	\$	(85,271)	
Add: deferred delinquent property taxes and other deferred June 30, 2009		<u>90,159</u>	4,888
(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	\$	103,000	
Add: principal payments on bonds		<u>90,000</u>	193,000
(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 the governmental funds.			
Change in accrued interest payable	\$	1,744	
Change in compensated absences payable		(3,000)	
Change in other postemployment benefits liabilities		<u>(187,230)</u>	<u>(188,486)</u>
Change in net assets of governmental activities (Exhibit B)			<u>\$ 623,029</u>

Exhibit H-6

Van Buren County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Van Buren County School Department
June 30, 2009

	<u>Special Revenue Funds</u>		Total
	School	Central	Nonmajor
	Federal	Cafeteria	Governmental
	Projects		Funds
	<hr/>		
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 59,232	\$ 129,249	\$ 188,481
Due from Other Governments	7,587	22,258	29,845
	<hr/>		
Total Assets	<u>\$ 66,819</u>	<u>\$ 151,507</u>	<u>\$ 218,326</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Due to Other Funds	\$ 47	\$ 0	\$ 47
Total Liabilities	<u>\$ 47</u>	<u>\$ 0</u>	<u>\$ 47</u>
 <u>Fund Balances</u>			
Reserved for Title I Grants to Local Education Agencies	\$ 7,666	\$ 0	\$ 7,666
Reserved for Special Education - Grants to States	53,365	0	53,365
Other Federal Reserves	5,741	0	5,741
Unreserved	0	151,507	151,507
Total Fund Balances	<u>\$ 66,772</u>	<u>\$ 151,507</u>	<u>\$ 218,279</u>
Total Liabilities and Fund Balances	<u>\$ 66,819</u>	<u>\$ 151,507</u>	<u>\$ 218,326</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, 2009

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 154,842	\$ 154,842
Other Local Revenues	0	1,457	1,457
State of Tennessee	0	4,763	4,763
Federal Government	490,901	301,711	792,612
Total Revenues	<u>\$ 490,901</u>	<u>\$ 462,773</u>	<u>\$ 953,674</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 418,954	\$ 0	\$ 418,954
Support Services	41,049	0	41,049
Operation of Non-Instructional Services	0	448,673	448,673
Total Expenditures	<u>\$ 460,003</u>	<u>\$ 448,673</u>	<u>\$ 908,676</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 30,898</u>	<u>\$ 14,100</u>	<u>\$ 44,998</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (10,180)	\$ 0	\$ (10,180)
Total Other Financing Sources (Uses)	<u>\$ (10,180)</u>	<u>\$ 0</u>	<u>\$ (10,180)</u>
Net Change in Fund Balances	\$ 20,718	\$ 14,100	\$ 34,818
Fund Balance, July 1, 2008	46,054	137,407	183,461
Fund Balance, June 30, 2009	<u>\$ 66,772</u>	<u>\$ 151,507</u>	<u>\$ 218,279</u>

Exhibit H-8

Van Buren County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Van Buren County School Department
General Purpose School Fund
For the Year Ended June 30, 2009

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 1,142,255	\$ 0	\$ 1,142,255	\$ 1,117,750	\$ 1,117,750	\$ 24,505
Licenses and Permits	195	0	195	200	200	(5)
Charges for Current Services	12,617	0	12,617	14,000	14,000	(1,383)
Other Local Revenues	53,439	0	53,439	30,000	30,000	23,439
State of Tennessee	5,099,140	0	5,099,140	4,976,332	5,014,720	84,420
Federal Government	35,271	0	35,271	43,000	43,759	(8,488)
Total Revenues	\$ 6,342,917	\$ 0	\$ 6,342,917	\$ 6,181,282	\$ 6,220,429	\$ 122,488
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 2,512,543	\$ 0	\$ 2,512,543	\$ 2,866,425	\$ 2,866,425	\$ 353,882
Special Education Program	294,746	0	294,746	366,005	366,005	71,259
Vocational Education Program	135,146	0	135,146	179,400	178,900	43,754
Adult Education Program	51,799	0	51,799	54,100	54,859	3,060
<u>Support Services</u>						
Attendance	67,620	0	67,620	66,705	71,705	4,085
Health Services	149,742	0	149,742	149,810	149,810	68
Other Student Support	147,471	0	147,471	157,355	154,855	7,384
Regular Instruction Program	245,936	0	245,936	298,080	295,580	49,644
Special Education Program	41,270	0	41,270	83,890	83,890	42,620
Vocational Education Program	4,563	0	4,563	4,600	5,100	537
Adult Programs	3,384	0	3,384	5,800	5,800	2,416
Other Programs	38,388	0	38,388	0	38,388	0
Board of Education	106,984	0	106,984	146,890	146,890	39,906
Director of Schools	107,411	0	107,411	114,845	114,845	7,434
Office of the Principal	241,502	0	241,502	262,230	262,230	20,728

(Continued)

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Support Services (Cont.)</u>						
<u>Fiscal Services</u>	\$ 81,577	\$ 0	\$ 81,577	\$ 111,000	\$ 111,000	\$ 29,423
Operation of Plant	491,161	0	491,161	557,500	557,500	66,339
Maintenance of Plant	105,246	0	105,246	143,655	143,655	38,409
Transportation	335,281	0	335,281	387,825	387,825	52,544
<u>Operation of Non-Instructional Services</u>						
Community Services	165,386	0	165,386	199,390	199,390	34,004
Early Childhood Education	198,400	0	198,400	230,735	230,735	32,335
<u>Capital Outlay</u>						
Regular Capital Outlay	51,157	84,091	135,248	400,000	400,000	264,752
<u>Principal on Debt</u>						
Education	193,000	0	193,000	194,000	194,000	1,000
<u>Interest on Debt</u>						
Education	25,588	0	25,588	83,000	83,000	57,412
<u>Other Debt Service</u>						
Education	6,181	0	6,181	10,000	10,000	3,819
<u>Total Expenditures</u>	<u>\$ 5,801,482</u>	<u>\$ 84,091</u>	<u>\$ 5,885,573</u>	<u>\$ 7,073,240</u>	<u>\$ 7,112,387</u>	<u>\$ 1,226,814</u>
<u>Excess (Deficiency) of Revenues</u> <u>Over Expenditures</u>	<u>\$ 541,435</u>	<u>\$ (84,091)</u>	<u>\$ 457,344</u>	<u>\$ (891,958)</u>	<u>\$ (891,958)</u>	<u>\$ 1,349,302</u>
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 10,180	\$ 0	\$ 10,180	\$ 10,000	\$ 10,000	\$ 180
<u>Total Other Financing Sources (Uses)</u>	<u>\$ 10,180</u>	<u>\$ 0</u>	<u>\$ 10,180</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 180</u>
<u>Net Change in Fund Balance</u> <u>Fund Balance, July 1, 2008</u>	<u>\$ 551,615</u>	<u>\$ (84,091)</u>	<u>\$ 467,524</u>	<u>\$ (881,958)</u>	<u>\$ (881,958)</u>	<u>\$ 1,349,482</u>
	2,868,502	0	2,868,502	2,325,894	2,325,894	542,608
<u>Fund Balance, June 30, 2009</u>	<u>\$ 3,420,117</u>	<u>\$ (84,091)</u>	<u>\$ 3,336,026</u>	<u>\$ 1,443,936</u>	<u>\$ 1,443,936</u>	<u>\$ 1,892,090</u>

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, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 490,901	\$ 505,327	\$ 504,676	\$ (13,775)
Total Revenues	\$ 490,901	\$ 505,327	\$ 504,676	\$ (13,775)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 264,095	\$ 280,391	\$ 279,659	\$ 15,564
Special Education Program	145,556	173,581	173,662	28,106
Vocational Education Program	9,303	9,304	9,304	1
<u>Support Services</u>				
Other Student Support	8,180	10,243	10,243	2,063
Regular Instruction Program	14,309	21,673	21,673	7,364
Special Education Program	17,707	43,102	43,102	25,395
Vocational Education Program	853	853	853	0
Total Expenditures	\$ 460,003	\$ 539,147	\$ 538,496	\$ 78,493
Excess (Deficiency) of Revenues Over Expenditures	\$ 30,898	\$ (33,820)	\$ (33,820)	\$ 64,718
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 572	\$ 572	\$ (572)
Transfers Out	(10,180)	(12,015)	(12,015)	1,835
Total Other Financing Sources (Uses)	\$ (10,180)	\$ (11,443)	\$ (11,443)	\$ 1,263
Net Change in Fund Balance	\$ 20,718	\$ (45,263)	\$ (45,263)	\$ 65,981
Fund Balance, July 1, 2008	46,054	45,263	45,263	791
Fund Balance, June 30, 2009	\$ 66,772	\$ 0	\$ 0	\$ 66,772

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, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 154,842	\$ 182,000	\$ 182,000	\$ (27,158)
Other Local Revenues	1,457	1,000	1,000	457
State of Tennessee	4,763	7,000	7,000	(2,237)
Federal Government	301,711	276,000	276,000	25,711
Total Revenues	<u>\$ 462,773</u>	<u>\$ 466,000</u>	<u>\$ 466,000</u>	<u>\$ (3,227)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	<u>\$ 448,673</u>	<u>\$ 567,100</u>	<u>\$ 567,100</u>	<u>\$ 118,427</u>
Total Expenditures	<u>\$ 448,673</u>	<u>\$ 567,100</u>	<u>\$ 567,100</u>	<u>\$ 118,427</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 14,100</u>	<u>\$ (101,100)</u>	<u>\$ (101,100)</u>	<u>\$ 115,200</u>
Net Change in Fund Balance	\$ 14,100	\$ (101,100)	\$ (101,100)	\$ 115,200
Fund Balance, July 1, 2008	<u>137,407</u>	<u>102,250</u>	<u>102,250</u>	<u>35,157</u>
Fund Balance, June 30, 2009	<u>\$ 151,507</u>	<u>\$ 1,150</u>	<u>\$ 1,150</u>	<u>\$ 150,357</u>

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MISCELLANEOUS SCHEDULES

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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, 2009

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-08	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-09
PRIMARY GOVERNMENT								
NOTES PAYABLE								
Pavable through General Debt Service Fund								
4-Wheel Drive, Quad Cab Police Cruiser	\$ 24,000	4.4 %	12-20-06	12-20-09	\$ 16,341	\$ 0	\$ 7,994	\$ 8,347
CAPITAL LEASES PAYABLE								
Pavable through General Debt Service Fund								
Roll-off Truck	111,500	4.49	10-9-07	10-25-12	\$ 111,500	\$ 0	\$ 20,347	\$ 91,153
BONDS PAYABLE								
Pavable through General Debt Service Fund								
Patrol Cars	102,500	4.5	6-26-09	6-26-15	\$ 0	\$ 102,500	\$ 0	\$ 102,500
DISCRETELY PRESENTED VAN BUREN COUNTY SCHOOL DEPARTMENT								
OTHER LOANS PAYABLE								
Public Building Authority Loan Agreement								
Pavable through General Purpose School Fund	2,000,000	Variable	6-30-1997	5-15-17	\$ 1,163,000	\$ 0	\$ 103,000	\$ 1,060,000
School								
BONDS PAYABLE								
Pavable through General Purpose School Fund								
School	1,000,000	7.1 to 9.5	4-1-1989	4-1-09	\$ 90,000	\$ 0	\$ 90,000	\$ 0

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
2010	\$ 8,347	\$ 266	\$ 8,613

Year Ending June 30	Capital Lease Principal	Capital Lease Interest	Total Capital Lease Requirements
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	\$ 91,153	\$ 10,679	\$ 101,832

Year Ending June 30	Bond Principal	Bond Interest	Total Bond Requirements
2010	\$ 15,261	\$ 4,613	\$ 19,874
2011	15,947	3,926	19,873
2012	16,665	3,208	19,873
2013	17,415	2,458	19,873
2014	18,198	1,675	19,873
2015	19,014	858	19,872
Total	\$ 102,500	\$ 16,738	\$ 119,238

(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
2010	\$ 109,000	\$ 6,095	\$ 5,014	\$ 120,109
2011	115,000	5,460	4,597	125,057
2012	121,000	4,790	4,159	129,949
2013	128,000	4,085	3,696	135,781
2014	135,000	3,339	3,208	141,547
2015	143,000	2,552	2,692	148,244
2016	150,000	1,720	2,147	153,867
2017	159,000	845	1,574	161,419
Total	<u>\$ 1,060,000</u>	<u>\$ 28,886</u>	<u>\$ 27,087</u>	<u>\$ 1,115,973</u>

Exhibit I-3

Van Buren County, Tennessee
Schedule of Notes Receivable
June 30, 2009

Description/Payee	Debtor	Original Amount of Notes	Date of Maturity	Interest Rate	Balance 6-30-09
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 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, 2009

From Fund	To Fund	Purpose	Amount
School Federal Projects	General Purpose School	Indirect costs	<u>\$ 10,180</u>
Total Transfers Discretely Presented Van Buren County School Department			<u><u>\$ 10,180</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, 2009

Official	Authorization for Salary	\$	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$	60,350	25,000	RLI Insurance Company
Road Superintendent	Section 8-24-102, TCA		57,477	100,000	Western Surety Company
Director of Schools	State Board of Education and Van Buren County Board of Education		79,700 (1)	(2)	
Trustee	Section 8-24-102, TCA		52,251	271,000	Hartford Fire Insurance Company
Assessor of Property	Section 8-24-102, TCA		52,251	10,000	Western Surety Company
County Clerk	Section 8-24-102, TCA		52,251	25,000	"
Circuit Court Clerk	Section 8-24-102, TCA		52,251	30,000	"
Clerk and Master	Section 8-24-102, TCA		52,251	50,000	"
Register	Section 8-24-102, TCA		52,251	15,000	"
Sheriff	Section 8-24-102, TCA		57,477 (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, 2009

	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	Debt Service		General Debt Service			
								General	Debt				
Local Taxes													
<u>County Property Taxes</u>													
Current Property Tax	\$ 1,002,129	\$ 0	\$ 67,984	\$ 110,475	\$ 85,141	\$ 0	\$ 0	\$ 0	\$ 0	\$ 51,064	\$ 1,316,793		
Trustee's Collections - Prior Year	80,773	0	6,916	10,425	6,855	0	0	0	0	3,556	108,525		
Circuit/Clerk & Master Collections - Prior Years	1,383	0	71	224	197	0	0	0	0	0	1,875		
Interest and Penalty	25,104	0	1,868	2,926	1,860	0	0	0	0	849	32,607		
Payments in-Lieu-of Taxes - T.V.A.	4,429	0	0	0	0	0	0	0	0	624	5,053		
Payments in-Lieu-of Taxes - Local Utilities	55,938	0	3,825	6,215	4,781	0	0	0	0	2,869	73,628		
Payments in-Lieu-of Taxes - Other	50,159	0	0	0	0	0	0	0	0	0	50,159		
<u>County Local Option Taxes</u>													
Local Option Sales Tax	64,402	0	0	0	0	0	0	0	0	0	64,402		
Hotel/Motel Tax	0	0	0	0	0	0	0	0	0	60,757	60,757		
Litigation Tax - General	6,244	0	0	0	0	0	0	0	0	0	6,244		
Litigation Tax - Special Purpose	0	31,335	0	0	0	0	0	0	0	0	31,335		
Litigation Tax - Jail, Workhouse, or Courthouse	0	11,652	0	0	0	0	0	0	0	0	11,652		
Business Tax	1,817	0	0	0	0	0	0	0	0	0	1,817		
<u>Statutory Local Taxes</u>													
Bank Excise Tax	14,334	0	0	0	0	0	0	0	0	0	14,334		
Wholesale Beer Tax	28,977	0	0	0	0	0	0	0	0	0	28,977		
Interstate Telecommunications Tax	461	0	0	0	0	0	0	0	0	0	461		
Total Local Taxes	\$ 1,336,150	\$ 42,987	\$ 80,664	\$ 130,265	\$ 98,834	\$ 0	\$ 0	\$ 0	\$ 0	\$ 119,719	\$ 1,808,619		
Licenses and Permits													
<u>Licenses</u>													
Cable TV Franchise	8,852	0	0	0	0	0	0	0	0	0	8,852		
Total Licenses and Permits	\$ 8,852	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,852		
Fines, Forfeitures, and Penalties													
<u>Circuit Court</u>													
Fines	2,146	0	0	0	0	0	0	0	0	0	2,146		
Officers Costs	1,760	0	0	0	0	0	0	0	0	0	1,760		
Drug Control Fines	0	0	0	0	0	5,114	0	0	0	0	5,114		

(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				
								General	Debt	Service		
<u>Fines, Forfeitures, and Penalties (Cont.)</u>												
<u>Circuit Court (Cont.)</u>												
Drug Court Fees	\$ 274	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 274	
Data Entry Fee - Circuit Court	49	0	0	0	0	0	0	0	0	0	49	
<u>General Sessions Court</u>												
Fines	9,415	0	0	0	0	0	0	0	0	0	9,415	
Officers Costs	11,618	0	0	0	0	0	0	0	0	0	11,618	
Drug Control Fines	0	0	0	0	0	1,038	0	0	0	0	1,038	
Drug Court Fees	67	0	0	0	0	0	0	0	0	0	67	
Data Entry Fee - General Sessions Court	2,160	0	0	0	0	0	0	0	0	0	2,160	
<u>Chancery Court</u>												
Officers Costs	119	0	0	0	0	0	0	0	0	0	119	
Data Entry Fee - Chancery Court	203	0	0	0	0	0	0	0	0	0	203	
<u>Judicial District Drug Program</u>												
Data Entry Fee - Other Courts	318	0	0	0	0	0	0	0	0	0	318	
Total Fines, Forfeitures, and Penalties	\$ 28,129	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,152	\$ 0	\$ 0	\$ 0	\$ 0	\$ 34,281	
<u>Charges for Current Services</u>												
<u>General Service Charges</u>												
Convenience Waste Centers Collection Charge	\$ 0	\$ 0	\$ 45,898	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 45,898	
Patient Charges	0	0	0	291,407	0	0	0	0	0	0	291,407	
<u>Fees</u>												
Telephone Commissions	1,143	0	0	0	0	0	0	0	0	0	1,143	
Vending Machine Collections	193	0	0	0	0	0	0	0	0	0	193	
Data Processing Fee - Register	3,778	0	0	0	0	0	0	0	0	0	3,778	
Sexual Offender Registration Fees - Sheriff	1,030	0	0	0	0	0	0	0	0	0	1,030	
Total Charges for Current Services	\$ 6,144	\$ 0	\$ 45,898	\$ 291,407	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 343,449	
<u>Other Local Revenues</u>												
<u>Recurring Items</u>												
Investment Income	\$ 49,228	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 49,228	
Lease/Rentals	1,952	0	0	0	0	0	0	0	0	0	1,952	

(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		Total	
								General	Service		
<u>Other Local Revenues (Cont.)</u>											
<u>Recurring Items (Cont.)</u>											
Sale of Recycled Materials	\$ 0	\$ 0	\$ 8,848	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,848
Miscellaneous Refunds	5,772	0	176	492	0	2,196	439	0	0	0	9,075
Total Other Local Revenues	\$ 56,952	\$ 0	\$ 9,024	\$ 492	\$ 0	\$ 2,196	\$ 439	\$ 0	\$ 0	\$ 0	\$ 69,103
<u>Fees Received from County Officials</u>											
<u>Fees in-Lieu-of Salary</u>											
County Clerk	\$ 57,302	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 57,302
Circuit Court Clerk	15,802	0	0	0	0	0	0	0	0	0	15,802
General Sessions Court Clerk	69,930	0	0	0	0	0	0	0	0	0	69,930
Clerk and Master	13,803	0	0	0	0	0	0	0	0	0	13,803
Register	38,064	0	0	0	0	0	0	0	0	0	38,064
Sheriff	2,723	0	0	0	0	0	0	0	0	0	2,723
Trustee	83,318	0	0	0	0	0	0	0	0	0	83,318
Total Fees Received from County Officials	\$ 280,942	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 280,942
<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
State Reappraisal Grant	4,246	0	0	0	0	0	0	0	0	0	4,246
<u>Health and Welfare Grants</u>											
Health Department Programs	2,599	0	0	0	0	0	0	0	0	0	2,599
<u>Public Works Grants</u>											
Litter Program	5,521	0	0	0	0	0	0	0	0	0	5,521
<u>Other State Revenues</u>											
Income Tax	9,125	0	0	0	0	0	0	0	0	0	9,125
Beer Tax	18,701	0	0	0	0	0	0	0	0	0	18,701
Alcoholic Beverage Tax	17,575	0	0	0	0	0	0	0	0	0	17,575
State Revenue Sharing - T.V.A.	114,032	0	0	0	0	0	0	0	0	16,290	130,322
Contracted Prisoner Boarding	2,028	0	0	0	0	0	0	0	0	0	2,028
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	1,284,290	0	0	0	1,284,290

(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		General Debt Service
<u>State of Tennessee (Cont.)</u>									
<u>Other State Revenues (Cont.)</u>									
Petroleum Special Tax	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,423	\$ 0	\$ 4,423
Registrar's Salary Supplement	14,912	0	0	0	0	0	0	0	14,912
Other State Grants	6,580	0	24,468	0	0	0	0	0	31,048
Other State Revenues	4,200	0	0	0	0	0	0	0	4,200
<u>Total State of Tennessee</u>	\$ 208,519	\$ 0	\$ 24,468	\$ 0	\$ 0	\$ 0	\$ 1,288,713	\$ 16,290	\$ 1,537,990
<u>Federal Government</u>									
<u>Federal Through State</u>									
Community Development	\$ 0	\$ 0	\$ 0	\$ 300,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 300,000
Other Federal through State	5,872	0	0	0	0	0	0	0	5,872
<u>Direct Federal Revenue</u>									
Other Direct Federal Revenue	50,000	0	0	0	0	0	0	0	50,000
<u>Total Federal Government</u>	\$ 55,872	\$ 0	\$ 0	\$ 300,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 355,872
<u>Total</u>	\$ 1,981,560	\$ 42,987	\$ 160,054	\$ 722,164	\$ 98,834	\$ 8,348	\$ 1,289,152	\$ 136,009	\$ 4,439,108

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, 2009

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 536,367	\$ 0	\$ 0	\$ 536,367
Trustee's Collections - Prior Year	42,116	0	0	42,116
Circuit/Clerk & Master Collections - Prior Years	768	0	0	768
Interest and Penalty	12,812	0	0	12,812
Payments in-Lieu-of Taxes - T.V.A.	5,404	0	0	5,404
Payments in-Lieu-of Taxes - Local Utilities	30,120	0	0	30,120
<u>County Local Option Taxes</u>				
Local Option Sales Tax	410,547	0	0	410,547
Hotel/Motel Tax	103,452	0	0	103,452
<u>Statutory Local Taxes</u>				
Interstate Telecommunications Tax	669	0	0	669
Total Local Taxes	\$ 1,142,255	\$ 0	\$ 0	\$ 1,142,255
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 195	\$ 0	\$ 0	\$ 195
Total Licenses and Permits	\$ 195	\$ 0	\$ 0	\$ 195
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Lunch Payments - Children	\$ 0	\$ 0	\$ 65,280	\$ 65,280
Lunch Payments - Adults	0	0	11,604	11,604
Income from Breakfast	0	0	19,203	19,203
Special Milk Sales	0	0	13	13
A la carte Sales	0	0	58,742	58,742
Receipts from Individual Schools	12,617	0	0	12,617
Total Charges for Current Services	\$ 12,617	\$ 0	\$ 154,842	\$ 167,459
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 658	\$ 658
Sale of Materials and Supplies	1,139	0	0	1,139
Miscellaneous Refunds	39,939	0	799	40,738
<u>Nonrecurring Items</u>				
Sale of Equipment	750	0	0	750
Damages Recovered from Individuals	580	0	0	580
Contributions and Gifts	11,031	0	0	11,031
Total Other Local Revenues	\$ 53,439	\$ 0	\$ 1,457	\$ 54,896
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 38,388	\$ 0	\$ 0	\$ 38,388
<u>State Education Funds</u>				
Basic Education Program	4,389,841	0	0	4,389,841
Early Childhood Education	195,931	0	0	195,931
School Food Service	0	0	4,763	4,763
Other State Education Funds	265,059	0	0	265,059
Career Ladder Program	43,039	0	0	43,039
Career Ladder - Extended Contract	24,700	0	0	24,700

(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>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	\$ 141,182	\$ 0	\$ 0	\$ 141,182
Other State Grants	1,000	0	0	1,000
Total State of Tennessee	<u>\$ 5,099,140</u>	<u>\$ 0</u>	<u>\$ 4,763</u>	<u>\$ 5,103,903</u>
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 196,869	\$ 196,869
Breakfast	0	0	100,487	100,487
USDA - Other	0	0	4,355	4,355
Adult Education State Grant Program	31,271	0	0	31,271
Vocational Education - Basic Grants to States	0	17,057	0	17,057
Title I Grants to Local Education Agencies	0	211,640	0	211,640
Special Education - Grants to States	0	179,299	0	179,299
Special Education Preschool Grants	0	6,021	0	6,021
Safe and Drug-Free Schools - State Grants	0	3,357	0	3,357
Rural Education	0	20,632	0	20,632
Eisenhower Professional Development State Grants	0	50,770	0	50,770
Other Federal through State	4,000	2,125	0	6,125
Total Federal Government	<u>\$ 35,271</u>	<u>\$ 490,901</u>	<u>\$ 301,711</u>	<u>\$ 827,883</u>
Total	<u>\$ 6,342,917</u>	<u>\$ 490,901</u>	<u>\$ 462,773</u>	<u>\$ 7,296,591</u>

Exhibit I-8

Van Buren County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2009

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	11,500	
Audit Services		1,652	
Dues and Memberships		1,050	
Total County Commission			\$ 14,202

Board of Equalization

Board and Committee Members Fees	\$	897	
Total Board of Equalization			897

Beer Board

Board and Committee Members Fees	\$	1,100	
Total Beer Board			1,100

County Mayor/Executive

County Official/Administrative Officer	\$	60,350	
Accountants/Bookkeepers		29,172	
Social Security		5,550	
State Retirement		3,110	
Unemployment Compensation		131	
Employer Medicare		1,298	
Communication		7,869	
Data Processing Services		5,576	
Dues and Memberships		2,026	
Printing, Stationery, and Forms		381	
Travel		1,764	
Office Supplies		879	
Total County Mayor/Executive			118,106

County Attorney

County Official/Administrative Officer	\$	8,200	
Total County Attorney			8,200

Election Commission

County Official/Administrative Officer	\$	47,026	
Election Commission		10,745	
Election Workers		6,990	
Social Security		2,916	
State Retirement		1,608	
Unemployment Compensation		140	
Employer Medicare		682	

(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.)

Communication	\$	965	
Data Processing Services		1,878	
Dues and Memberships		150	
Legal Notices, Recording, and Court Costs		7,020	
Travel		2,561	
Other Contracted Services		8,046	
Office Supplies		467	
Other Charges		60	
Total Election Commission			\$ 91,254

Register of Deeds

County Official/Administrative Officer	\$	52,251	
Social Security		3,240	
State Retirement		1,786	
Employer Medicare		758	
Communication		568	
Data Processing Services		4,460	
Dues and Memberships		365	
Printing, Stationery, and Forms		1,443	
Office Supplies		9	
Premiums on Corporate Surety Bonds		100	
Total Register of Deeds			64,980

Planning

Contracts with Government Agencies	\$	6,875	
Total Planning			6,875

County Buildings

Communication	\$	2,704	
Maintenance and Repair Services - Buildings		12,330	
Custodial Supplies		2,362	
Electricity		32,972	
Natural Gas		18,967	
Water and Sewer		7,993	
Total County Buildings			77,328

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	52,251	
Part-time Personnel		5,002	

(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	\$	3,550	
State Retirement		1,786	
Unemployment Compensation		100	
Employer Medicare		830	
Audit Services		1,287	
Communication		843	
Data Processing Services		4,892	
Dues and Memberships		704	
Legal Notices, Recording, and Court Costs		40	
Travel		1,213	
Office Supplies		127	
Premiums on Corporate Surety Bonds		340	
Other Charges		1,200	
Total Property Assessor's Office			\$ 74,165

County Trustee's Office

County Official/Administrative Officer	\$	52,251	
Deputy(ies)		7,447	
Social Security		3,701	
State Retirement		1,786	
Unemployment Compensation		136	
Employer Medicare		866	
Communication		1,367	
Data Processing Services		3,324	
Dues and Memberships		370	
Legal Notices, Recording, and Court Costs		270	
Printing, Stationery, and Forms		192	
Office Supplies		1,027	
Data Processing Equipment		84	
Total County Trustee's Office			72,821

County Clerk's Office

County Official/Administrative Officer	\$	52,251
Deputy(ies)		17,096
Social Security		4,300
State Retirement		2,317
Unemployment Compensation		140
Employer Medicare		1,006
Communication		1,428
Data Processing Services		1,626

(Continued)

Exhibit I-8

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Dues and Memberships	\$	360	
Printing, Stationery, and Forms		487	
Office Supplies		1,071	
Premiums on Corporate Surety Bonds		125	
Total County Clerk's Office			\$ 82,207

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	52,251	
Secretary(ies)		19,885	
Jury and Witness Fees		8,233	
Social Security		4,472	
State Retirement		2,471	
Unemployment Compensation		140	
Employer Medicare		1,046	
Communication		2,731	
Dues and Memberships		285	
Printing, Stationery, and Forms		3,342	
Office Supplies		1,586	
Premiums on Corporate Surety Bonds		382	
Total Circuit Court			96,824

General Sessions Court

Judge(s)	\$	23,156	
Secretary(ies)		5,467	
Other Fringe Benefits		3,180	
Communication		295	
Dues and Memberships		28	
Travel		296	
Office Supplies		350	
Total General Sessions Court			32,772

Chancery Court

County Official/Administrative Officer	\$	52,251	
Social Security		3,240	
State Retirement		1,786	
Employer Medicare		758	
Communication		752	
Dues and Memberships		285	
Printing, Stationery, and Forms		318	

(Continued)

Exhibit I-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Office Supplies	\$	165	
Premiums on Corporate Surety Bonds		<u>300</u>	
Total Chancery Court	\$		59,855

Juvenile Court

Contracts with Government Agencies	\$	10,000	
Other Charges		<u>600</u>	
Total Juvenile Court			10,600

Judicial Commissioners

County Official/Administrative Officer	\$	<u>4,800</u>	
Total Judicial Commissioners			4,800

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	58,077	
Deputy(ies)		160,387	
Accountants/Bookkeepers		20,749	
Salary Supplements		4,200	
Overtime Pay		14,391	
In-Service Training		6,504	
Social Security		15,984	
State Retirement		6,457	
Unemployment Compensation		1,072	
Employer Medicare		3,738	
Communication		12,985	
Dues and Memberships		1,100	
Legal Notices, Recording, and Court Costs		119	
Maintenance and Repair Services - Vehicles		18,419	
Medical and Dental Services		275	
Printing, Stationery, and Forms		618	
Travel		1,858	
Gasoline		25,501	
Office Supplies		3,088	
Uniforms		3,952	
Premiums on Corporate Surety Bonds		1,658	
Other Charges		8,985	
Motor Vehicles		<u>151,545</u>	
Total Sheriff's Department			521,662

(Continued)

Exhibit I-8

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

General Fund (Cont.)

Public Safety (Cont.)

Jail

Dispatchers/Radio Operators	\$	4,688	
Guards		182,923	
Overtime Pay		4,608	
Social Security		11,918	
State Retirement		5,488	
Unemployment Compensation		1,967	
Employer Medicare		2,787	
Medical and Dental Services		43,110	
Custodial Supplies		4,084	
Electricity		6,900	
Food Supplies		21,000	
Natural Gas		3,580	
Water and Sewer		4,219	
Other Charges		<u>1,285</u>	
Total Jail			\$ 298,557

Fire Prevention and Control

Contributions	\$	<u>1,000</u>	
Total Fire Prevention and Control			1,000

Rescue Squad

Contributions	\$	<u>3,500</u>	
Total Rescue Squad			3,500

Other Emergency Management

Contributions	\$	<u>2,000</u>	
Total Other Emergency Management			2,000

County Coroner/Medical Examiner

Premiums on Corporate Surety Bonds	\$	112	
Other Charges		<u>1,745</u>	
Total County Coroner/Medical Examiner			1,857

Other Public Safety

Overtime Pay	\$	98	
Social Security		6	
Employer Medicare		1	
Contracts with Government Agencies		800	
Contributions		<u>51,700</u>	
Total Other Public Safety			52,605

(Continued)

Exhibit I-8

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

General Fund (Cont.)

Public Health and Welfare

Local Health Center

Clerical Personnel	\$	1,760	
Social Security		109	
Unemployment Compensation		35	
Employer Medicare		26	
Communication		1,445	
Postal Charges		42	
Travel		397	
Custodial Supplies		400	
Drugs and Medical Supplies		421	
Electricity		3,884	
Natural Gas		2,530	
Office Supplies		35	
Water and Sewer		1,074	
Total Local Health Center			\$ 12,158

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	\$	11,216	
Social Security		693	
Unemployment Compensation		142	
Employer Medicare		162	
Communication		444	
Custodial Supplies		137	
Electricity		1,511	
Natural Gas		1,692	
Water and Sewer		231	
Other Charges		444	
Total Adult Activities			16,672

Senior Citizens Assistance

Communication	\$	639	
Contributions		11,160	

(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.)

Senior Citizens Assistance (Cont.)

Medical and Dental Services	\$	500	
Printing, Stationery, and Forms		283	
Office Supplies		318	
Other Charges		400	
Total Senior Citizens Assistance			\$ 13,300

Libraries

Contributions	\$	28,004	
Total Libraries			28,004

Parks and Fair Boards

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

Other Social, Cultural, and Recreational

Contributions	\$	5,650	
Total Other Social, Cultural, and Recreational			5,650

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$	15,518	
Secretary(ies)		7,205	
Social Security		1,738	
State Retirement		2,125	
Other Fringe Benefits		834	
Communication		2,989	
Other Charges		2,200	
Total Agriculture Extension Service			32,609

Soil Conservation

Secretary(ies)	\$	9,079	
Social Security		563	
Unemployment Compensation		142	
Employer Medicare		132	
Communication		598	
Total Soil Conservation			10,514

Other Operations

Industrial Development

Contributions	\$	5,814	
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(Continued)

Exhibit I-8

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

General Fund (Cont.)

Other Operations (Cont.)

Industrial Development (Cont.)

Other Charges	\$ 9,498	
Total Industrial Development		\$ 15,312

Other Charges

Liability Insurance	\$ 38,696	
Trustee's Commission	29,026	
Workers' Compensation Insurance	22,084	
Total Other Charges		89,806

Employee Benefits

State Retirement	\$ 27,795	
Total Employee Benefits		27,795

Miscellaneous

Postal Charges	\$ 18,583	
Duplicating Supplies	9,755	
Other Charges	1,639	
Total Miscellaneous		29,977

Highways

Litter and Trash Collection

Laborers	\$ 14,451	
Social Security	1,024	
State Retirement	72	
Unemployment Compensation	145	
Employer Medicare	240	
Accounting Services	2,066	
Other Supplies and Materials	4,084	
Other Charges	2,000	
Total Litter and Trash Collection		24,082

Interest on Debt

General Government

Interest on Notes	\$ 2,685	
Total General Government		2,685

Total General Fund		\$ 2,035,354
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(Continued)

Exhibit I-8

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

Courthouse and Jail Maintenance Fund

General Government

County Buildings

Custodial Personnel	\$	9,479	
Maintenance Personnel		16,284	
Social Security		1,536	
State Retirement		804	
Unemployment Compensation		77	
Employer Medicare		359	
Building Improvements		907	
Total County Buildings			\$ 29,446

Public Safety

Jail

Maintenance and Repair Services - Buildings	\$	727	
Total Jail			727

Other Operations

Other Charges

Trustee's Commission	\$	430	
Total Other Charges			430

Total Courthouse and Jail Maintenance Fund \$ 30,603

Solid Waste/Sanitation Fund

Public Health and Welfare

Waste Pickup

Truck Drivers	\$	16,936	
Social Security		1,050	
State Retirement		604	
Unemployment Compensation		67	
Employer Medicare		246	
Maintenance and Repair Services - Equipment		2,700	
Diesel Fuel		4,002	
Total Waste Pickup			\$ 25,605

Convenience Centers

Laborers	\$	29,184	
Social Security		1,809	
Unemployment Compensation		517	
Employer Medicare		423	
Communication		1,289	
Other Contracted Services		21,161	

(Continued)

Exhibit I-8

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Convenience Centers (Cont.)

Electricity	\$	6,075	
Natural Gas		45	
Water and Sewer		802	
Other Supplies and Materials		1,854	
Trustee's Commission		2,189	
Other Charges		1,654	
Total Convenience Centers			\$ 67,002

Landfill Operation and Maintenance

Other Charges	\$	7,600	
Total Landfill Operation and Maintenance			7,600

Total Solid Waste/Sanitation Fund \$ 100,207

Ambulance Service Fund

Public Health and Welfare

Ambulance/Emergency Medical Services

Medical Personnel	\$	182,608	
Part-time Personnel		6,671	
Overtime Pay		67,110	
In-Service Training		5,092	
Social Security		15,896	
State Retirement		12,000	
Unemployment Compensation		1,887	
Employer Medicare		3,718	
Communication		4,497	
Data Processing Services		2,250	
Dues and Memberships		305	
Licenses		2,275	
Maintenance and Repair Services - Buildings		3,649	
Maintenance and Repair Services - Equipment		13	
Maintenance and Repair Services - Vehicles		10,916	
Custodial Supplies		856	
Data Processing Supplies		354	
Diesel Fuel		12,452	
Drugs and Medical Supplies		23,216	
Electricity		3,068	
Natural Gas		1,820	
Office Supplies		1,408	
Uniforms		1,399	

(Continued)

Exhibit I-8

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

Ambulance Service Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Water and Sewer	\$	692	
Other Supplies and Materials		2,498	
Trustee's Commission		5,190	
Vehicle and Equipment Insurance		4,500	
Workers' Compensation Insurance		10,000	
Other Charges		1,544	
Motor Vehicles		329,161	
Health Equipment		2,415	
Other Equipment		2,374	
Total Ambulance/Emergency Medical Services			<u>\$ 721,834</u>

Total Ambulance Service Fund \$ 721,834

Local Purpose Tax Fund

Public Safety

Fire Prevention and Control

Contributions	\$	62,500	
Building and Contents Insurance		26,418	
Total Fire Prevention and Control			<u>\$ 88,918</u>

Other Operations

Other Charges

Trustee's Commission	\$	2,010	
Total Other Charges			<u>2,010</u>

Total Local Purpose Tax Fund 90,928

Drug Control Fund

Public Safety

Drug Enforcement

Maintenance and Repair Services - Vehicles	\$	368	
Other Contracted Services		150	
Other Supplies and Materials		2,778	
Law Enforcement Equipment		3,449	
Total Drug Enforcement			<u>\$ 6,745</u>

Other Operations

Other Charges

Trustee's Commission	\$	62	
Total Other Charges			<u>62</u>

Total Drug Control Fund 6,807

(Continued)

Exhibit I-8

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

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	57,477	
Assistant(s)		34,500	
Accountants/Bookkeepers		34,425	
Overtime Pay		2,536	
Other Salaries and Wages		4,315	
Communication		1,542	
Dues and Memberships		2,183	
Legal Notices, Recording, and Court Costs		55	
Maintenance and Repair Services - Office Equipment		125	
Postal Charges		259	
Travel		150	
Electricity		1,402	
Office Supplies		86	
Other Charges		214	
Total Administration			\$ 139,269

Highway and Bridge Maintenance

Equipment Operators	\$	52,712	
Truck Drivers		80,830	
Laborers		186,184	
Other Contracted Services		43,890	
Asphalt - Cold Mix		2,924	
Crushed Stone		33,614	
Pipe - Metal		7,272	
Road Signs		905	
Salt		15,806	
Small Tools		85	
Structural Steel		20	
Wood Products		50	
Other Charges		419	
Total Highway and Bridge Maintenance			424,711

Operation and Maintenance of Equipment

Mechanic(s)	\$	58,835	
Laborers		14,062	
Nightwatchmen		28,088	
Laundry Service		738	
Maintenance and Repair Services - Equipment		1,695	
Other Contracted Services		1,057	
Diesel Fuel		33,174	

(Continued)

Exhibit I-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Equipment and Machinery Parts	\$	20,497	
Garage Supplies		662	
Gasoline		19,338	
Lubricants		8,057	
Propane Gas		870	
Small Tools		775	
Tires and Tubes		12,764	
Water and Sewer		572	
Other Supplies and Materials		646	
Other Charges		698	
Total Operation and Maintenance of Equipment			\$ 202,528

Quarry Operations

Communication	\$	1,995	
Operating Lease Payments		4,800	
Electricity		3,708	
Other Charges		400	
Total Quarry Operations			10,903

Other Charges

Liability Insurance	\$	20,028	
Premiums on Corporate Surety Bonds		450	
Trustee's Commission		12,864	
Workers' Compensation Insurance		80,487	
Total Other Charges			113,829

Employee Benefits

Social Security	\$	42,378	
State Retirement		37,917	
Employee and Dependent Insurance		5,808	
Unemployment Compensation		358	
Other Fringe Benefits		1,491	
Total Employee Benefits			87,952

Capital Outlay

Communication Equipment	\$	125	
Motor Vehicles		20,395	
Office Equipment		882	
Total Capital Outlay			21,402

Total Highway/Public Works Fund \$ 1,000,594

(Continued)

Exhibit I-8

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

<u>General Debt Service Fund</u>		
<u>Principal on Debt</u>		
<u>General Government</u>		
Principal on Notes	\$ 7,994	
Principal on Capital Leases	<u>20,347</u>	
Total General Government		\$ 28,341
<u>Interest on Debt</u>		
<u>General Government</u>		
Interest on Notes	\$ 721	
Interest on Capital Leases	<u>5,111</u>	
Total General Government		5,832
<u>Other Debt Service</u>		
<u>General Government</u>		
Trustee's Commission	\$ <u>1,968</u>	
Total General Government		<u>1,968</u>
Total General Debt Service Fund		<u>\$ 36,141</u>
Total Governmental Funds - Primary Government		<u><u>\$ 4,022,468</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, 2009

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	1,832,225	
Career Ladder Program		19,000	
Career Ladder Extended Contracts		11,550	
Homebound Teachers		2,793	
Educational Assistants		76,247	
Non-certified Substitute Teachers		41,135	
Social Security		113,225	
State Retirement		124,988	
Medical Insurance		113,475	
Unemployment Compensation		3,948	
Employer Medicare		26,480	
Contracts with Other School Systems		20,000	
Instructional Supplies and Materials		20,262	
Textbooks		23,862	
Other Supplies and Materials		2,872	
Other Charges		2,448	
Regular Instruction Equipment		78,033	
Total Regular Instruction Program			\$ 2,512,543

Special Education Program

Teachers	\$	183,725	
Career Ladder Program		3,000	
Educational Assistants		4,257	
Speech Pathologist		45,340	
Non-certified Substitute Teachers		1,797	
Social Security		12,747	
State Retirement		14,955	
Medical Insurance		24,207	
Employer Medicare		2,982	
Maintenance and Repair Services - Equipment		160	
Instructional Supplies and Materials		66	
Other Charges		426	
Special Education Equipment		1,084	
Total Special Education Program			294,746

Vocational Education Program

Teachers	\$	111,713
Career Ladder Program		1,000
Social Security		6,914

(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.)

State Retirement	\$	7,236	
Employer Medicare		1,617	
Maintenance and Repair Services - Equipment		78	
Tuition		3,700	
Instructional Supplies and Materials		971	
Other Supplies and Materials		482	
Vocational Instruction Equipment		1,435	
Total Vocational Education Program			\$ 135,146

Adult Education Program

Teachers	\$	43,061	
Social Security		2,446	
State Retirement		2,764	
Medical Insurance		2,487	
Employer Medicare		572	
Instructional Supplies and Materials		469	
Total Adult Education Program			51,799

Support Services

Attendance

Supervisor/Director	\$	54,350	
Career Ladder Program		1,000	
Social Security		3,082	
State Retirement		3,554	
Medical Insurance		4,607	
Employer Medicare		721	
Travel		306	
Total Attendance			67,620

Health Services

Supervisor/Director	\$	40,406
Medical Personnel		36,492
Other Salaries and Wages		16,477
Social Security		5,358
State Retirement		6,628
Medical Insurance		5,689
Employer Medicare		1,253
Communication		250
Travel		26

(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.)

Drugs and Medical Supplies	\$	1,435	
Other Supplies and Materials		6,759	
In Service/Staff Development		2,289	
Other Charges		26,680	
Total Health Services			\$ 149,742

Other Student Support

Career Ladder Program	\$	2,000	
Guidance Personnel		96,158	
Social Security		5,793	
State Retirement		6,302	
Medical Insurance		2,487	
Employer Medicare		1,355	
Contracts with Government Agencies		28,657	
Evaluation and Testing		4,617	
Travel		102	
Total Other Student Support			147,471

Regular Instruction Program

Supervisor/Director	\$	60,894	
Career Ladder Program		6,000	
Career Ladder Extended Contracts		6,000	
Librarians		83,007	
Instructional Computer Personnel		43,472	
Social Security		11,929	
State Retirement		13,100	
Medical Insurance		4,974	
Employer Medicare		2,790	
Travel		2,261	
Other Contracted Services		352	
Library Books/Media		10,537	
In Service/Staff Development		475	
Other Charges		145	
Total Regular Instruction Program			245,936

Special Education Program

Supervisor/Director	\$	22,320	
Psychological Personnel		13,297	
Clerical Personnel		457	

(Continued)

Exhibit I-9

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

<u>General Purpose School Fund (Cont.)</u>		
<u>Support Services (Cont.)</u>		
<u>Special Education Program (Cont.)</u>		
Social Security	\$	1,304
State Retirement		1,465
Medical Insurance		1,150
Employer Medicare		415
Travel		862
Total Special Education Program	\$	41,270
<u>Vocational Education Program</u>		
Supervisor/Director	\$	4,000
Social Security		248
State Retirement		257
Employer Medicare		58
Total Vocational Education Program		4,563
<u>Adult Programs</u>		
Career Ladder Program	\$	1,000
Social Security		62
State Retirement		64
Employer Medicare		14
In Service/Staff Development		565
Other Charges		1,679
Total Adult Programs		3,384
<u>Other Programs</u>		
On-Behalf Payments to OPEB	\$	38,388
Total Other Programs		38,388
<u>Board of Education</u>		
Board and Committee Members Fees	\$	3,400
Social Security		211
Medical Insurance		28,674
Employer Medicare		49
Audit Services		2,850
Dues and Memberships		2,916
Travel		158
Other Contracted Services		1,500
Trustee's Commission		28,795
Workers' Compensation Insurance		38,431
Total Board of Education		106,984

(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	\$	78,700	
Career Ladder Program		1,000	
Social Security		4,463	
State Retirement		5,117	
Medical Insurance		6,207	
Employer Medicare		1,044	
Communication		7,845	
Dues and Memberships		831	
Postal Charges		658	
Travel		442	
Office Supplies		1,044	
Other Charges		60	
Total Director of Schools			\$ 107,411

Office of the Principal

Principals	\$	116,934	
Career Ladder Program		2,000	
Career Ladder Extended Contracts		3,970	
Assistant Principals		44,632	
Secretary(ies)		38,699	
Social Security		12,149	
State Retirement		13,562	
Medical Insurance		5,572	
Employer Medicare		2,841	
Communication		888	
Other Charges		255	
Total Office of the Principal			241,502

Fiscal Services

Accountants/Bookkeepers	\$	32,300	
Secretary(ies)		30,260	
Social Security		3,820	
State Retirement		4,448	
Employer Medicare		893	
Data Processing Services		6,234	
Other Contracted Services		1,381	
Data Processing Supplies		618	
Office Supplies		1,474	
Other Supplies and Materials		69	

(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.)

Fiscal Services (Cont.)

Administration Equipment	\$ 80	
Total Fiscal Services		\$ 81,577

Operation of Plant

Custodial Personnel	\$ 136,842	
Social Security	8,460	
State Retirement	8,633	
Employer Medicare	1,978	
Janitorial Services	1,610	
Disposal Fees	12,196	
Other Contracted Services	6,746	
Custodial Supplies	11,350	
Electricity	157,392	
Natural Gas	55,565	
Water and Sewer	21,728	
Other Supplies and Materials	580	
Building and Contents Insurance	67,577	
Other Charges	449	
Plant Operation Equipment	55	
Total Operation of Plant		491,161

Maintenance of Plant

Supervisor/Director	\$ 32,810	
Social Security	2,034	
State Retirement	2,333	
Employer Medicare	476	
Communication	348	
Maintenance and Repair Services - Buildings	15,919	
Maintenance and Repair Services - Equipment	21,816	
Maintenance and Repair Services - Vehicles	73	
Other Contracted Services	10,825	
Other Supplies and Materials	7,644	
Maintenance Equipment	10,968	
Total Maintenance of Plant		105,246

Transportation

Mechanic(s)	\$ 31,916
Bus Drivers	101,471
Other Salaries and Wages	9,828

(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.)

Social Security	\$	8,749	
State Retirement		9,842	
Medical Insurance		48	
Employer Medicare		2,046	
Communication		455	
Rentals		70	
Travel		360	
Gasoline		47,023	
Lubricants		1,642	
Tires and Tubes		7,521	
Vehicle Parts		23,905	
Other Supplies and Materials		4,432	
Other Charges		10,038	
Transportation Equipment		75,935	
Total Transportation	\$		335,281

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	57,524	
Teachers		62,095	
Educational Assistants		4,305	
Other Salaries and Wages		9,720	
Social Security		7,599	
State Retirement		8,677	
Medical Insurance		7,636	
Employer Medicare		1,777	
Food Supplies		92	
Other Supplies and Materials		2,228	
In Service/Staff Development		120	
Other Charges		505	
Other Equipment		3,108	
Total Community Services			165,386

Early Childhood Education

Supervisor/Director	\$	10,152	
Teachers		82,286	
Educational Assistants		38,596	
Non-certified Substitute Teachers		1,986	
Social Security		7,398	

(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.)

State Retirement	\$	8,210	
Medical Insurance		5,896	
Employer Medicare		1,896	
Travel		1,296	
Food Supplies		453	
Instructional Supplies and Materials		19,253	
Other Supplies and Materials		6,557	
Other Charges		9,147	
Other Equipment		<u>5,274</u>	
Total Early Childhood Education	\$		198,400

Capital Outlay

Regular Capital Outlay

Architects	\$	1,480	
Building Improvements		12,624	
Furniture and Fixtures		10,040	
Land		484	
Site Development		<u>26,529</u>	
Total Regular Capital Outlay			51,157

Principal on Debt

Education

Principal on Bonds	\$	90,000	
Principal on Other Loans		<u>103,000</u>	
Total Education			193,000

Interest on Debt

Education

Interest on Bonds	\$	6,975	
Interest on Other Loans		<u>18,613</u>	
Total Education			25,588

Other Debt Service

Education

Other Debt Service	\$	<u>6,181</u>	
Total Education			<u>6,181</u>

Total General Purpose School Fund \$ 5,801,482

(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

Instruction

Regular Instruction Program

Teachers	\$	193,024	
Educational Assistants		11,749	
Non-certified Substitute Teachers		1,135	
Social Security		12,766	
State Retirement		13,228	
Medical Insurance		2,487	
Employer Medicare		2,986	
Instructional Supplies and Materials		1,773	
Other Charges		1,912	
Regular Instruction Equipment		23,035	
Total Regular Instruction Program			\$ 264,095

Special Education Program

Teachers	\$	2,000	
Educational Assistants		109,075	
Non-certified Substitute Teachers		426	
Social Security		6,913	
State Retirement		7,853	
Employer Medicare		1,616	
Contracts with Private Agencies		14,102	
Instructional Supplies and Materials		1,483	
Other Supplies and Materials		2,088	
Total Special Education Program			145,556

Vocational Education Program

Instructional Supplies and Materials	\$	1,578	
Other Supplies and Materials		600	
Vocational Instruction Equipment		7,125	
Total Vocational Education Program			9,303

Support Services

Other Student Support

Contracts with Government Agencies	\$	1,343	
Travel		1,300	
In Service/Staff Development		4,938	
Other Charges		599	
Total Other Student Support			8,180

(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

Travel	\$	533	
Library Books/Media		4	
In Service/Staff Development		13,772	
Total Regular Instruction Program			\$ 14,309

Special Education Program

Psychological Personnel	\$	12,500	
Employer Medicare		181	
Postal Charges		219	
Travel		1,787	
Other Supplies and Materials		2,191	
In Service/Staff Development		829	
Total Special Education Program			17,707

Vocational Education Program

Supervisor/Director	\$	853	
Total Vocational Education Program			<u>853</u>

Total School Federal Projects Fund \$ 460,003

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	32,300	
Cafeteria Personnel		130,917	
Social Security		10,023	
State Retirement		11,346	
Unemployment Compensation		362	
Employer Medicare		2,344	
Communication		878	
Maintenance and Repair Services - Equipment		9,916	
Travel		63	
Other Contracted Services		3,166	
Food Preparation Supplies		13,461	
Food Supplies		219,500	
Office Supplies		452	
Uniforms		272	
Other Supplies and Materials		1,014	
Other Charges		1,111	
Food Service Equipment		11,548	
Total Food Service			<u>\$ 448,673</u>

Total Central Cafeteria Fund 448,673

Total Governmental Funds - Van Buren County School Department \$ 6,710,158

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, 2009

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 90,609
Total Cash Receipts	<u>\$ 90,609</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 89,703
Trustee's Commission	906
Total Cash Disbursements	<u>\$ 90,609</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2008	<u>0</u>
 Cash Balance, June 30, 2009	 <u><u>\$ 0</u></u>

SINGLE AUDIT SECTION

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

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

January 20, 2010

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, 2009, which collectively comprise Van Buren County's basic financial statements and have issued our report thereon dated January 20, 2010. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Industrial Development Board of Van Buren County whose financial statements were not audited. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Van Buren County Emergency Communications District as described in our report on Van Buren County's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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: 09.01, 09.02, 09.03, 09.04, 09.06(A), 09.07(A,B,C), 09.10, 09.11, and 09.14.

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 09.01, 09.02, and 09.07(A,B,C) 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

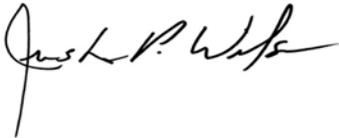
to be reported under Government Auditing Standards and are described in the accompanying Schedule of Findings and Questioned Costs as items 09.05, 09.06(B), 09.07(D), 09.08, 09.09, 09.12, and 09.15.

We consider item 09.13 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 the 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 their responses and accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the county mayor, director of schools, road superintendent, County Commission, 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 long vertical stroke at the end.

Justin P. Wilson
Comptroller of the Treasury

JPW/sb

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STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
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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 20, 2010

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, 2009. 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 on 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, 2009. However, the results of our audit procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and are described in the accompanying Schedule of Findings and Questioned Costs as items 09.09 and 09.16.

Internal Control Over Compliance

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

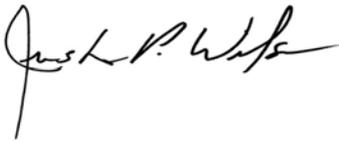
We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Van Buren County as of and for the year ended June 30, 2009, and have issued our reports thereon dated January 20, 2010. Our report on the aggregate discretely

presented component units was qualified due to not including the financial statements of 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 their responses and accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the county mayor, director of schools, road superintendent, County Commission, 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 long vertical stroke extending downwards from the end.

Justin P. Wilson
Comptroller of the Treasury

JPW/sb

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Van Buren County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2009

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Program:			
Community Facilities Loans and Grants	10.766	(3)	\$ 152,500
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	33,286 (4)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	100,487
National School Lunch Program	10.555	N/A	196,869 (4)
Passed-through State Department of Human Services:			
Summer Food Service Program for Children	10.559	N/A	4,355
Total U.S. Department of Agriculture			<u>\$ 487,497</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants	14.228	GG-08-24238-00	<u>\$ 300,000</u>
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - State Grant Program	84.002	(5)	\$ 31,271
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	209,369
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	161,118
Special Education - Preschool Grants	84.173	N/A	6,021
Vocational Education - Basic Grants to States	84.048	N/A	16,993
Safe and Drug-free Schools and Communities - State Grants	84.186	(2)	3,193
State Grants for Innovative Programs	84.298	N/A	4
Education Technology State Grants	84.318	(2)	1,671
Rural Education	84.358	(2)	19,675
Improving Teacher Quality State Grants	84.367	N/A	52,139
Total U.S. Department of Education			<u>\$ 501,454</u>
U.S. Department of Health and Human Services:			
Passed-through Upper Cumberland Development District:			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	(2)	<u>\$ 5,872</u>
U.S. Corporation for National and Community Service:			
Passed-through State Department of Education:			
Learn and Serve America - School and Community Based Programs	94.004	009-07-1-018	<u>\$ 4,000</u>
Total Expenditures of Federal Awards			<u>\$ 1,298,823</u>
<u>State Grants</u>			
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	\$ 4,246
Juvenile Services Program - State Department of Children's Services	N/A	(2)	9,000
Recycling Equipment Grant - State Department of Environment and Conservation	N/A	Z-05-020922-00	24,468
Litter Program - State Department of Transportation	N/A	(2)	5,521
Rural Local Health Services - State Department of Health	N/A	(6)	2,599
National Archery in the Schools Program - Tennessee Wildlife Resources Agency	N/A	Z-09-214834-00	1,000
Coordinated School Health Program - State Department of Health	N/A	(2)	95,000

(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	(7)	\$ 11,183
Aging Program - Upper Cumberland Development District	N/A	(2)	6,580
Voluntary Pre-K for Tennessee - State Department of Education	N/A	(2)	195,931
Lottery for Education Afterschool Program - State Department of Education	N/A	(2)	91,575
Safe Schools Act - State Department of Education	N/A	(2)	5,000
Family Resource Center - State Department of Education	N/A	(2)	33,300
 Total State Grants			\$ 485,403

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) Grant proceeds \$50,000; loan proceeds \$102,500.
- (4) Total for CFDA No. 10.555 is \$230,155.
- (5) Z-09-213519-00: \$30,948; Z-08-020838-00: \$323.
- (6) Z-08-020391-00: \$440; Z-09-213771-00: \$2,159
- (7) Z-09-213519-00: \$10,316; Z-08-2080--00: \$108; Z-09-217289-00: \$759.

Van Buren County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2009

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, 2008, which have not been corrected.

VAN BUREN COUNTY AND VAN BUREN COUNTY SCHOOL DEPARTMENT

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
08.01	162	The county and the School Department do not have the resources to produce financial statements and notes to the financial statements

OFFICE OF COUNTY MAYOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
08.04	165	Leave records were not on file to support payroll disbursements
08.05	165	General ledger cash accounts were not reconciled with county trustee reports
08.06	167	Appropriations exceeded estimated available funds in the General Fund resulting in a budgeted fund deficit. Expenditures exceeded appropriations
08.07(A,B)	168	Payroll deduction accounts were not reconciled with subsidiary payroll records. In addition, officials could not provide detailed listings of receivables and payables to support the amounts posted to the general ledger
08.08(A,C)	169	In some instances, the office did not issue purchase orders for some required purchases. Also, in some instances, invoices were paid without documentation that goods had been received or services had been rendered
08.09	170	Tax anticipation notes were not retired in compliance with state statute
08.11	172	The office had deficiencies in computer system backup procedures

OFFICE OF SHERIFF

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
08.19(B)	175	Leave balances were not accrued in compliance with the personnel policy

OTHER FINDINGS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
08.20	176	A central system of accounting, budgeting, and purchasing had not been adopted
08.21	177	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
08.22	177	The Industrial Development Board of Van Buren County was not audited

VAN BUREN COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2009

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the aggregate discretely presented component units was qualified. Our report on the governmental activities, each major fund, and the aggregate remaining fund information was unqualified.
2. The audit of the financial statements of Van Buren County disclosed significant deficiencies in internal control. Three 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 one finding that was 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), Community Development Block Grant (CFDA No. 14.228), 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.

VAN BUREN COUNTY AND VAN BUREN COUNTY SCHOOL DEPARTMENT

FINDING 09.01 **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 statements, including the related notes. It is permissible for us, as the external auditors, to assist the county and the School Department in preparing their financial statements and notes as a matter of convenience as long as the county and the School Department have the skills needed to prepare their financial statements and notes. However, management, including the accounting staff, does not have the technical skills necessary to prepare GAAP financial statements and disclosures. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report. The inability to prepare financial statements and notes is an indication of a lack of controls, or ineffective controls, because material misstatements may not be detected.

RECOMMENDATION

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

Due to limited funding and resources, until a central system of accounting is adopted by the county, this will continue to be a finding.

OFFICE OF COUNTY MAYOR

FINDING 09.02 **THE AMBULANCE SERVICE FUND REQUIRED MATERIAL
AUDIT ADJUSTMENTS FOR PROPER FINANCIAL STATEMENT
PRESENTATION**
(Internal Control – Material Weakness Under Government Auditing
Standards)

At June 30, 2009, certain general ledger account balances in the Ambulance Service Fund were not materially correct, and audit adjustments were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require 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 09.03 **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, 2009. Governmental Accounting Standards Board (GASB) Statement No. 34 requires that all vacation pay should be accrued when incurred in the government-wide financial statements. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report. 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

Management will work to transfer leave totals from paper to the computer system and work to correct this to meet the GASB standard.

FINDING 09.04 **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 are the result of a lack of management oversight and management's failure to correct parts B. and C. noted in the prior-year audit report.

- A. Accounting records for the County Mayor's Office were not maintained on a current basis. Certain revenues for July 2008 through June 30, 2009, were not posted to the accounting records until after June 30, 2009. Also, the accounting records for the year ending June 30, 2009, were not closed until November 13, 2009. Sound business practices dictate that accounting records should be maintained on a current basis to provide management with current information to make informed decisions. This delay prevented the county mayor from providing the County Commission with current financial information.
- B. 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.
- C. Receivable and payable totals were reflected in the general ledgers of the General, Courthouse and Jail Maintenance, Solid Waste/Sanitation, Ambulance Service, and General Debt Service funds at June 30, 2009; however, detailed listings of receivables and payables provided by management did not agree with the amounts posted to the general ledgers. We corrected the detailed listings and the fund accounts presented in this report by reviewing prior-year workpapers and subsequent receipts and disbursements.

RECOMMENDATION

The County Mayor's Office should maintain the accounting records on a current basis and should close its accounting records within 60 days following the end of the accounting period to provide management accurate information to make business decisions. General ledger payroll liability accounts should be reconciled monthly with payroll reports and payments, and any errors discovered should be corrected promptly. Officials should maintain accurate detailed listings of all receivables and payables posted to the general ledger at year-end and accurately post the collection/payment of these receivables and payables to the fund accounts.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

- A. After reviewing prior years' audit findings in March 2009, we made several attempts to reconcile with the trustee by sifting through posting errors, keying errors, and flaws with the software system. Management requested the assistance of the software consultant to assist in identifying and resolving the problems, and the year was held open until this could be accomplished. The County Mayor's Office will maintain and reconcile records to the best of management's ability. I have requested resources for segregation of duties, and the county will be looking into centralized accounting. All of these are pending approval of the County Commission.
- B. Management will continue to maintain accounts to the best of our ability; however, given the continual growth of tasks, duties, and responsibilities in the County Mayor's Office, resources need to be applied to the segregation of duties and a system of central accounting. I will again ask the Budget Committee to approve the resources.

FINDING 09.05 **GENERAL LEDGER CASH ACCOUNTS WERE NOT RECONCILED WITH COUNTY TRUSTEE REPORTS** (Material 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 until after June 30, 2009. When auditors began work in this office in July 2009, the funds' general cash accounts had not been reconciled with the trustee's reports since June 2008. Subsequent to June 30, 2009, the general cash accounts were reconciled with the county trustee reports by a consultant. Section 9-2-138, Tennessee Code Annotated, requires officials to reconcile their fund accounts with the records of the county trustee monthly. The failure to reconcile the general ledger cash accounts with the county trustee's reports increases the risks that errors may occur and not be detected. We also noted that as of December 7, 2009, the office had not reconciled general ledger cash accounts with the county trustee for the year beginning July 1, 2009. This deficiency exists due to the failure of management to correct the deficiency noted in the prior-year audit report. The following posting errors for the period under examination were corrected by the consultant subsequent to June 30, 2009:

Fund	Revenues Not Posted to the General Ledger	Posting Errors Not Corrected
General	\$ 103,018	\$ 83,540
Ambulance Service	15,190	726
Courthouse and Jail Maintenance	3,926	220
Solid Waste/Sanitation	5,666	2,184
Local Purpose Tax	451	245
Drug Control	1,035	494
General Debt Service	6,654	86

RECOMMENDATION

The office should reconcile the general ledger cash accounts of the various funds with the county trustee’s reports on a monthly basis as required by state statute, and any errors discovered should be corrected promptly.

MANAGEMENT’S RESPONSE – COUNTY MAYOR

An attempt was made to reconcile the reports; however, when the reports could not be reconciled with the trustee’s reports, a request was made for the software consultant to assist us. In doing so, system errors, as well as other errors, both old and new, were identified. This allowed us to close out the year reconciled with the trustee; however, late, but with correct numbers to move forward. This will also create a system to maintain the reconciliations on a regular basis.

FINDING 09.06 THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS
(A. – Internal Control – Significant Deficiency Under Government Auditing Standards; B. – Noncompliance Under Government Auditing Standards)

Our examination revealed the following deficiencies in budget operations. These deficiencies can be attributed to the failure of management to adequately monitor and review budget procedures and management’s failure to correct these deficiencies noted in the prior-year audit report.

- A. The budget and subsequent amendments approved by the County Commission for the General and Solid Waste Sanitation funds resulted in appropriations exceeding estimated available funding by \$25,362 and \$5,734, respectively. Sound budgetary practices dictate that appropriations be held within estimated available funding.

- B. Expenditures exceeded appropriations approved by the County Commission in the Employee Benefits major appropriation category (the legal level of control) in the General Fund by \$27,795. 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.”

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.

FINDING 09.07 **THE OFFICE HAD DEFICIENCIES IN PURCHASING PROCEDURES**
(A., B., and C., – Internal Control – Material Weakness Under Government Auditing Standards; D. – Noncompliance Under Government Auditing Standards)

Our examination of purchasing procedures revealed the following deficiencies. These deficiencies are the result of a lack of management oversight and management’s failure to correct parts A. and B. noted in the prior-year audit report.

- A. Purchase orders were not issued for some required purchases, and several purchase orders that were issued did not include adequate information, such as, a description of the purchase or the expenditure account to be charged for the purchase. Detailed purchase orders are necessary to control who has purchasing authority for the office and to document purchasing commitments. The failure to issue purchase orders or to issue purchase orders properly increases the risks of unauthorized purchases.
- B. Several invoices were paid without documentation that goods had been received and/or services had been rendered. This 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.
- C. In several instances, invoices were paid after the due date resulting in the county having to pay finance charges.
- D. Competitive bids were not solicited to purchase food for the jail or fuel. Chapter 36, Private Acts of 1973 and Chapter 111, Private Acts of 1986 require publically advertised competitive bids to be solicited on all purchases exceeding \$2,500.

RECOMMENDATION

To strengthen internal controls over purchasing procedures and to document purchasing commitments, the office should properly issue purchase orders for all applicable purchases. These purchase orders should include a description of the purchase and the expenditure account to be charged for the purchase. The office should maintain documentation that goods have been received or services have been rendered before invoices are paid. Vendors should be paid on a timely basis to avoid finance charges. Publically advertized competitive bids should be solicited for all purchases exceeding \$2,500 as required by private act.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

- A. Management will continue our efforts to correct this problem; however, incidents continue to occur, which resulted in a ruling by Judge Bart Stanley during August 2009, which states “It is hereby ordered that the Van Buren County Mayor shall pay the fuel charges incurred to Gant Oil Company despite the absence of a purchase order. It is further ordered that neither the sheriff nor any other county employees shall incur expenses without a previously approved purchase order as required by statute.”
- B. Once goods or services are received, it shall be the responsibility of the requesting party to sign the invoices and state that all goods have been received and verified by the department head. Implementation in regard to oversight of this practice may have to wait until the next budget cycle pending limited resources and office staff.
- C. This will continue to occur based on limited resources and unforeseen events during periods of low revenue. Management will continue to work to resolve this problem, until revenue resources are available in staffing and/or a centralized accounting system is in place.
- D. Management met with the jail administrator prior to the audit report to discuss quotes and bids from one sole vendor for food for the jail. The vendor is listed on the state bid list. On fuel, management will request the Budget Committee to approve a fleet vendor purchasing system and increase the private act to \$5,000 for competitive bids.

FINDING 09.08 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, 2009. This deficiency has been reported in the last five 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 as of June 30, 2009. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report

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 current notes receivable in the General Debt Service Fund and current notes 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. A plan will be presented to the Comptroller's Office pending approval of the County Commission that beginning in November 2010, the General Fund will pay \$16,250 annually or more, to the General Debt Service Fund, pending available resources on hand to retire this note.
- B. Management has requested a budget amendment of \$8,400 to transfer the money that was received in error to the correct fund.

FINDING 09.09 **DEFICIENCIES WERE NOTED IN THE ADMINISTRATION OF THE COMMUNITY DEVELOPMENT BLOCK GRANT**
 (Noncompliance Under Government Auditing Standards and OMB Circular A-133)

Van Buren County was awarded a Community Development Block Grant (CDBG) from the State Department of Economic and Community Development (ECD) to purchase two new ambulances and accompanying equipment. The following deficiencies were noted in the administration of the grant:

- A. The county requested reimbursement of administrative fees of \$13,000 on March 4, 2009, and \$500 on June 8, 2009, and received the grant proceeds on March 11, 2009, and July 16, 2009, respectively. However, the county did not disburse the grant proceeds to the administrator until September 18, 2009. The CDBG project application states that requests for funds should be made only in amounts necessary to meet current disbursement needs, and they define current needs as those for which funds will be expended within three days of receipt.
- B. The county purchased two ambulances for \$211,632 and the accompanying equipment for \$104,029 without determining if the vendors were suspended or debarred as required by OMB Circular A-133 (2 CFR Section 180.300), which states, "When a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded." During our examination, we determined that the above-referenced vendors had not been suspended or debarred by referencing the Excluded Parties List System maintained by the General Services Administration.

RECOMMENDATION

Community Development Block Grant funds should be administered in compliance with the grant requirements.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

- A. In the future, all grant proceeds will be expended as required.
- B. In the past, ECD has always verified the excluded parties list system before the approval of bid tabulations, and ECD approved the awarded vendor. Neither the grant administrator nor Van Buren County knew we were to assume this responsibility from ECD. In the future, both the County Mayor's Office and the grant administrator will reference the excluded parties list. A plan of corrective action will be submitted to ECD by the grant administrator and the County Mayor's Office.

FINDING 09.10 **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 and the failure of management to correct the deficiency noted in the prior-year audit report.

RECOMMENDATION

Management should perform backups 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 09.11 **THE AMBULANCE BILLING SOFTWARE DID NOT HAVE ADEQUATE APPLICATION CONTROLS**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The software used to bill patients and record collections for ambulance services allowed users to alter or delete patient charges and payments. These alterations and deletions were recorded in a transaction log; however, this log is purged by the software after it is printed. The office could not provide these transaction logs to the auditor. Sound business practices dictate that proper controls be implemented. Because the vendor did not design the system with proper controls and because management did not implement compensating controls to mitigate the application control weakness, inappropriate system activity could occur. Proper compensating controls were implemented after application control weaknesses were brought to the attention of management.

RECOMMENDATION

Management should contact the software vendor concerning the addition of controls to the application that would retain the transaction log that records alterations and deletions to charges and payments. This log should not be purged by the application.

OFFICE OF SHERIFF

FINDING 09.12 **LEAVE BALANCES WERE NOT ACCRUED IN COMPLIANCE WITH THE PERSONNEL POLICY
(Noncompliance Under Government Auditing Standards)**

We noted that several employees' time sheets reflected accumulated annual leave of more than five days and various accumulated balances for sick leave. The Sheriff Department's personnel policy permits employees to accumulate a maximum of five days of annual leave. The personnel policy does not provide for the accumulation of sick leave but does allow for hardship leave at the discretion of the sheriff. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

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

OTHER FINDINGS AND RECOMMENDATIONS

FINDING 09.13 **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 dictate 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. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

County officials should consider adopting either the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.

FINDING 09.14 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 designed 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. Also, this deficiency is the result of management’s failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

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

MANAGEMENT’S RESPONSE – COUNTY MAYOR

Management had requested funding prior to the audit report to resolve the segregation of duties weaknesses. The failure to correct this finding prohibits Van Buren County from receiving ARRA funding. The chairman of the Budget Committee requested that I set a meeting with County Technical Assistance Services to develop a plan for a centralized system of accounting for Van Buren County.

By the time this report is issued, I will have also requested amendments for the hiring of another part-time employee for my office to segregate duties pending commission approval.

FINDING 09.15 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. This deficiency is the result of management’s failure to correct the finding noted in the prior-year audit report.

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

Due to limited resources of adopting a budget with less revenue than the prior year, this was not approved within the current budget. Management will seek amendments for funding these expenses at the next budget meeting pending County Commission approval.

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

Federal/Pass-through Agencies	Finding Number	Federal CFDA Number	Criteria	Explanation	Amount Questioned
U.S. Department of Housing and Urban Development: Passed-through State Department of Economic and Community Development: Community Development Block Grants	09.16	14.228	Circular A-133, Section 500 (d)(3)	Noncompliance - see Finding 09.09(A) - Federal funds were requested months before they were disbursed in violation of the grant application agreement.	\$ 0
				Noncompliance - see Finding 09.09(B) - Equipment was purchased from vendors without determining if the vendor had been suspended or debarred.	0

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**VAN BUREN COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2009**

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

County Mayor – Corrective Action Plan for Current-Year Findings

FINDING 09.09 and 09.16

Contact person: Kelly Dishman, County Mayor

Corrective action planned: In the future, all grant proceeds will be expended as required.

In the past, Economic and Community Development (ECD) has always verified the excluded parties list system before the approval of bid tabulations, and ECD approved the awarded vendor. Neither the grant administrator nor Van Buren County knew we were to assume this responsibility from ECD. In the future, both the County Mayor's Office and the grant administrator will reference the excluded parties list. A plan of corrective action will be submitted to ECD by the grant administrator and the County Mayor's Office.

Anticipated completion date: June 30, 2010