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# ANNUAL FINANCIAL REPORT VAN BUREN COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2010



**ANNUAL FINANCIAL REPORT**  
**VAN BUREN COUNTY, TENNESSEE**  
**FOR THE YEAR ENDED JUNE 30, 2010**

***DEPARTMENT OF AUDIT***  
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***Comptroller of the Treasury***

***DIVISION OF COUNTY AUDIT***  
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***Assistant to the Comptroller***

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***JENI PALADENI***  
***State Auditors***

This financial report is available at [www.tn.gov/comptroller](http://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, 2010

## ***Scope***

We have audited the basic financial statements of Van Buren County as of and for the year ended June 30, 2010.

## ***Results***

Our report on the governmental activities, each major fund, and the aggregate remaining fund information is adverse because of material errors on the financial statements. Our report on the aggregate discretely presented component units is qualified because the financial statements do not include one component unit whose financial statements were not audited.

Our audit resulted in 13 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 and Best Practice***

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

### **VAN BUREN COUNTY AND VAN BUREN COUNTY SCHOOL DEPARTMENT**

- ◆ 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.

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### **OFFICE OF COUNTY MAYOR**

- ◆ The financial statements do not fairly present the financial position of Van Buren County at June 30, 2010.
  - ◆ Leave records were not on file to support payroll disbursements.
  - ◆ Litter grant requests for reimbursement were not submitted to the State Department of Transportation.
  - ◆ The office had deficiencies in purchasing procedures.
  - ◆ Tax anticipation notes were not retired in compliance with state statute.
  - ◆ Amounts due to/from other funds were not liquidated.
  - ◆ The office had deficiencies in computer system backup procedures.
-

## **OFFICE OF TRUSTEE**

- ◆ The trustee did not require a depository to adequately collateralize funds.
- 

## **OFFICE OF SHERIFF**

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

## **OTHER FINDINGS**

- ◆ Van Buren County has material recurring audit findings.
  - ◆ Duties were not segregated adequately in the Offices of County Mayor, Road Superintendent, Trustee, County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff.
  - ◆ The Industrial Development Board of Van Buren County was not audited.
- 

## **BEST PRACTICE**

Van Buren County does not have a central system of accounting, budgeting, and purchasing. The Division of County Audit strongly believes that a central system of accounting, budgeting, and purchasing is a best practice that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens in Van Buren County.

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# INTRODUCTORY SECTION

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# Van Buren County Officials

## June 30, 2010

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### **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 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**

February 11, 2011

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, 2010, 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 5.6 and 3.1 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 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.

Management did not record important financial transactions. Cash was not recorded accurately because management did not reconcile accounting records with trustee accounts in two major funds. The accuracy of accounts payable balances could not be determined because accounting

records were not maintained in an orderly manner. Unidentified balances existed in payroll liability accounts because these accounts were not reconciled with payroll deductions and disbursements. Collections were discovered that were not receipted and included in the county's general ledger. The amount by which these departures would affect the governmental activities, each major fund, and the aggregate remaining fund information, at June 30, 2010, and the changes in financial position for the year then ended is not reasonably determinable.

In our opinion, because of the effects of the matters discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Van Buren County, Tennessee, as of June 30, 2010, and the changes in financial position for the year then ended.

The financial statements of 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 reasonably determinable.

In our opinion, based on our audit and the report of other auditors, and except for the effects of not including the financial statements of the Industrial Development Board of Van Buren County as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units of Van Buren County, Tennessee, at June 30, 2010, 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.

In accordance with Government Auditing Standards, we have also issued our report dated February 11, 2011, 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.

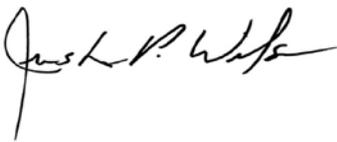
As described in Note V.B., Van Buren County has adopted the provisions of Governmental Accounting Standards Board Statement No. 51, Accounting and Financial Reporting for Intangible Assets; and Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, which became effective for the year ended June 30, 2010.

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

Accounting principles generally accepted in the United States of America require that the budgetary comparison, pension, and other postemployment benefits information on pages 61 through 68 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise 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, and miscellaneous schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, because of the effects of not accurately recording accounts payable, payroll liabilities, and collections as noted above in paragraph three of this report, are not fairly stated in all material respects in relation to the basic financial statements taken as a whole. 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 related to the School Department 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 at 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, 2010

	Primary Governmental Activities	Component Units	
		Van Buren County School Department	Van Buren County Emergency Communications District
<u>ASSETS</u>			
Cash	\$ 2,266	\$ 0	\$ 18,200
Equity in Pooled Cash and Investments	2,633,735	3,690,530	0
Accounts Receivable	634,612	1,499	2,314
Allowance for Uncollectibles	(205,343)	0	0
Due from Other Governments	270,290	352,678	2,784
Prepaid Expenses	3,339	0	2,924
Property Taxes Receivable	1,624,404	705,599	0
Allowance for Uncollectible Property Taxes	(79,506)	(33,626)	0
Capital Assets:			
Assets Not Depreciated:			
Land	130,924	269,347	60,000
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	902,808	4,197,114	343,845
Other Capital Assets	1,118,160	500,475	147,874
Infrastructure	3,697,626	10,461	0
Total Assets	<u>\$ 10,733,315</u>	<u>\$ 9,694,077</u>	<u>\$ 577,941</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 136,619	\$ 0	\$ 754
Accrued Payroll	9,660	0	0
Payroll Deductions Payable	10,471	0	1,725
Accrued Interest Payable	2,135	0	0
Due to State of Tennessee	729	0	0
Deferred Revenue - Current Property Taxes	1,401,734	613,381	0
Noncurrent Liabilities:			
Due Within One Year	53,213	115,648	21,308
Due in More Than One Year	364,452	1,402,432	46,173
Total Liabilities	<u>\$ 1,979,013</u>	<u>\$ 2,131,461</u>	<u>\$ 69,960</u>
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	\$ 5,692,406	\$ 4,026,397	\$ 484,238
Restricted for:			
Debt Service	352,588	0	0
Courthouse and Jail Maintenance	33,806	0	0
Solid Waste/Sanitation	118,058	0	0
Ambulance Service	719,166	0	0
Local Purpose Tax	41,794	0	0
Drug Control	5,394	0	0
Highway/Public Works	1,689,666	0	0
School Federal Projects	0	48,755	0
Central Cafeteria	0	178,660	0
Basic Education Program	0	3,208,855	0
Other Purposes	38,688	4,895	0
Unrestricted	62,736	95,054	23,743
Total Net Assets	<u>\$ 8,754,302</u>	<u>\$ 7,562,616</u>	<u>\$ 507,981</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, 2010

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets						
	Program Revenues			Primary	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	\$ 453,959	\$ 44,845	\$ 16,380	\$ 0	\$ (392,734)	\$ 0	\$ 0
Finance	241,476	128,817	3,716	0	(108,943)	0	0
Administration of Justice	206,346	133,306	9,000	0	(64,040)	0	0
Public Safety	1,003,279	74,332	46,888	0	(882,059)	0	0
Public Health and Welfare	707,138	459,832	2,183	5,400	(239,723)	0	0
Social, Cultural, and Recreational Services	59,410	0	13,575	0	(45,835)	0	0
Agriculture and Natural Resources	43,561	0	0	0	(43,561)	0	0
Other Operations	359,905	0	90,709	0	(269,196)	0	0
Highways/Public Works	1,905,513	5,390	1,306,640	167,106	(426,377)	0	0
Interest on Long-term Debt	8,302	0	0	0	(8,302)	0	0
Other Debt Service	1,178	0	0	0	(1,178)	0	0
Total Governmental Activities	\$ 4,990,067	\$ 846,522	\$ 1,489,091	\$ 172,506	\$ (2,481,948)	\$ 0	\$ 0
Total Primary Government	\$ 4,990,067	\$ 846,522	\$ 1,489,091	\$ 172,506	\$ (2,481,948)	\$ 0	\$ 0
Component Units:							
Van Buren County School Department	\$ 7,446,085	\$ 159,909	\$ 1,439,386	\$ 29,461	\$ 0	\$ (5,817,329)	\$ 0
Emergency Communications District	277,396	139,875	0	0	0	0	(137,521)
Total Component Units	\$ 7,723,481	\$ 299,784	\$ 1,439,386	\$ 29,461	\$ 0	\$ (5,817,329)	\$ (137,521)

(Continued)

Exhibit B

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

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets					
	Program Revenues			Primary Government Total	Component Units	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Van Buren County School Department	Emergency Communications District
Expenses	Contributions		Governmental Activities			
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes				\$ 1,549,733	\$ 595,598	\$ 0
Property Taxes Levied for Debt Service				15,684	0	0
Local Option Sales Taxes				68,484	394,503	0
Hotel/Motel Tax				62,590	106,573	0
Litigation Taxes				52,119	0	0
Business Tax				17,353	0	0
Mineral Severance Tax				24,131	0	0
Other Local Taxes				330	448	0
Grants and Contributions Not Restricted to Specific Programs				205,049	4,918,408	108,914
Unrestricted Investment Earnings				44,043	682	172
Miscellaneous				12,283	43,218	10
Total General Revenues				\$ 2,051,799	\$ 6,059,430	\$ 109,096
Change in Net Assets				\$ (430,149)	\$ 242,101	\$ (28,425)
Net Assets, July 1, 2009				9,184,451	7,320,515	552,343
Prior-period Adjustment				0	0	(15,937)
Net Assets, June 30, 2010				\$ 8,754,302	\$ 7,562,616	\$ 507,981

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, 2010

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	Other Governmental Funds	
<u>ASSETS</u>					
Cash	\$ 0	\$ 1,000	\$ 0	\$ 1,266	\$ 2,266
Equity in Pooled Cash and Investments	383,366	365,292	1,450,255	434,822	2,633,735
Accounts Receivable	52,672	575,478	0	6,462	634,612
Allowance for Uncollectibles	0	(205,343)	0	0	(205,343)
Due from Other Governments	30,827	0	239,411	52	270,290
Due from Other Funds	33,751	8,775	0	31,117	73,643
Property Taxes Receivable	1,286,845	85,077	0	252,482	1,624,404
Allowance for Uncollectible Property Taxes	(62,482)	(4,765)	0	(12,259)	(79,506)
Prepaid Items	3,339	0	0	0	3,339
Notes Receivable - Current	0	0	0	73,400	73,400
<b>Total Assets</b>	<b>\$ 1,728,318</b>	<b>\$ 825,514</b>	<b>\$ 1,689,666</b>	<b>\$ 787,342</b>	<b>\$ 5,030,840</b>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 136,340	\$ 56	\$ 0	\$ 223	\$ 136,619
Accrued Payroll	9,660	0	0	0	9,660
Payroll Deductions Payable	2,334	3,776	0	4,361	10,471
Due to Other Funds	31,673	31,570	0	10,400	73,643
Due to State of Tennessee	0	507	0	222	729
Revenue Anticipation Notes Payable	73,400	0	0	0	73,400
Deferred Revenue - Current Property Taxes	1,112,934	70,439	0	218,361	1,401,734
Deferred Revenue - Delinquent Property Taxes	106,462	9,433	0	20,887	136,782
Other Deferred Revenues	13,809	327,426	114,612	0	455,847
<b>Total Liabilities</b>	<b>\$ 1,486,612</b>	<b>\$ 443,207</b>	<b>\$ 114,612</b>	<b>\$ 254,454</b>	<b>\$ 2,298,885</b>
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 0	\$ 34,615	\$ 0	\$ 0	\$ 34,615
Reserved for Alcohol and Drug Treatment	263	0	0	0	263
Reserved for Computer System - Register	10,195	0	0	0	10,195
Reserved for Automation Purposes - Circuit Court	252	0	0	0	252
Reserved for Automation Purposes - General Sessions Court	16,038	0	0	0	16,038
Reserved for Automation Purposes - Chancery Court	1,697	0	0	0	1,697
Reserved for Capital Outlay	4,843	0	0	0	4,843
Reserved for ARRA Grant # 1	5,400	0	0	0	5,400
Reserved for Other General Purposes	0	0	0	73,400	73,400
Unreserved, Reported In:					
General Fund	203,018	0	0	0	203,018
Special Revenue Funds	0	347,692	1,575,054	179,513	2,102,259
Debt Service Funds	0	0	0	279,975	279,975
<b>Total Fund Balances</b>	<b>\$ 241,706</b>	<b>\$ 382,307</b>	<b>\$ 1,575,054</b>	<b>\$ 532,888</b>	<b>\$ 2,731,955</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,728,318</b>	<b>\$ 825,514</b>	<b>\$ 1,689,666</b>	<b>\$ 787,342</b>	<b>\$ 5,030,840</b>

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, 2010

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)		\$ 2,731,955	
(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		3,697,626	
Add: buildings and improvements net of accumulated depreciation		902,808	
Add: other capital assets net of accumulated depreciation		<u>1,118,160</u>	5,849,518
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: bonds payable	\$	(87,239)	
Less: capital leases payable		(69,873)	
Less: accrued interest on bonds, notes, other loans, and capital leases		(2,135)	
Less: landfill closure/postclosure care costs (net of prior-period adjustment)		<u>(260,553)</u>	(419,800)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>592,629</u>
Net assets of governmental activities (Exhibit A)			<u><u>\$ 8,754,302</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, 2010

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 1,336,193	\$ 104,748	\$ 0	\$ 336,709	\$ 1,777,650
Licenses and Permits	7,652	0	0	0	7,652
Fines, Forfeitures, and Penalties	35,348	0	0	5,335	40,683
Charges for Current Services	5,568	289,008	0	46,094	340,670
Other Local Revenues	52,845	2,990	5,390	11,993	73,218
Fees Received from County Officials	256,694	0	0	0	256,694
State of Tennessee	284,799	0	1,470,819	18,487	1,774,105
Federal Government	145,641	0	0	0	145,641
Total Revenues	<u>\$ 2,124,740</u>	<u>\$ 396,746</u>	<u>\$ 1,476,209</u>	<u>\$ 418,618</u>	<u>\$ 4,416,313</u>
<u>Expenditures</u>					
Current:					
General Government	\$ 380,961	\$ 0	\$ 0	\$ 42,239	\$ 423,200
Finance	241,476	0	0	0	241,476
Administration of Justice	206,346	0	0	0	206,346
Public Safety	812,985	0	0	151,720	964,705
Public Health and Welfare	40,411	435,406	0	98,882	574,699
Social, Cultural, and Recreational Services	59,410	0	0	0	59,410
Agriculture and Natural Resources	43,561	0	0	0	43,561
Other Operations	356,499	0	0	3,406	359,905
Highways	17,465	0	1,668,473	0	1,685,938
Debt Service:					
Principal on Debt	0	0	0	44,888	44,888
Interest on Debt	0	0	0	9,136	9,136
Other Debt Service	0	0	0	1,178	1,178
Total Expenditures	<u>\$ 2,159,114</u>	<u>\$ 435,406</u>	<u>\$ 1,668,473</u>	<u>\$ 351,449</u>	<u>\$ 4,614,442</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (34,374)</u>	<u>\$ (38,660)</u>	<u>\$ (192,264)</u>	<u>\$ 67,169</u>	<u>\$ (198,129)</u>
Net Change in Fund Balances	<u>\$ (34,374)</u>	<u>\$ (38,660)</u>	<u>\$ (192,264)</u>	<u>\$ 67,169</u>	<u>\$ (198,129)</u>
Fund Balance, July 1, 2009	<u>276,080</u>	<u>420,967</u>	<u>1,767,318</u>	<u>465,719</u>	<u>2,930,084</u>
Fund Balance, June 30, 2010	<u>\$ 241,706</u>	<u>\$ 382,307</u>	<u>\$ 1,575,054</u>	<u>\$ 532,888</u>	<u>\$ 2,731,955</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, 2010

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)		\$ (198,129)
(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:		
Less: current year depreciation expense		(430,624)
(2) 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, 2009	\$ (449,024)	
Add: deferred delinquent property taxes and other deferred June 30, 2010	<u>592,629</u>	143,605
(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:		
Add: principal payments on bonds	\$ 15,261	
Add: principal payments on notes	8,347	
Add: principal payments on capital leases	<u>21,280</u>	44,888
(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.		
Change in accrued interest on bonds, notes, other loans, and capital leases	\$ 834	
Change in landfill closure/postclosure care costs	<u>9,277</u>	<u>10,111</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ (430,149)</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, 2010

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 310,497
Due from Other Governments	<u>14,457</u>
Total Assets	<u><u>\$ 324,954</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 14,457
Due to Litigants, Heirs, and Others	<u>310,497</u>
Total Liabilities	<u><u>\$ 324,954</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, 2010**

**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.

Van Buren County issues all debt for the discretely presented Van Buren County School Department. No debt issues were contributed by the county to the School Department during the year ended June 30, 2010.

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 funds:

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

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

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

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**

Activities 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 2.66 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 costs 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. The policy is contradictory concerning sick leave. Under the sick leave provisions, the policy states that sick leave shall be forfeited upon retirement or separation; however, under the termination provisions, the policy states that the employee will be compensated for any unused sick leave.

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 June 30 and 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.

**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. General Ledger Cash With Trustee Did Not Reconcile With the Trustee's Reports at June 30**

The general ledger trustee cash accounts for the General and Ambulance Service funds did not reconcile with county trustee reports at June 30, 2010, by \$22,878, and \$4,354, respectively.

**C. 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, 2010. This deficiency has been noted in the past six 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, 2010. This deficiency was noted in the past two audit reports, and management has not taken corrective action.

**D. The County Had Deposits Exposed to Custodial Credit Risk**

The trustee did not require a depository holding county funds to pledge adequate securities to protect funds that exceeded Federal Deposit Insurance Corporation (FDIC) coverage. At June 30, 2010, deposits at this depository exceeded FDIC coverage and collateral securities pledged by \$295,544. Section 5-8-201, Tennessee Code Annotated, requires any bank that is a depository of county funds to deposit in an escrow account in a second bank collateral security equal to 105 percent of such county funds.

**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.

**Custodial Credit Risk.** Custodial credit risk is the risk that in the event of a bank failure, Van Buren County's deposits may not be returned to it. Van Buren County does not have a formal policy that limits custodial credit risk for deposits. Separate disclosures concerning bank balances of pooled deposits cannot be made for Van Buren County and the discretely presented Van Buren County School Department since both pool their deposits and investments through the county trustee. As of June 30, 2010, uninsured and uncollateralized bank balances of \$295,544 were exposed to custodial credit risk.

## Investments

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

agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase. The county had no pooled or nonpooled investments at June 30, 2010.

**B. Capital Assets**

Capital assets activity for the year ended June 30, 2010, was as follows:

**Primary Government**

**Governmental Activities:**

	Balance 7-1-09	Increases	Balance 6-30-10
Capital Assets Not Depreciated:			
Land	\$ 130,924	\$ 0	\$ 130,924
Total Capital Assets Not Depreciated	<u>\$ 130,924</u>	<u>\$ 0</u>	<u>\$ 130,924</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 1,536,888	\$ 0	\$ 1,536,888
Roads and Bridges	6,494,120	0	6,494,120
Other Capital Assets	3,276,846	0	3,276,846
Total Capital Assets Depreciated	<u>\$ 11,307,854</u>	<u>\$ 0</u>	<u>\$ 11,307,854</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 601,996	\$ 32,084	\$ 634,080
Roads and Bridges	2,643,988	152,506	2,796,494
Other Capital Assets	1,912,652	246,034	2,158,686
Total Accumulated Depreciation	<u>\$ 5,158,636</u>	<u>\$ 430,624</u>	<u>\$ 5,589,260</u>
Total Capital Assets Depreciated, Net	<u>\$ 6,149,218</u>	<u>\$ (430,624)</u>	<u>\$ 5,718,594</u>
Governmental Activities Capital Assets, Net	<u>\$ 6,280,142</u>	<u>\$ (430,624)</u>	<u>\$ 5,849,518</u>

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

**Governmental Activities:**

General Government	\$	30,759
Public Safety		38,574
Public Health and Welfare		141,716
Highways/Public Works		<u>219,575</u>
Total Depreciation Expense - Governmental Activities	\$	<u>430,624</u>

**Discretely Presented Van Buren County School Department**

**Governmental Activities:**

	Balance 7-1-09	Increases	Decreases	Balance 6-30-10
Capital Assets Not Depreciated:				
Land	\$ 227,406	\$ 41,941	\$ 0	\$ 269,347
Construction in Progress	48,152	0	(48,152)	0
Total Capital Assets Not Depreciated	<u>\$ 275,558</u>	<u>\$ 41,941</u>	<u>\$ (48,152)</u>	<u>\$ 269,347</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 6,948,550	\$ 117,280	\$ 0	\$ 7,065,830
Infrastructure	22,760	0	0	22,760
Other Capital Assets	957,764	83,587	(47,479)	993,872
Total Capital Assets Depreciated	<u>\$ 7,929,074</u>	<u>\$ 200,867</u>	<u>\$ (47,479)</u>	<u>\$ 8,082,462</u>
Less Accumulated Depreciated For:				
Buildings and Improvements	\$ 2,692,399	\$ 176,317	\$ 0	\$ 2,868,716
Infrastructure	11,173	1,126	0	12,299
Other Capital Assets	475,023	65,117	(46,743)	493,397
Total Accumulated Depreciation	<u>\$ 3,178,595</u>	<u>\$ 242,560</u>	<u>\$ (46,743)</u>	<u>\$ 3,374,412</u>
Total Capital Assets Depreciated, Net	<u>\$ 4,750,479</u>	<u>\$ (41,693)</u>	<u>\$ (736)</u>	<u>\$ 4,708,050</u>
Governmental Activities Capital Assets, Net	<u>\$ 5,026,037</u>	<u>\$ 248</u>	<u>\$ (48,888)</u>	<u>\$ 4,977,397</u>

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

**Governmental Activities:**

Instruction	\$ 178,349
Support Services	<u>64,211</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 242,560</u>

**C. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2010, was as follows:

**Due to/from Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 2,181
General	Ambulance Service	31,570
Ambulance Service	General	1,782
Ambulance Service	Nonmajor governmental	6,993
Nonmajor governmental	General	29,891
Nonmajor governmental	Nonmajor governmental	1,226

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, 2010, consisted of the following amount:

<u>Transfer Out</u>	<u>Transfer In</u>
	General Purpose School Fund
School Federal Projects Fund	\$ 12,339

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

**D. Capital Lease**

On October 9, 2007, Van Buren County entered into a five-year lease-purchase agreement for a sanitation 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, 2010, were as follows:

<u>Year Ending June 30</u>	<u>Governmental Funds</u>
2011	\$ 25,458
2012	25,458
2013	<u>25,458</u>
Total Minimum Lease Payments	\$ 76,374
Less: Amount Representing Interest	<u>(6,501)</u>
 Present Value of Minimum Lease Payments	 <u>\$ 69,873</u>

**E. Long-term Debt**

**Primary Government**

**General Obligation Bonds**

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

General obligation bonds are direct obligations and pledge the full faith and credit of the government. The general obligation bond outstanding was issued for an original term of six years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. The bond included in long-term debt as of June 30, 2010, will be retired from the General Debt Service Fund.

The general obligation bond and capital lease outstanding as of June 30, 2010, for governmental activities are as follows:

Type	Interest Rate		Original Amount of Issue	Balance 6-30-10
General Obligation Bond	4.5	% \$	102,500	\$ 87,239
Capital Lease	4.49		111,500	69,873

The annual requirements to amortize the general obligation bond outstanding as of June 30, 2010, including interest payments, are presented in the following table:

Year Ending June 30	Bond		
	Principal	Interest	Total
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	\$ 87,239	\$ 12,125	\$ 99,364

There is \$279,975 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$16, based on the 2000 federal census. Debt per capita, including the bond and capital lease totaled \$29, based on the 2000 federal census.

#### Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2010, was as follows:

Governmental Activities:

	Bond	Note
Balance, July 1, 2009	\$ 102,500	\$ 8,347
Deductions	(15,261)	(8,347)
Balance, June 30, 2010	\$ 87,239	\$ 0
Balance Due Within One Year	\$ 15,947	\$ 0

Governmental Activities:

	Capital Lease	Landfill Postclosure Care Costs
Balance, July 1, 2009	\$ 91,153	\$ 269,830
Deductions	(21,280)	(9,277)
Balance, June 30, 2010	<u>\$ 69,873</u>	<u>\$ 260,553</u>
Balance Due Within One Year	<u>\$ 22,255</u>	<u>\$ 15,011</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2010	\$ 417,665
Less: Balance Due Within One Year	<u>(53,213)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 364,452</u>

**Discretely Presented Van Buren County School Department**

Other Loans

Van Buren County issues other loans for the School Department to provide funds for the acquisition and construction of major capital facilities.

Other loans are direct obligations and pledge the full faith and credit of the government. The other loan was issued for an original term of 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, 2010, will be retired from the General Purpose School Fund.

The other loan outstanding as of June 30, 2010, for governmental activities is as follows:

<u>Type</u>	<u>Interest Rate</u>	<u>Original Amount of Issue</u>	<u>Balance 6-30-10</u>
Other Loan	Variable %	\$ 2,000,000	\$ 951,000

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, 2010, the variable interest rate was .37 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 loan outstanding as of June 30, 2010, including interest payments and other fees, are presented in the following table:

Year Ending June 30	Other Loan			
	Principal	Interest	Other Fees	Total
2011	\$ 115,000	\$ 3,483	\$ 6,951	\$ 125,434
2012	121,000	3,056	6,224	130,280
2013	128,000	2,606	5,457	136,063
2014	135,000	2,130	4,647	141,777
2015	143,000	1,628	3,792	148,420
2016-2017	309,000	1,636	4,826	315,462
<b>Total</b>	<b>\$ 951,000</b>	<b>\$ 14,539</b>	<b>\$ 31,897</b>	<b>\$ 997,436</b>

Debt per capita for the other loan totaled \$173, based on the 2000 federal census.

#### Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Van Buren County School Department for the year ended June 30, 2010, was as follows:

#### Governmental Activities:

	Other Loan	Compensated Absences
Balance, July 1, 2009	\$ 1,060,000	\$ 9,459
Additions	0	3,888
Deductions	(109,000)	(386)
Balance, June 30, 2010	<u>\$ 951,000</u>	<u>\$ 12,961</u>
Balance Due Within One Year	<u>\$ 115,000</u>	<u>\$ 648</u>

	Other Postemployment Benefits
Balance, July 1, 2009	\$ 364,618
Additions	235,866
Deductions	<u>(46,365)</u>
Balance, June 30, 2010	<u>\$ 554,119</u>
Balance Due Within One Year	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2010	\$ 1,518,080
Less: Balance Due Within One Year	<u>(115,648)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 1,402,432</u>

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Van Buren County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2010, were \$34,859 and \$6,054, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

**G. Short-term Debt**

On September 18, 2003, Van Buren County issued tax anticipation notes of \$65,000 from the General Debt Service Fund in advance of property tax collections and deposited the proceeds in the General Fund. These funds were necessary because funds were not available to meet the current expenditures. This note should have been retired by June 30, 2004; however, the note remains unpaid as of June 30, 2010, 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, 2010, and therefore has been reflected in the financial statements of this report as a current notes receivable in the General Debt Service Fund and a current notes payable in the General Fund.

Short-term debt activity for the year ended June 30, 2010, was as follows:

	Balance 7-1-09	Issued	Paid	Balance 6-30-10
Tax Anticipation Notes	\$ 73,400	\$ 0	\$ 0	\$ 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 them 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. 51, Accounting and Financial Reporting for Intangible Assets; and Statement No. 53, Accounting and Financial Reporting for Derivative Instruments became effective for the year ended June 30, 2010.

GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets. Intangible assets have three characteristics: lack physical substance; nonfinancial in nature; and a useful life that extends beyond a single reporting period. Assets that have these characteristics and are identifiable to the government should be recorded as capital assets and amortized over their useful lives. Easements, water rights, patents, and computer software are examples of intangible assets that should be recognized under GASB Statement No. 51. Van Buren County and the Van Buren County School Department had no assets that met the definition of intangible assets at June 30, 2010. However, it is reasonably expected that Van Buren County and the School Department may acquire intangible assets in subsequent years.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by county governments. Derivative instruments are financial arrangements used by governments as investments; hedges against identified financial risks; or to lower the costs of borrowings. Interest rate swaps and locks, options, swaptions, forward contracts, and futures contracts are among the commonly used types of derivatives mentioned in GASB Statement No. 53. Derivative instruments associated with fluctuating financial and commodity prices result in changing cash flows and fair values that can be used as effective risk management or investment tools. For the same reasons, derivative instruments can expose governments to significant risks and liabilities. The requirements of GASB Statement No. 53 are intended to help users of financial information evaluate the effectiveness and associated risks involved with Van Buren County's derivative transactions. GASB Statement No. 53 requires most derivatives to be reported at fair value in the Statement of Net Assets. Changes in fair value for derivative instruments that are

intended for investment purposes or that are reported like investment derivative instruments because of ineffectiveness are reported as investment revenues in the Statements of Activities. Alternatively, the changes in fair value of derivative instruments that are classified as hedging (i.e., effective) derivative instruments are reported in the Statement of Net Assets as deferrals. Van Buren County had not participated in derivative transactions as of June 30, 2010. However, it is reasonably expected that Van Buren County may enter into derivative transactions in subsequent years.

**C. Subsequent Events**

On August 31, 2010, Kelly Dishman left the Office of County Mayor and was succeeded by Herbert P. Davis; Wendell Wheeler left the Office of Road Superintendent and was succeeded by Danny Hodges; Linda Simmons left the Office of Register and was succeeded by April Shockley, and Barney Evans left the Office of Sheriff and was succeeded by Grayson Beasley.

On October 22, 2010, the discretely presented General Purpose School Fund issued a \$150,000 tax anticipation note to the General Fund for temporary operating funds.

**D. Contingent Liabilities**

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

**E. 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 \$260,553 reported as postclosure care liability at June 30, 2010, represents amounts based on what it would cost to perform all postclosure care in 2010. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

## **F. Retirement Commitments**

### **Employees**

#### **Plan Description**

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

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

#### **Funding Policy**

Van Buren County requires employees to contribute five percent of their earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2010, 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, 2010, Van Buren County's annual pension cost of \$180,421 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, 2009, which established contribution rates effective July 1, 2010.

### Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-10	\$180,421	100%	\$0
6-30-09	181,297	100	0
6-30-08	185,591	100	0

### Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 77.15 percent funded. The actuarial accrued liability for benefits was \$5.37 million, and the actuarial value of assets was \$4.14 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$1.23 million. The covered payroll (annual payroll of active employees covered by the plan) was \$2.45 million, and the ratio of the UAAL to the covered payroll was 50.09 percent.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The TCRS uses the frozen entry age actuarial cost method to calculate the annual required contribution. Effective July 1, 2009, the TCRS reestablished the unfunded accrued liabilities for all groups.

## **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 SETHHEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at [www.tn.gov/treasury/tcrs/Schools](http://www.tn.gov/treasury/tcrs/Schools).

### **Funding Policy**

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2010, 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, 2010, 2009, and 2008, were \$212,313, \$207,896, and \$199,989, respectively, equal to the required contributions for each year.

**G. Other Postemployment Benefits (OPEB)**

Plan Description

The School Department participates in the state-administered Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plan is an agent multiple-employer defined benefit OPEB plan. Benefits are established and amended by an insurance committee created by Section 8-27-302, Tennessee Code Annotated for teachers. Prior to reaching the age of 65, all members have the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plan is reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://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 a 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. During the year ended June 30, 2010, the discretely presented Van Buren County School Department contributed \$46,366 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan
ARC	\$ 235,000
Interest on the NPO	16,408
Adjustment to the ARC	(15,541)
Annual OPEB cost	\$ 235,867
Amount of contribution	(46,366)
Increase/decrease in NPO	\$ 189,501
Net OPEB obligation, 7-1-09	<u>364,618</u>
Net OPEB obligation, 6-30-10	<u>\$ 554,119</u>

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-08	Local Education Group	\$ 224,000	21%	\$ 177,388
6-30-09	"	227,213	18	364,618
6-30-09	"	235,867	20	554,119

#### Funded Status and Funding Progress

The funded status of the plan as of June 30, 2010, was as follows:

	<u>Local Education Group Plan</u>
Actuarial valuation date	7-1-09
Actuarial accrued liability (AAL)	\$ 2,062,000
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 2,062,000
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 1,738,068
UAAL as a % of covered payroll	119%

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

#### Actuarial Methods and Assumptions

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

In the July 1, 2009, actuarial valuation, the projected unit credit actuarial cost method was used, and the actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses). The annual healthcare cost trend rate for the Local Education Group Plan was four percent for fiscal year 2010. The trend will rise to ten percent in fiscal year 2011 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. Both rates include a three percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

**H. Purchasing Laws**

Office of County Mayor

Purchasing procedures for the 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 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	2010 Depreciation
Buildings and Improvements	S/L	40 years	\$ 10,136
Furniture and Fixtures	S/L	10 years	2,249
Office Equipment	S/L	5-10 years	84
Communications Equipment	S/L	5-10 years	<u>37,148</u>
Total			<u><u>\$ 49,617</u></u>

**2. Major Sources of Revenue**

The major sources of operating revenue are 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 (TCA), 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 (SAIF).

The following is a schedule of bank accounts at June 30, 2010:

Operating Checking - Citizens Bank	<u>\$ 18,200</u>
Total Deposits	<u><u>\$ 18,200</u></u>

At June 30, 2010, the carrying amount of the Van Buren County Emergency Communications District's cash deposits was \$18,200. 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, TCA.

**C. Bonding**

Van Buren County Emergency Communications District has a bond covering certain members of the board at June 30, 2010. 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, 2010:

Assets	Cost	Accumulated Depreciation	Net
Non-Depreciable:			
Land	\$ 60,000	\$ 0	\$ 60,000
Depreciable:			
Buildings and Improvements	\$ 373,010	\$ 29,165	\$ 343,845
Furniture and Fixtures	22,494	4,482	18,012
Office Equipment	840	602	238
Communications Equipment	272,981	143,357	129,624
Total Depreciable	<u>\$ 669,325</u>	<u>\$ 177,606</u>	<u>\$ 491,719</u>
Total Assets	<u>\$ 729,325</u>	<u>\$ 177,606</u>	<u>\$ 551,719</u>

Assets	Balance 7-1-09	Additions	Balance 6-30-10
Non-Depreciable:			
Land	\$ 60,000	\$ 0	\$ 60,000
Depreciable:			
Buildings and Improvements	\$ 359,326	\$ 13,684	\$ 373,010
Furniture and Fixtures	22,494	0	22,494
Office Equipment	840	0	840
Communications Equipment	272,981	0	272,981
Total Depreciable	<u>\$ 655,641</u>	<u>\$ 13,684</u>	<u>\$ 669,325</u>
Total Assets	<u>\$ 715,641</u>	<u>\$ 13,684</u>	<u>\$ 729,325</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	\$ 1,714
AT&T	61
Bledsoe Telephone	<u>539</u>
Subtotal	\$ 2,314
State of Tennessee - ECB Wireless	<u>2,784</u>
Total	<u><u>\$ 5,098</u></u>

**G. Compensated Absences**

There were no compensated absences for June 30, 2010.

**H. Notes Payable**

Van Buren County Emergency Communications District purchased the old bank building from Citizens Bank of Spencer, Tennessee, for \$150,000. The district paid \$25,000 down 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
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>\$ 67,481</u></u>	<u><u>\$ 7,522</u></u>	<u><u>\$ 75,003</u></u>

A schedule of changes in notes payable is as follows:

	Balance 6-30-09	Payments	Balance 6-30-10
Building	<u>\$ 87,684</u>	<u>\$ (20,203)</u>	<u>\$ 67,481</u>
Total	<u><u>\$ 87,684</u></u>	<u><u>\$ (20,203)</u></u>	<u><u>\$ 67,481</u></u>

**I. Calculation of Invested in Capital Assets**

Net Book Value	\$ 551,719
Current and Non-current Debt	<u>(67,481)</u>
Invested in Capital Assets	<u>\$ 484,238</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, 10<sup>th</sup> Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at [www.tn.gov/treasury/tcrs](http://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, 2010, 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, 2010, Van Buren County Emergency Communications District's annual pension cost of \$3,016 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, 2009, which established contribution rates effective July 1, 2010.

**Trend Information**

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6-30-10	\$ 3,016	100 %	\$ 0
6-30-09	2,860	100	0
6-30-08	2,628	100	0

Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 54.24 percent funded. The actuarial accrued liability for benefits was \$.05 million, and the actuarial value of assets was \$.03 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 \$.09 million, and the ratio of the UAAL to the covered payroll was 23.4 percent.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The TCRS uses the frozen entry age actuarial cost method to calculate the annual required contribution. Effective July 1, 2009, the TCRS reestablished the unfunded accrued liabilities for all groups.

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**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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,336,193	\$ 1,448,538	\$ 1,448,538	\$ (112,345)
Licenses and Permits	7,652	8,000	8,000	(348)
Fines, Forfeitures, and Penalties	35,348	32,800	32,800	2,548
Charges for Current Services	5,568	9,200	9,200	(3,632)
Other Local Revenues	52,845	72,000	72,000	(19,155)
Fees Received from County Officials	256,694	281,218	281,218	(24,524)
State of Tennessee	284,799	736,454	758,154	(473,355)
Federal Government	145,641	3,000	46,294	99,347
Total Revenues	\$ 2,124,740	\$ 2,591,210	\$ 2,656,204	\$ (531,464)
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 10,390	\$ 19,997	\$ 19,997	\$ 9,607
Board of Equalization	800	2,000	2,000	1,200
Beer Board	200	1,000	1,000	800
County Mayor/Executive	121,739	130,125	132,125	10,386
County Attorney	6,058	8,200	8,200	2,142
Election Commission	85,117	85,189	89,189	4,072
Register of Deeds	65,547	68,049	70,149	4,602
Planning	7,250	7,000	10,500	3,250
County Buildings	83,860	79,500	83,500	(360)
Preservation of Records	0	1,200	1,200	1,200
<u>Finance</u>				
Property Assessor's Office	80,195	91,477	91,477	11,282
County Trustee's Office	81,204	86,377	86,377	5,173
County Clerk's Office	80,077	88,207	88,207	8,130
<u>Administration of Justice</u>				
Circuit Court	96,034	105,370	105,370	9,336
General Sessions Court	32,586	33,321	33,321	735
Chancery Court	62,076	66,666	66,666	4,590
Juvenile Court	10,750	11,500	11,500	750
Judicial Commissioners	4,900	4,900	4,900	0
<u>Public Safety</u>				
Sheriff's Department	407,160	426,201	436,201	29,041
Jail	301,157	319,749	320,503	19,346
Fire Prevention and Control	1,000	1,000	1,000	0
Rescue Squad	3,500	3,500	3,500	0
Other Emergency Management	43,288	2,000	45,294	2,006
County Coroner/Medical Examiner	3,180	3,700	3,700	520
Other Public Safety	53,700	57,300	57,300	3,600
<u>Public Health and Welfare</u>				
Local Health Center	12,437	13,900	35,600	23,163
Ambulance/Emergency Medical Services	551	0	0	(551)

(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	16,691	16,512	16,915	224
Senior Citizens Assistance	12,765	14,836	14,836	2,071
Libraries	24,304	25,204	25,204	900
Parks and Fair Boards	0	1,200	1,200	1,200
Other Social, Cultural, and Recreational	5,650	10,250	10,250	4,600
<u>Agriculture and Natural Resources</u>				
Agriculture Extension Service	34,207	34,468	34,468	261
Soil Conservation	9,354	11,305	11,305	1,951
<u>Other Operations</u>				
Industrial Development	10,238	31,000	31,000	20,762
Housing and Urban Development	212,219	500,000	500,000	287,781
Veterans' Services	0	1,500	1,500	1,500
Other Charges	108,730	112,533	120,533	11,803
Miscellaneous	25,312	33,000	33,000	7,688
<u>Highways</u>				
Litter and Trash Collection	17,465	33,545	33,545	16,080
<u>Principal on Debt</u>				
General Government	0	104,000	104,000	104,000
Total Expenditures	\$ 2,159,114	\$ 2,674,204	\$ 2,773,955	\$ 614,841
Excess (Deficiency) of Revenues Over Expenditures	\$ (34,374)	\$ (82,994)	\$ (117,751)	\$ 83,377
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 0	\$ 100,000	\$ 100,000	\$ (100,000)
Total Other Financing Sources (Uses)	\$ 0	\$ 100,000	\$ 100,000	\$ (100,000)
Net Change in Fund Balance	\$ (34,374)	\$ 17,006	\$ (17,751)	\$ (16,623)
Fund Balance, July 1, 2009	276,080	365,601	365,601	(89,521)
Fund Balance, June 30, 2010	\$ 241,706	\$ 382,607	\$ 347,850	\$ (106,144)

Exhibit E-2

Van Buren County, Tennessee  
 Schedule of Revenues, Expenditures, and Changes  
 in Fund Balance - Actual (Budgetary Basis) and Budget  
 Ambulance Service Fund  
 For the Year Ended June 30, 2010

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<b>Revenues</b>						
Local Taxes	\$ 104,748	\$ 0	\$ 104,748	\$ 119,370	\$ 119,370	\$ (14,622)
Charges for Current Services	289,008	0	289,008	250,000	250,000	39,008
Other Local Revenues	2,990	0	2,990	500	500	2,490
Total Revenues	\$ 396,746	\$ 0	\$ 396,746	\$ 369,870	\$ 369,870	\$ 26,876
<b>Expenditures</b>						
Public Health and Welfare						
Ambulance/Emergency Medical Services	\$ 435,406	\$ 34,615	\$ 470,021	\$ 484,674	\$ 521,674	\$ 51,653
Total Expenditures	\$ 435,406	\$ 34,615	\$ 470,021	\$ 484,674	\$ 521,674	\$ 51,653
Excess (Deficiency) of Revenues Over Expenditures	\$ (38,660)	\$ (34,615)	\$ (73,275)	\$ (114,804)	\$ (151,804)	\$ 78,529
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ (38,660)	\$ (34,615)	\$ (73,275)	\$ (114,804)	\$ (151,804)	\$ 78,529
	420,967	0	420,967	364,362	364,362	56,605
Fund Balance, June 30, 2010	\$ 382,307	\$ (34,615)	\$ 347,692	\$ 249,558	\$ 212,558	\$ 135,134

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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 5,390	\$ 0	\$ 0	\$ 5,390
State of Tennessee	1,470,819	1,476,162	1,501,162	(30,343)
Total Revenues	<u>\$ 1,476,209</u>	<u>\$ 1,476,162</u>	<u>\$ 1,501,162</u>	<u>\$ (24,953)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 141,437	\$ 144,302	\$ 144,302	\$ 2,865
Highway and Bridge Maintenance	1,080,729	1,083,750	1,108,750	28,021
Operation and Maintenance of Equipment	219,582	288,100	288,100	68,518
Quarry Operations	10,392	12,300	12,300	1,908
Other Charges	114,658	135,450	135,450	20,792
Employee Benefits	86,249	116,800	116,800	30,551
Capital Outlay	15,426	193,500	193,500	178,074
Total Expenditures	<u>\$ 1,668,473</u>	<u>\$ 1,974,202</u>	<u>\$ 1,999,202</u>	<u>\$ 330,729</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (192,264)</u>	<u>\$ (498,040)</u>	<u>\$ (498,040)</u>	<u>\$ 305,776</u>
Net Change in Fund Balance	\$ (192,264)	\$ (498,040)	\$ (498,040)	\$ 305,776
Fund Balance, July 1, 2009	<u>1,767,318</u>	<u>1,747,544</u>	<u>1,747,544</u>	<u>19,774</u>
Fund Balance, June 30, 2010	<u>\$ 1,575,054</u>	<u>\$ 1,249,504</u>	<u>\$ 1,249,504</u>	<u>\$ 325,550</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, 2010

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
7-1-09	\$ 4,145	\$ 5,373	\$ 1,228	77.15 %	\$ 2,452	50.09 %
7-1-07	3,692	4,440	748	83.15	2,233	33.5

The Governmental Accounting Standards Board requires the plan to prepare the Schedule of Funding Progress using the frozen entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the frozen entry age actuarial cost method went into effect during the year of the 2007 actuarial valuation; therefore, only the two most recent valuations are presented.

Exhibit E-5

Van Buren County, Tennessee  
Schedule of Funding Progress – Pension Plan  
Discretely Presented Van Buren County Emergency Communications District  
June 30, 2010

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7-1-09	\$ 25	\$ 46	\$ 21	54.24 %	\$ 91	23.40 %
7-1-07	15	30	15	50	56	26.79

The Governmental Accounting Standards Board requires the plan to prepare the Schedule of Funding Progress using the frozen entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the frozen entry age actuarial cost method went into effect during the year of the 2007 actuarial valuation; therefore, only the two most recent valuations are presented.

Exhibit E-6

Van Buren County, Tennessee  
Schedule of Funding Progress – Other Postemployment Benefits Plan  
Discretely Presented Van Buren County School Department  
June 30, 2010

(Dollar amounts in thousands)

Plan	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)
Local Education Group	7-1-07	\$ 0	\$ 1,978	\$ 1,978	0 %	\$ 3,092	64 %
"	7-1-09	0	2,062	2,062	0	1,938	119

\*Data only available for two actuarial valuations.

**VAN BUREN COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2010**

**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.

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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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.

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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.

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

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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.

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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, 2010

	Special Revenue Funds						Total		
	Courtthouse and Jail Maintenance	Solid Waste/ Sanitation	Local Purpose Tax	Drug Control	Constitu- tional Officers - Fees	Total		Debt Service Fund	Total Nonmajor Governmental Funds
\$	0	0	0	0	1,266	0	0	1,266	
Equity in Pooled Cash and Investments	27,079	120,768	26,991	6,092	0	180,930	253,892	434,822	
Accounts Receivable	3,898	2,169	0	0	395	6,462	0	6,462	
Due from Other Governments	0	0	0	0	0	0	52	52	
Due from Other Funds	3,643	808	698	0	0	5,149	25,968	31,117	
Property Taxes Receivable	0	73,301	162,892	0	0	236,193	16,289	252,482	
Allowance for Uncollectible Property Taxes	0	(3,559)	(7,909)	0	0	(11,468)	(791)	(12,259)	
Notes Receivable - Current	0	0	0	0	0	0	73,400	73,400	
Total Assets	\$ 34,620	\$ 193,487	\$ 182,672	\$ 6,092	\$ 1,661	\$ 418,532	\$ 368,810	\$ 787,342	

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

LIABILITIES AND FUND BALANCES

Liabilities	\$	0	223	0	0	0	223	0	223
Accounts Payable									
Payroll Deductions Payable	72	4,289	0	0	0	4,361	0	4,361	
Due to Other Funds	520	7,521	0	698	1,661	10,400	0	10,400	
Due to State of Tennessee	222	0	0	0	0	222	0	222	
Deferred Revenue - Current Property Taxes	0	63,395	140,878	0	0	204,273	14,088	218,361	
Deferred Revenue - Delinquent Property Taxes	0	6,064	13,476	0	0	19,540	1,347	20,887	
Total Liabilities	\$	814	\$ 81,492	\$ 154,354	\$ 698	\$ 239,019	\$ 15,435	\$ 254,454	
Fund Balances	\$	0	0	0	0	0	0	73,400	73,400
Reserved for Other General Purposes									
Unreserved	33,806	111,995	28,318	5,394	0	179,513	279,975	459,488	
Total Fund Balances	\$	33,806	\$ 111,995	\$ 28,318	\$ 5,394	\$ 179,513	\$ 353,375	\$ 532,888	
Total Liabilities and Fund Balances	\$	34,620	\$ 193,487	\$ 182,672	\$ 6,092	\$ 418,532	\$ 368,810	\$ 787,342	

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, 2010

	Special Revenue Funds							Total	Debt Service Fund		Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Local Purpose Tax	Drug Control	Constitutional Officers - Fees	Total	General Debt Service		Debt Service Fund		
									General	Debt Service	
<u>Revenues</u>											
Local Taxes	\$ 45,462	\$ 67,129	\$ 142,900	\$ 0	\$ 0	\$ 255,491	\$ 81,218	\$ 336,709			
Fines, Forfeitures, and Penalties	0	0	0	5,335	0	5,335	0	5,335			
Charges for Current Services	0	46,091	0	0	3	46,094	0	46,094			
Other Local Revenues	0	10,745	1,248	0	0	11,993	0	11,993			
State of Tennessee	0	0	0	0	0	0	18,487	18,487			
Total Revenues	\$ 45,462	\$ 123,965	\$ 144,148	\$ 5,335	\$ 3	\$ 318,913	\$ 99,705	\$ 418,618			
<u>Expenditures</u>											
Current:											
General Government	\$ 42,236	\$ 0	\$ 0	\$ 0	\$ 3	\$ 42,239	\$ 0	\$ 42,239			
Public Safety	1,837	0	145,751	4,132	0	151,720	0	151,720			
Public Health and Welfare	0	98,882	0	0	0	98,882	0	98,882			
Other Operations	453	0	2,905	48	0	3,406	0	3,406			
Debt Service:											
Principal on Debt	0	0	0	0	0	0	44,888	44,888			
Interest on Debt	0	0	0	0	0	0	9,136	9,136			
Other Debt Service	0	0	0	0	0	0	1,178	1,178			
Total Expenditures	\$ 44,526	\$ 98,882	\$ 148,656	\$ 4,180	\$ 3	\$ 296,247	\$ 55,202	\$ 351,449			
Excess (Deficiency) of Revenues Over Expenditures	\$ 936	\$ 25,083	\$ (4,508)	\$ 1,155	\$ 0	\$ 22,666	\$ 44,503	\$ 67,169			
Net Change in Fund Balances	\$ 936	\$ 25,083	\$ (4,508)	\$ 1,155	\$ 0	\$ 22,666	\$ 44,503	\$ 67,169			
Fund Balance, July 1, 2009	32,870	86,912	32,826	4,239	0	156,847	308,872	465,719			
Fund Balance, June 30, 2010	\$ 33,806	\$ 111,995	\$ 28,318	\$ 5,394	\$ 0	\$ 179,513	\$ 353,375	\$ 532,888			

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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 45,462	\$ 47,000	\$ 47,000	\$ (1,538)
Other Local Revenues	0	250	250	(250)
Total Revenues	<u>\$ 45,462</u>	<u>\$ 47,250</u>	<u>\$ 47,250</u>	<u>\$ (1,788)</u>
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 42,236	\$ 41,723	\$ 42,993	\$ 757
<u>Public Safety</u>				
Jail	1,837	8,000	8,000	6,163
<u>Other Operations</u>				
Other Charges	453	0	450	(3)
Employee Benefits	0	1,250	1,250	1,250
Total Expenditures	<u>\$ 44,526</u>	<u>\$ 50,973</u>	<u>\$ 52,693</u>	<u>\$ 8,167</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 936</u>	<u>\$ (3,723)</u>	<u>\$ (5,443)</u>	<u>\$ 6,379</u>
Net Change in Fund Balance	\$ 936	\$ (3,723)	\$ (5,443)	\$ 6,379
Fund Balance, July 1, 2009	<u>32,870</u>	<u>20,038</u>	<u>20,038</u>	<u>12,832</u>
Fund Balance, June 30, 2010	<u>\$ 33,806</u>	<u>\$ 16,315</u>	<u>\$ 14,595</u>	<u>\$ 19,211</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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 67,129	\$ 72,310	\$ 72,310	\$ (5,181)
Charges for Current Services	46,091	42,000	42,000	4,091
Other Local Revenues	10,745	7,500	7,500	3,245
Total Revenues	<u>\$ 123,965</u>	<u>\$ 121,810</u>	<u>\$ 121,810</u>	<u>\$ 2,155</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Waste Pickup	\$ 21,431	\$ 34,625	\$ 35,015	\$ 13,584
Convenience Centers	65,084	73,790	73,790	8,706
Landfill Operation and Maintenance	12,367	7,600	15,200	2,833
Total Expenditures	<u>\$ 98,882</u>	<u>\$ 116,015</u>	<u>\$ 124,005</u>	<u>\$ 25,123</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 25,083</u>	<u>\$ 5,795</u>	<u>\$ (2,195)</u>	<u>\$ 27,278</u>
Net Change in Fund Balance	\$ 25,083	\$ 5,795	\$ (2,195)	\$ 27,278
Fund Balance, July 1, 2009	<u>86,912</u>	<u>68,999</u>	<u>68,999</u>	<u>17,913</u>
Fund Balance, June 30, 2010	<u><u>\$ 111,995</u></u>	<u><u>\$ 74,794</u></u>	<u><u>\$ 66,804</u></u>	<u><u>\$ 45,191</u></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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 142,900	\$ 152,584	\$ 152,584	\$ (9,684)
Other Local Revenues	1,248	0	0	1,248
Total Revenues	<u>\$ 144,148</u>	<u>\$ 152,584</u>	<u>\$ 152,584</u>	<u>\$ (8,436)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Fire Prevention and Control	\$ 145,751	\$ 145,000	\$ 147,000	\$ 1,249
<u>Other Operations</u>				
Other Charges	2,905	3,000	3,000	95
Total Expenditures	<u>\$ 148,656</u>	<u>\$ 148,000</u>	<u>\$ 150,000</u>	<u>\$ 1,344</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (4,508)</u>	<u>\$ 4,584</u>	<u>\$ 2,584</u>	<u>\$ (7,092)</u>
Net Change in Fund Balance	\$ (4,508)	\$ 4,584	\$ 2,584	\$ (7,092)
Fund Balance, July 1, 2009	<u>32,826</u>	<u>32,739</u>	<u>32,739</u>	<u>87</u>
Fund Balance, June 30, 2010	<u>\$ 28,318</u>	<u>\$ 37,323</u>	<u>\$ 35,323</u>	<u>\$ (7,005)</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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 5,335	\$ 7,000	\$ 7,000	\$ (1,665)
Other Local Revenues	0	500	500	(500)
Total Revenues	\$ 5,335	\$ 7,500	\$ 7,500	\$ (2,165)
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 4,132	\$ 9,300	\$ 9,300	\$ 5,168
<u>Other Operations</u>				
Other Charges	48	100	100	52
Total Expenditures	\$ 4,180	\$ 9,400	\$ 9,400	\$ 5,220
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,155	\$ (1,900)	\$ (1,900)	\$ 3,055
Net Change in Fund Balance	\$ 1,155	\$ (1,900)	\$ (1,900)	\$ 3,055
Fund Balance, July 1, 2009	4,239	4,248	4,248	(9)
Fund Balance, June 30, 2010	\$ 5,394	\$ 2,348	\$ 2,348	\$ 3,046

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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 81,218	\$ 76,318	\$ 76,318	\$ 4,900
State of Tennessee	18,487	12,000	12,000	6,487
Total Revenues	<u>\$ 99,705</u>	<u>\$ 88,318</u>	<u>\$ 88,318</u>	<u>\$ 11,387</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 44,888	\$ 55,000	\$ 50,387	\$ 5,499
<u>Interest on Debt</u>				
General Government	9,136	6,000	10,613	1,477
<u>Other Debt Service</u>				
General Government	1,178	1,000	1,000	(178)
Total Expenditures	<u>\$ 55,202</u>	<u>\$ 62,000</u>	<u>\$ 62,000</u>	<u>\$ 6,798</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 44,503</u>	<u>\$ 26,318</u>	<u>\$ 26,318</u>	<u>\$ 18,185</u>
Net Change in Fund Balance	\$ 44,503	\$ 26,318	\$ 26,318	\$ 18,185
Fund Balance, July 1, 2009	<u>308,872</u>	<u>291,580</u>	<u>291,580</u>	<u>17,292</u>
Fund Balance, June 30, 2010	<u>\$ 353,375</u>	<u>\$ 317,898</u>	<u>\$ 317,898</u>	<u>\$ 35,477</u>

# Fiduciary Funds

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

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

Constitutional Officers - Agency Fund – The Constitutional Officers - Agency Fund is used to account for amounts collected in an agency capacity by the county clerk, circuit and general sessions courts clerk, clerk and master, register, and sheriff. Such collections include amounts due the state, cities, other county funds, litigants, heirs, and others.

Exhibit G-1

Van Buren County, Tennessee  
Combining Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2010

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 310,497	\$ 310,497
Due from Other Governments	14,457	0	14,457
Total Assets	<u>\$ 14,457</u>	<u>\$ 310,497</u>	<u>\$ 324,954</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 14,457	\$ 0	\$ 14,457
Due to Litigants, Heirs, and Others	0	310,497	310,497
Total Liabilities	<u>\$ 14,457</u>	<u>\$ 310,497</u>	<u>\$ 324,954</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, 2010

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 82,234	\$ 82,234	\$ 0
Due from Other Governments	15,049	14,457	15,049	14,457
<b>Total Assets</b>	<b>\$ 15,049</b>	<b>\$ 96,691</b>	<b>\$ 97,283</b>	<b>\$ 14,457</b>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 15,049	\$ 96,691	\$ 97,283	\$ 14,457
<b>Total Liabilities</b>	<b>\$ 15,049</b>	<b>\$ 96,691</b>	<b>\$ 97,283</b>	<b>\$ 14,457</b>
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 341,217	\$ 2,977,695	\$ 3,008,415	\$ 310,497
<b>Total Assets</b>	<b>\$ 341,217</b>	<b>\$ 2,977,695</b>	<b>\$ 3,008,415</b>	<b>\$ 310,497</b>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 341,217	\$ 2,977,695	\$ 3,008,415	\$ 310,497
<b>Total Liabilities</b>	<b>\$ 341,217</b>	<b>\$ 2,977,695</b>	<b>\$ 3,008,415</b>	<b>\$ 310,497</b>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 341,217	\$ 2,977,695	\$ 3,008,415	\$ 310,497
Equity in Pooled Cash and Investments	0	82,234	82,234	0
Due from Other Governments	15,049	14,457	15,049	14,457
<b>Total Assets</b>	<b>\$ 356,266</b>	<b>\$ 3,074,386</b>	<b>\$ 3,105,698</b>	<b>\$ 324,954</b>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 15,049	\$ 96,691	\$ 97,283	\$ 14,457
Due to Litigants, Heirs, and Others	341,217	2,977,695	3,008,415	310,497
<b>Total Liabilities</b>	<b>\$ 356,266</b>	<b>\$ 3,074,386</b>	<b>\$ 3,105,698</b>	<b>\$ 324,954</b>

# Van Buren County School Department

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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.

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

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

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

Exhibit H-1

Van Buren County, Tennessee  
Statement of Activities  
Discretely Presented Van Buren County School Department  
For the Year Ended June 30, 2010

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets Total Governmental Activities
	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 3,909,714	\$ 0	\$ 586,936	\$ (3,322,778)
Support Services	2,428,051	11,776	113,459	(2,302,816)
Operation of Non-Instructional Services	1,097,478	148,133	738,991	(180,893)
Interest on Long-term Debt	5,784	0	0	(5,784)
Other Debt Service	5,058	0	0	(5,058)
Total Governmental Activities	\$ 7,446,085	\$ 159,909	\$ 1,439,386	\$ (5,817,329)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 595,598
Local Option Sales Taxes				394,503
Hotel/Motel Taxes				106,573
Other Local Taxes				448
Grants and Contributions Not Restricted to Specific Programs				4,918,408
Unrestricted Investment Earnings				682
Miscellaneous				43,218
Total General Revenues				\$ 6,059,430
Change in Net Assets				\$ 242,101
Net Assets, July 1, 2009				7,320,515
Net Assets, June 30, 2010				\$ 7,562,616

Exhibit H-2

Van Buren County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Van Buren County School Department  
June 30, 2010

	Major Funds			Total Govern- mental Funds
	General Purpose School	School Federal Projects	Central Cafeteria	
<u>ASSETS</u>				
Equity in Pooled Cash and Investments	\$ 3,507,327	\$ 27,633	\$ 155,570	\$ 3,690,530
Accounts Receivable	1,201	0	298	1,499
Due from Other Governments	308,764	21,122	22,792	352,678
Property Taxes Receivable	705,599	0	0	705,599
Allowance for Uncollectible Property Taxes	(33,626)	0	0	(33,626)
Total Assets	<u>\$ 4,489,265</u>	<u>\$ 48,755</u>	<u>\$ 178,660</u>	<u>\$ 4,716,680</u>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Deferred Revenue - Current Property Taxes	\$ 613,381	\$ 0	\$ 0	\$ 613,381
Deferred Revenue - Delinquent Property Taxes	55,980	0	0	55,980
Other Deferred Revenues	42,627	0	0	42,627
Total Liabilities	<u>\$ 711,988</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 711,988</u>
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 27,792	\$ 0	\$ 0	\$ 27,792
Reserved for Career Ladder - Extended Contract	2,027	0	0	2,027
Reserved for Career Ladder Program	2,868	0	0	2,868
Reserved for Basic Education Program	3,208,855	0	0	3,208,855
Reserved for Title I Grants to Local Education Agencies	0	4,470	0	4,470
Reserved for Special Education - Grants to States	0	36,365	0	36,365
Other Federal Reserves	0	7,920	0	7,920
Unreserved, Reported In:				
General Fund	535,735	0	0	535,735
Special Revenue Funds	0	0	178,660	178,660
Total Fund Balances	<u>\$ 3,777,277</u>	<u>\$ 48,755</u>	<u>\$ 178,660</u>	<u>\$ 4,004,692</u>
Total Liabilities and Fund Balances	<u>\$ 4,489,265</u>	<u>\$ 48,755</u>	<u>\$ 178,660</u>	<u>\$ 4,716,680</u>

Exhibit H-3

Van Buren County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets  
Discretely Presented Van Buren County School Department  
June 30, 2010

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)		\$ 4,004,692	
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$ 269,347		
Add: buildings and improvements net of accumulated depreciation	4,197,114		
Add: infrastructure net of accumulated depreciation	10,461		
Add: other capital assets net of accumulated depreciation	<u>500,475</u>	4,977,397	
(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	\$ (951,000)		
Less: other postemployment benefits liabilities	(554,119)		
Less: compensated absences payable	<u>(12,961)</u>	(1,518,080)	
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>98,607</u>
Net assets of governmental activities (Exhibit A)			<u><u>\$ 7,562,616</u></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, 2010

	Major Funds			Total Governmental Funds
	General Purpose School	School Federal Projects	Central Cafeteria	
<u>Revenues</u>				
Local Taxes	\$ 1,117,927	\$ 0	\$ 0	\$ 1,117,927
Licenses and Permits	204	0	0	204
Charges for Current Services	11,776	0	148,133	159,909
Other Local Revenues	42,021	0	1,879	43,900
State of Tennessee	5,133,583	0	4,592	5,138,175
Federal Government	35,654	815,854	368,115	1,219,623
<b>Total Revenues</b>	<b>\$ 6,341,165</b>	<b>\$ 815,854</b>	<b>\$ 522,719</b>	<b>\$ 7,679,738</b>
<u>Expenditures</u>				
Current:				
Instruction	\$ 2,939,084	\$ 702,773	\$ 0	\$ 3,641,857
Support Services	2,169,429	118,759	0	2,288,188
Operation of Non-Instructional Services	394,661	0	495,566	890,227
Capital Outlay	373,628	0	0	373,628
Debt Service:				
Principal on Debt	109,000	0	0	109,000
Interest on Debt	5,784	0	0	5,784
Other Debt Service	5,058	0	0	5,058
<b>Total Expenditures</b>	<b>\$ 5,996,644</b>	<b>\$ 821,532</b>	<b>\$ 495,566</b>	<b>\$ 7,313,742</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 344,521	\$ (5,678)	\$ 27,153	\$ 365,996
<u>Other Financing Sources (Uses)</u>				
Proceeds from Sale of Capital Assets	\$ 300	\$ 0	\$ 0	\$ 300
Transfers In	12,339	0	0	12,339
Transfers Out	0	(12,339)	0	(12,339)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 12,639</b>	<b>\$ (12,339)</b>	<b>\$ 0</b>	<b>\$ 300</b>
Net Change in Fund Balances	\$ 357,160	\$ (18,017)	\$ 27,153	\$ 366,296
Fund Balance, July 1, 2009	3,420,117	66,772	151,507	3,638,396
<b>Fund Balance, June 30, 2010</b>	<b>\$ 3,777,277</b>	<b>\$ 48,755</b>	<b>\$ 178,660</b>	<b>\$ 4,004,692</b>

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, 2010

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)		\$ 366,296
(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	\$ 194,656	
Less: current year depreciation expense	<u>(242,560)</u>	(47,904)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		
Less: loss on disposal of capital assets	\$ (436)	
Less: proceeds from the sale of capital assets	<u>(300)</u>	(736)
(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, 2009	\$ (90,159)	
Add: deferred delinquent property taxes and other deferred June 30, 2010	<u>98,607</u>	8,448
(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		109,000
(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 compensated absences payable	\$ (3,502)	
Change in other postemployment benefits liabilities	<u>(189,501)</u>	<u>(193,003)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 242,101</u>

Exhibit H-6

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, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 1,117,927	\$ 0	\$ 0	\$ 1,117,927	\$ 1,138,300	\$ 1,138,300	\$ (20,373)
Licenses and Permits	204	0	0	204	200	200	4
Charges for Current Services	11,776	0	0	11,776	14,000	14,000	(2,224)
Other Local Revenues	42,021	0	0	42,021	30,000	30,000	12,021
State of Tennessee	5,133,583	0	0	5,133,583	5,023,000	5,154,238	(20,655)
Federal Government	35,654	0	0	35,654	43,000	43,000	(7,346)
Total Revenues	\$ 6,341,165	\$ 0	\$ 0	\$ 6,341,165	\$ 6,248,500	\$ 6,379,738	\$ (38,573)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 2,522,541	\$ 0	\$ 0	\$ 2,522,541	\$ 2,912,200	\$ 2,912,200	\$ 389,659
Special Education Program	233,211	0	0	233,211	371,800	371,800	138,589
Vocational Education Program	132,551	0	0	132,551	178,450	178,450	45,899
Adult Education Program	50,781	0	0	50,781	56,400	56,400	5,619
<u>Support Services</u>							
Attendance	68,212	0	0	68,212	73,410	73,410	5,198
Health Services	133,635	0	0	133,635	165,900	165,900	32,265
Other Student Support	144,148	0	0	144,148	154,900	154,900	10,752
Regular Instruction Program	263,375	0	0	263,375	312,200	312,200	48,825
Special Education Program	59,109	0	0	59,109	84,290	84,290	25,181
Vocational Education Program	0	0	0	0	5,100	5,100	5,100
Adult Programs	3,618	0	0	3,618	4,250	4,250	632
Other Programs	40,913	0	0	40,913	0	40,913	0
Board of Education	104,536	0	0	104,536	151,000	151,000	46,464

(Continued)

Exhibit H-6

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)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Director of Schools	\$ 108,453	\$ 0	\$ 0	\$ 108,453	\$ 117,400	\$ 117,400	\$ 8,947
Office of the Principal	233,453	0	0	233,453	265,580	265,580	32,127
Fiscal Services	102,422	0	0	102,422	115,060	115,060	12,638
Operation of Plant	465,217	0	0	465,217	576,600	576,600	111,383
Maintenance of Plant	105,473	0	0	105,473	141,970	141,970	36,497
Transportation	336,865	0	0	336,865	407,450	407,450	70,585
<u>Operation of Non-Instructional Services</u>							
Community Services	197,750	0	0	197,750	200,000	290,325	92,575
Early Childhood Education	196,911	0	0	196,911	240,000	240,000	43,089
<u>Capital Outlay</u>							
Regular Capital Outlay	373,628	(84,091)	27,792	317,329	1,205,000	1,205,000	887,671
<u>Principal on Debt</u>							
Education	109,000	0	0	109,000	110,000	110,000	1,000
<u>Interest on Debt</u>							
Education	5,784	0	0	5,784	65,000	65,000	59,216
<u>Other Debt Service</u>							
Education	5,058	0	0	5,058	10,000	10,000	4,942
Total Expenditures	\$ 5,996,644	\$ (84,091)	\$ 27,792	\$ 5,940,345	\$ 7,923,960	\$ 8,055,198	\$ 2,114,853
Excess (Deficiency) of Revenues Over Expenditures	\$ 344,521	\$ 84,091	\$ (27,792)	\$ 400,820	\$ (1,675,460)	\$ (1,675,460)	\$ 2,076,280

(Continued)

Exhibit H-6

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)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses)</u>							
Proceeds from Sale of Capital Assets	\$ 300	\$ 0	\$ 0	\$ 300	\$ 0	\$ 0	\$ 300
Transfers In	12,339	0	0	12,339	16,000	16,000	(3,661)
Total Other Financing Sources (Uses)	\$ 12,639	\$ 0	\$ 0	\$ 12,639	\$ 16,000	\$ 16,000	\$ (3,361)
Net Change in Fund Balance	\$ 357,160	\$ 84,091	\$ (27,792)	\$ 413,459	\$ (1,659,460)	\$ (1,659,460)	\$ 2,072,919
Fund Balance, July 1, 2009	3,420,117	(84,091)	0	3,336,026	3,336,591	3,336,591	(565)
Fund Balance, June 30, 2010	\$ 3,777,277	\$ 0	\$ (27,792)	\$ 3,749,485	\$ 1,677,131	\$ 1,677,131	\$ 2,072,354

Exhibit H-7

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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 815,854	\$ 1,049,047	\$ 1,050,817	\$ (234,963)
Total Revenues	\$ 815,854	\$ 1,049,047	\$ 1,050,817	\$ (234,963)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 350,683	\$ 373,541	\$ 375,046	\$ 24,363
Special Education Program	251,266	381,310	407,815	156,549
Vocational Education Program	100,824	101,845	101,112	288
<u>Support Services</u>				
Other Student Support	63,131	128,428	129,555	66,424
Regular Instruction Program	13,440	26,350	24,845	11,405
Special Education Program	41,349	32,377	59,373	18,024
Vocational Education Program	839	838	839	0
Total Expenditures	\$ 821,532	\$ 1,044,689	\$ 1,098,585	\$ 277,053
Excess (Deficiency) of Revenues Over Expenditures	\$ (5,678)	\$ 4,358	\$ (47,768)	\$ 42,090
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (12,339)	\$ (15,111)	\$ (16,350)	\$ 4,011
Total Other Financing Sources (Uses)	\$ (12,339)	\$ (15,111)	\$ (16,350)	\$ 4,011
Net Change in Fund Balance	\$ (18,017)	\$ (10,753)	\$ (64,118)	\$ 46,101
Fund Balance, July 1, 2009	66,772	10,753	64,118	2,654
Fund Balance, June 30, 2010	\$ 48,755	\$ 0	\$ 0	\$ 48,755

Exhibit H-8

Van Buren County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Van Buren County School Department  
Central Cafeteria Fund  
For the Year Ended June 30, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 148,133	\$ 190,000	\$ 190,000	\$ (41,867)
Other Local Revenues	1,879	1,000	1,000	879
State of Tennessee	4,592	7,000	7,000	(2,408)
Federal Government	368,115	309,000	333,101	35,014
<b>Total Revenues</b>	<b>\$ 522,719</b>	<b>\$ 507,000</b>	<b>\$ 531,101</b>	<b>\$ (8,382)</b>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 495,566	\$ 580,510	\$ 604,611	\$ 109,045
<b>Total Expenditures</b>	<b>\$ 495,566</b>	<b>\$ 580,510</b>	<b>\$ 604,611</b>	<b>\$ 109,045</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 27,153	\$ (73,510)	\$ (73,510)	\$ 100,663
Net Change in Fund Balance	\$ 27,153	\$ (73,510)	\$ (73,510)	\$ 100,663
Fund Balance, July 1, 2009	151,507	151,511	151,511	(4)
<b>Fund Balance, June 30, 2010</b>	<b>\$ 178,660</b>	<b>\$ 78,001</b>	<b>\$ 78,001</b>	<b>\$ 100,659</b>

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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, 2010

<u>Description of Indebtedness</u>	<u>Original Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Last Maturity Date</u>	<u>Outstanding 7-1-09</u>	<u>Paid and/or Matured During Period 6-30-10</u>
<u>PRIMARY GOVERNMENT</u>						
<u>NOTES PAYABLE</u>						
<u>Payable through General Debt Service Fund</u>						
4-Wheel Drive, Quad Cab Police Cruiser	\$ 24,000	4.4 %	12-20-06	12-20-09	\$ 8,347	\$ 8,347
<u>CAPITAL LEASES PAYABLE</u>						
<u>Payable through General Debt Service Fund</u>						
Roll-off Truck	111,500	4.49	10-9-07	10-25-12	\$ 91,153	\$ 21,280
<u>BONDS PAYABLE</u>						
<u>Payable through General Debt Service Fund</u>						
General Obligation Bonds	102,500	4.5	6-26-09	6-26-15	\$ 102,500	\$ 15,261
<u>DISCRETELY PRESENTED VAN BUREN COUNTY SCHOOL DEPARTMENT</u>						
<u>OTHER LOANS PAYABLE</u>						
<u>Public Building Authority Loan Agreement</u>						
Payable through General Purpose School Fund	2,000,000	Variable	6-30-1997	5-15-17	\$ 1,060,000	\$ 109,000
School						\$ 951,000

Exhibit I-2

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

PRIMARY GOVERNMENT

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2011	\$ 22,255	\$ 3,203	\$ 25,458
2012	23,275	2,183	25,458
2013	24,343	1,115	25,458
Total	\$ 69,873	\$ 6,501	\$ 76,374

Year Ending June 30	Bonds		
	Principal	Interest	Total
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	\$ 87,239	\$ 12,125	\$ 99,364

DISCRETELY PRESENTED VAN BUREN  
COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2011	\$ 115,000	\$ 3,483	\$ 6,951	\$ 125,434
2012	121,000	3,056	6,224	130,280
2013	128,000	2,606	5,457	136,063
2014	135,000	2,130	4,647	141,777
2015	143,000	1,628	3,792	148,420
2016	150,000	1,097	2,888	153,985
2017	159,000	539	1,938	161,477
Total	\$ 951,000	\$ 14,539	\$ 31,897	\$ 997,436

Exhibit I-3

Van Buren County, Tennessee  
Schedule of Notes Receivable  
June 30, 2010

Description/Payee	Debtor	Original Amount of Notes	Date of Maturity	Interest Rate	Balance 6-30-10
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, 2010

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
School Federal Projects	General Purpose School	Indirect costs	\$ <u>12,339</u>
Total Transfers Discretely Presented Van Buren County School Department			\$ <u><u>12,339</u></u>

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, 2010

Official	Authorization for Salary	\$	60,350	\$	25,000	Surety
			During		Bond	
			Period			
County Mayor	Section 8-24-102, <u>TCA</u>					RLI Insurance Company
Road Superintendent	Section 8-24-102, <u>TCA</u>		57,477		100,000	Western Surety Company
Director of Schools	State Board of Education and Van Buren County					
Trustee	Board of Education		79,200	(1)	(2)	
Assessor of Property	Section 8-24-102, <u>TCA</u>		52,251		271,000	Hartford Fire Insurance Company
County Clerk	Section 8-24-102, <u>TCA</u>		52,251		10,000	Western Surety Company
Circuit Court Clerk	Section 8-24-102, <u>TCA</u>		52,251		25,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u>		52,251		30,000	"
Register	Section 8-24-102, <u>TCA</u>		52,251		50,000	"
Sheriff	Section 8-24-102, <u>TCA</u>		52,251		15,000	"
	Section 8-24-102, <u>TCA</u>		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 a 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, 2010

	Special Revenue Funds						Local Purpose Tax
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Ambulance Service			
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 1,022,038	\$ 0	\$ 58,218	\$ 90,560	\$ 129,373		
Trustee's Collections - Prior Year	51,097	0	3,753	6,098	4,689		
Circuit/Clerk & Master Collections - Prior Years	16,935	0	1,237	1,951	1,427		
Interest and Penalty	15,601	0	1,337	2,854	1,670		
Payments in-Lieu-of Taxes - T.V.A.	4,365	0	0	0	0		
Payments in-Lieu-of Taxes - Local Utilities	45,355	0	2,584	3,285	5,741		
Payments in-Lieu-of Taxes - Other	50,000	0	0	0	0		
<u>County Local Option Taxes</u>							
Local Option Sales Tax	69,617	0	0	0	0		
Hotel/Motel Tax	0	0	0	0	0		
Litigation Tax - General	6,657	0	0	0	0		
Litigation Tax - Special Purpose	0	33,136	0	0	0		
Litigation Tax - Jail, Workhouse, or Courthouse	0	12,326	0	0	0		
Business Tax	17,353	0	0	0	0		
<u>Statutory Local Taxes</u>							
Bank Excise Tax	12,714	0	0	0	0		
Wholesale Beer Tax	24,131	0	0	0	0		
Interstate Telecommunications Tax	330	0	0	0	0		
Total Local Taxes	\$ 1,336,193	\$ 45,462	\$ 67,129	\$ 104,748	\$ 142,900		
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Cable TV Franchise	\$ 7,652	\$ 0	\$ 0	\$ 0	\$ 0		
Total Licenses and Permits	\$ 7,652	\$ 0	\$ 0	\$ 0	\$ 0		
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Fines	\$ 5,159	\$ 0	\$ 0	\$ 0	\$ 0		
Officers Costs	2,331	0	0	0	0		
Drug Control Fines	0	0	0	0	0		

(Continued)

Exhibit I-6

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

	Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Ambulance Service	Local Purpose Tax
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>Circuit Court (Cont.)</u>					
Data Entry Fee - Circuit Court	\$ 34	\$ 0	\$ 0	\$ 0	\$ 0
<u>General Sessions Court</u>					
Fines	10,171	0	0	0	0
Officers Costs	14,517	0	0	0	0
Drug Control Fines	0	0	0	0	0
Data Entry Fee - General Sessions Court	2,319	0	0	0	0
<u>Chancery Court</u>					
Officers Costs	71	0	0	0	0
Data Entry Fee - Chancery Court	358	0	0	0	0
<u>Judicial District Drug Program</u>					
Data Entry Fee - Other Courts	388	0	0	0	0
<u>Total Fines, Forfeitures, and Penalties</u>	<u>\$ 35,348</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Convenience Waste Centers Collection Charge	\$ 0	\$ 0	\$ 46,091	\$ 0	\$ 0
Patient Charges	0	0	0	289,008	0
<u>Fees</u>					
Telephone Commissions	1,437	0	0	0	0
Vending Machine Collections	217	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0
Data Processing Fee - Register	2,964	0	0	0	0
Sexual Offender Registration Fees - Sheriff	950	0	0	0	0
<u>Total Charges for Current Services</u>	<u>\$ 5,568</u>	<u>\$ 0</u>	<u>\$ 46,091</u>	<u>\$ 289,008</u>	<u>\$ 0</u>
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 44,043	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	1,710	0	0	0	0
Sale of Recycled Materials	0	0	10,745	0	0

(Continued)

Exhibit I-6

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

	Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Ambulance Service	Local Purpose Tax
<u>Other Local Revenues (Cont.)</u>					
<u>Recurring Items (Cont.)</u>					
Miscellaneous Refunds	\$ 7,067	\$ 0	\$ 0	\$ 2,990	\$ 1,248
Nonrecurring Items	25	0	0	0	0
Sale of Equipment					
Total Other Local Revenues	\$ 52,845	\$ 0	\$ 10,745	\$ 2,990	\$ 1,248
<u>Fees Received from County Officials</u>					
<u>Fees in-Lieu-of Salary</u>					
County Clerk	\$ 49,404	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	13,951	0	0	0	0
General Sessions Court Clerk	62,003	0	0	0	0
Clerk and Master	16,669	0	0	0	0
Register	32,494	0	0	0	0
Sheriff	2,763	0	0	0	0
Trustee	79,410	0	0	0	0
Total Fees Received from County Officials	\$ 256,694	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0
State Reappraisal Grant	3,716	0	0	0	0
Health and Welfare Grants	2,183	0	0	0	0
Public Works Grants					
State Aid Program	0	0	0	0	0
<u>Other State Revenues</u>					
Income Tax	8,307	0	0	0	0
Beer Tax	8,195	0	0	0	0
Alcoholic Beverage Tax	27,713	0	0	0	0
State Revenue Sharing - T.V.A.	129,409	0	0	0	0
Contracted Prisoner Boarding	68,965	0	0	0	0

(Continued)

Exhibit I-6

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

	Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Ambulance Service	Local Purpose Tax
<u>State of Tennessee (Cont.)</u>					
<u>Other State Revenues (Cont.)</u>					
Gasoline and Motor Fuel Tax	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Petroleum Special Tax	0	0	0	0	0
Registrar's Salary Supplement	16,380	0	0	0	0
Other State Grants	7,331	0	0	0	0
Other State Revenues	3,600	0	0	0	0
Total State of Tennessee	\$ 284,799	\$ 0	\$ 0	\$ 0	\$ 0
<u>Federal Government</u>					
<u>Federal Through State</u>					
Homeland Security Grants	\$ 43,288	\$ 0	\$ 0	\$ 0	\$ 0
ARRA Grant No. 1	5,400	0	0	0	0
Other Federal through State	96,953	0	0	0	0
Total Federal Government	\$ 145,641	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$ 2,124,740	\$ 45,462	\$ 123,965	\$ 396,746	\$ 144,148

(Continued)

Exhibit I-6

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

	Special Revenue Funds				Debt Service Fund		Total
	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General	Debt	Service	
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 0	\$ 0	\$ 0	\$ 12,880	\$ 1,313,069		
Trustee's Collections - Prior Year	0	0	0	2,877	68,514		
Circuit/Clerk & Master Collections - Prior Years	0	0	0	809	22,359		
Interest and Penalty	0	0	0	863	22,325		
Payments in-Lieu-of Taxes - T.V.A.	0	0	0	624	4,989		
Payments in-Lieu-of Taxes - Local Utilities	0	0	0	575	57,540		
Payments in-Lieu-of Taxes - Other	0	0	0	0	50,000		
<u>County Local Option Taxes</u>							
Local Option Sales Tax	0	0	0	0	69,617		
Hotel/Motel Tax	0	0	0	62,590	62,590		
Litigation Tax - General	0	0	0	0	6,657		
Litigation Tax - Special Purpose	0	0	0	0	33,136		
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	12,326		
Business Tax	0	0	0	0	17,353		
<u>Statutory Local Taxes</u>							
Bank Excise Tax	0	0	0	0	12,714		
Wholesale Beer Tax	0	0	0	0	24,131		
Interstate Telecommunications Tax	0	0	0	0	330		
Total Local Taxes	\$ 0	\$ 0	\$ 0	\$ 81,218	\$ 1,777,650		
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Cable TV Franchise	0	0	0	0	7,652		
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,652		
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Fines	0	0	0	0	0	5,159	
Officers Costs	0	0	0	0	0	2,331	
Drug Control Fines	4,624	0	0	0	0	4,624	

(Continued)

Exhibit I-6

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

	Special Revenue Funds				Debt Service Fund		Total
	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General	Debt Service		
<u>Fines, Forfeitures, and Penalties (Cont.)</u>							
<u>Circuit Court (Cont.)</u>							
Data Entry Fee - Circuit Court	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	34
<u>General Sessions Court</u>							
Fines	0	0	0	0	0	0	10,171
Officers Costs	0	0	0	0	0	0	14,517
Drug Control Fines	711	0	0	0	0	0	711
Data Entry Fee - General Sessions Court	0	0	0	0	0	0	2,319
<u>Chancery Court</u>							
Officers Costs	0	0	0	0	0	0	71
Data Entry Fee - Chancery Court	0	0	0	0	0	0	358
<u>Judicial District Drug Program</u>							
Data Entry Fee - Other Courts	0	0	0	0	0	0	388
Total Fines, Forfeitures, and Penalties	\$ 5,335	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 40,683
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Convenience Waste Centers Collection Charge	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	46,091
Patient Charges	0	0	0	0	0	0	289,008
<u>Fees</u>							
Telephone Commissions	0	0	0	0	0	0	1,437
Vending Machine Collections	0	0	0	0	0	0	217
Constitutional Officers' Fees and Commissions	0	3	0	0	0	0	3
Data Processing Fee - Register	0	0	0	0	0	0	2,964
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	0	950
Total Charges for Current Services	\$ 0	\$ 3	\$ 0	\$ 0	\$ 0	\$ 0	\$ 340,670
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	44,043
Lease/Rentals	0	0	0	0	0	0	1,710
Sale of Recycled Materials	0	0	0	0	0	0	10,745

(Continued)

Exhibit I-6

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

	Special Revenue Funds			Debt Service Fund		Total
	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General	Debt Service	
<u>Other Local Revenues (Cont.)</u>						
<u>Recurring Items (Cont.)</u>						
Miscellaneous Refunds	\$ 0 \$	0 \$	5,390 \$	0 \$	0 \$	16,695
<u>Nonrecurring Items</u>						
Sale of Equipment	0	0	0	0	0	25
Total Other Local Revenues	\$ 0 \$	0 \$	5,390 \$	0 \$	0 \$	73,218
<u>Fees Received from County Officials</u>						
<u>Fees in-Lieu-of Salary</u>						
County Clerk	0 \$	0 \$	0 \$	0 \$	0 \$	49,404
Circuit Court Clerk	0	0	0	0	0	13,951
General Sessions Court Clerk	0	0	0	0	0	62,003
Clerk and Master	0	0	0	0	0	16,669
Register	0	0	0	0	0	32,494
Sheriff	0	0	0	0	0	2,763
Trustee	0	0	0	0	0	79,410
Total Fees Received from County Officials	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	256,694
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	0 \$	0 \$	0 \$	0 \$	0 \$	9,000
State Reappraisal Grant	0	0	0	0	0	3,716
<u>Health and Welfare Grants</u>						
Health Department Programs	0	0	0	0	0	2,183
<u>Public Works Grants</u>						
State Aid Program	0	0	167,106	0	0	167,106
<u>Other State Revenues</u>						
Income Tax	0	0	0	0	0	8,307
Beer Tax	0	0	0	0	0	8,195
Alcoholic Beverage Tax	0	0	0	0	0	27,713
State Revenue Sharing - T.V.A.	0	0	0	18,487	0	147,896
Contracted Prisoner Boarding	0	0	0	0	0	68,965

(Continued)

Exhibit I-6

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

	Special Revenue Funds				Debt Service Fund		Total
	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt	Debt Service		
<u>State of Tennessee (Cont.)</u>							
<u>Other State Revenues (Cont.)</u>							
Gasoline and Motor Fuel Tax	\$ 0 \$	0 \$	1,299,289 \$	0 \$	0 \$	1,299,289	
Petroleum Special Tax	0	0	4,424	0	0	4,424	
Registrar's Salary Supplement	0	0	0	0	0	16,380	
Other State Grants	0	0	0	0	0	7,331	
Other State Revenues	0	0	0	0	0	3,600	
Total State of Tennessee	\$ 0 \$	0 \$	1,470,819 \$	18,487 \$	0 \$	1,774,105	
<u>Federal Government</u>							
<u>Federal Through State</u>							
Homeland Security Grants	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	43,288	
ARRA Grant No. 1	0	0	0	0	0	5,400	
Other Federal through State	0	0	0	0	0	96,953	
Total Federal Government	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	145,641	
Total	\$ 5,335 \$	3 \$	1,476,209 \$	99,705 \$	0 \$	4,416,313	

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, 2010

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 537,407	\$ 0	\$ 0	\$ 537,407
Trustee's Collections - Prior Year	30,977	0	0	30,977
Circuit/Clerk & Master Collections - Prior Years	8,943	0	0	8,943
Interest and Penalty	8,785	0	0	8,785
Payments in-Lieu-of Taxes - T.V.A.	5,404	0	0	5,404
Payments in-Lieu-of Taxes - Local Utilities	23,849	0	0	23,849
<u>County Local Option Taxes</u>				
Local Option Sales Tax	395,511	0	0	395,511
Hotel/Motel Tax	106,573	0	0	106,573
<u>Statutory Local Taxes</u>				
Interstate Telecommunications Tax	478	0	0	478
<b>Total Local Taxes</b>	<b>\$ 1,117,927</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,117,927</b>
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 204	\$ 0	\$ 0	\$ 204
<b>Total Licenses and Permits</b>	<b>\$ 204</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 204</b>
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Lunch Payments - Children	\$ 0	\$ 0	\$ 59,789	\$ 59,789
Lunch Payments - Adults	0	0	12,593	12,593
Income from Breakfast	0	0	18,448	18,448
Special Milk Sales	0	0	1,527	1,527
A la carte Sales	0	0	55,776	55,776
Receipts from Individual Schools	11,776	0	0	11,776
<b>Total Charges for Current Services</b>	<b>\$ 11,776</b>	<b>\$ 0</b>	<b>\$ 148,133</b>	<b>\$ 159,909</b>
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 682	\$ 682
Sale of Materials and Supplies	274	0	0	274
Miscellaneous Refunds	41,161	0	1,197	42,358
<u>Nonrecurring Items</u>				
Damages Recovered from Individuals	586	0	0	586
<b>Total Other Local Revenues</b>	<b>\$ 42,021</b>	<b>\$ 0</b>	<b>\$ 1,879</b>	<b>\$ 43,900</b>
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 40,913	\$ 0	\$ 0	\$ 40,913
<u>State Education Funds</u>				
Basic Education Program	4,245,994	0	0	4,245,994
Basic Education Program - ARRA	142,900	0	0	142,900
Early Childhood Education	196,981	0	0	196,981
School Food Service	0	0	4,592	4,592
Other State Education Funds	10,946	0	0	10,946
Coordinated School Health - ARRA	84,320	0	0	84,320
Internet Connectivity - ARRA	2,241	0	0	2,241

(Continued)

Exhibit I-7

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

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>State of Tennessee (Cont.)</u>				
<u>State Education Funds (Cont.)</u>				
Family Resource Centers - ARRA	\$ 33,300	\$ 0	\$ 0	\$ 33,300
Statewide Student Management System (SSMS) - ARRA	1,973	0	0	1,973
Career Ladder Program	36,752	0	0	36,752
Career Ladder - Extended Contract - ARRA	14,692	0	0	14,692
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	160,221	0	0	160,221
Safe Schools - ARRA	5,000	0	0	5,000
Other State Revenues	157,350	0	0	157,350
Total State of Tennessee	\$ 5,133,583	\$ 0	\$ 4,592	\$ 5,138,175
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 206,659	\$ 206,659
USDA - Commodities	0	0	24,101	24,101
Breakfast	0	0	102,593	102,593
USDA - Other	0	0	5,301	5,301
USDA Food Service Equipment Grant - ARRA	0	0	29,461	29,461
Adult Education State Grant Program	30,654	0	0	30,654
Vocational Education - Basic Grants to States	0	16,771	0	16,771
Other Vocational	0	91,424	0	91,424
Title I Grants to Local Education Agencies	0	339,836	0	339,836
Special Education - Grants to States	0	270,037	0	270,037
Special Education Preschool Grants	0	10,514	0	10,514
Safe and Drug-free Schools - State Grants	0	2,484	0	2,484
Rural Education	0	16,933	0	16,933
Appalachian Regional Commission	5,000	0	0	5,000
Eisenhower Professional Development State Grants	0	52,268	0	52,268
Other Federal through State	0	15,587	0	15,587
Total Federal Government	\$ 35,654	\$ 815,854	\$ 368,115	\$ 1,219,623
Total	\$ 6,341,165	\$ 815,854	\$ 522,719	\$ 7,679,738

Exhibit I-8

Van Buren County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2010

General Fund

General Government

County Commission

Board and Committee Members Fees	\$ 7,688	
Audit Services	1,652	
Dues and Memberships	1,050	
Total County Commission		\$ 10,390

Board of Equalization

Board and Committee Members Fees	\$ 800	
Total Board of Equalization		800

Beer Board

Board and Committee Members Fees	\$ 200	
Total Beer Board		200

County Mayor/Executive

County Official/Administrative Officer	\$ 60,350	
Accountants/Bookkeepers	28,611	
Part-time Personnel	995	
Social Security	5,462	
State Retirement	6,192	
Unemployment Compensation	151	
Employer Medicare	1,277	
Communication	5,416	
Contributions	1,000	
Data Processing Services	6,793	
Dues and Memberships	2,100	
Legal Notices, Recording, and Court Costs	150	
Printing, Stationery, and Forms	803	
Travel	662	
Office Supplies	1,525	
Other Charges	252	
Total County Mayor/Executive		121,739

County Attorney

County Official/Administrative Officer	\$ 6,058	
Total County Attorney		6,058

Election Commission

County Official/Administrative Officer	\$ 46,121	
Election Commission	6,675	
Election Workers	3,880	

(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.)

Social Security	\$	2,860	
State Retirement		3,279	
Unemployment Compensation		140	
Employer Medicare		669	
Communication		921	
Data Processing Services		8,450	
Dues and Memberships		200	
Legal Notices, Recording, and Court Costs		2,048	
Printing, Stationery, and Forms		1,281	
Travel		5,422	
Other Contracted Services		2,400	
Office Supplies		247	
Other Charges		524	
Total Election Commission			\$ 85,117

Register of Deeds

County Official/Administrative Officer	\$	52,251	
Social Security		3,177	
State Retirement		3,644	
Employer Medicare		743	
Communication		573	
Data Processing Services		3,941	
Dues and Memberships		365	
Printing, Stationery, and Forms		524	
Office Supplies		229	
Premiums on Corporate Surety Bonds		100	
Total Register of Deeds			65,547

Planning

Contracts with Government Agencies	\$	7,250	
Total Planning			7,250

County Buildings

Communication	\$	2,913	
Maintenance and Repair Services - Buildings		14,131	
Travel		319	
Custodial Supplies		2,121	
Electricity		32,489	
Natural Gas		22,082	
Water and Sewer		9,805	
Total County Buildings			83,860

(Continued)

Exhibit I-8

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

General Fund (Cont.)

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	52,251	
Part-time Personnel		7,467	
Social Security		3,640	
State Retirement		3,644	
Unemployment Compensation		149	
Employer Medicare		851	
Audit Services		1,000	
Communication		695	
Data Processing Services		2,447	
Dues and Memberships		704	
Legal Notices, Recording, and Court Costs		25	
Travel		1,321	
Office Supplies		1,084	
Other Charges		4,917	
Total Property Assessor's Office	\$		80,195

County Trustee's Office

County Official/Administrative Officer	\$	52,251	
Deputy(ies)		8,975	
Social Security		3,734	
State Retirement		3,644	
Unemployment Compensation		166	
Employer Medicare		873	
Communication		1,309	
Data Processing Services		6,200	
Dues and Memberships		460	
Legal Notices, Recording, and Court Costs		346	
Printing, Stationery, and Forms		768	
Office Supplies		1,773	
Data Processing Equipment		705	
Total County Trustee's Office			81,204

County Clerk's Office

County Official/Administrative Officer	\$	52,251	
Deputy(ies)		15,140	
Social Security		4,116	
State Retirement		4,663	
Unemployment Compensation		111	
Employer Medicare		963	
Communication		1,224	

(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.)

Data Processing Services	\$	100	
Dues and Memberships		360	
Printing, Stationery, and Forms		353	
Office Supplies		671	
Premiums on Corporate Surety Bonds		125	
Total County Clerk's Office			\$ 80,077

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	52,251	
Secretary(ies)		19,435	
Board and Committee Members Fees		12	
Jury and Witness Expense		6,438	
Social Security		4,382	
State Retirement		5,026	
Unemployment Compensation		184	
Employer Medicare		1,025	
Communication		2,503	
Dues and Memberships		56	
Printing, Stationery, and Forms		3,325	
Office Supplies		1,397	
Total Circuit Court			96,034

General Sessions Court

Judge(s)	\$	23,156	
Secretary(ies)		5,467	
Other Fringe Benefits		2,648	
Travel		965	
Office Supplies		350	
Total General Sessions Court			32,586

Chancery Court

County Official/Administrative Officer	\$	52,251	
Social Security		3,177	
State Retirement		3,644	
Employer Medicare		743	
Communication		1,063	
Dues and Memberships		285	
Legal Notices, Recording, and Court Costs		45	
Printing, Stationery, and Forms		169	

(Continued)

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	\$ 399	
Premiums on Corporate Surety Bonds	300	
Total Chancery Court		\$ 62,076

Juvenile Court

Contracts with Government Agencies	\$ 10,000	
Other Charges	750	
Total Juvenile Court		10,750

Judicial Commissioners

County Official/Administrative Officer	\$ 4,800	
Premiums on Corporate Surety Bonds	100	
Total Judicial Commissioners		4,900

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$ 57,477	
Deputy(ies)	180,721	
Accountants/Bookkeepers	20,610	
Salary Supplements	3,600	
Overtime Pay	14,592	
In-Service Training	8,972	
Social Security	17,102	
State Retirement	18,267	
Unemployment Compensation	1,385	
Employer Medicare	4,000	
Communication	13,105	
Dues and Memberships	1,266	
Legal Notices, Recording, and Court Costs	18	
Maintenance and Repair Services - Vehicles	16,174	
Printing, Stationery, and Forms	1,550	
Travel	1,337	
Custodial Supplies	14	
Gasoline	29,950	
Office Supplies	5,330	
Uniforms	4,430	
Premiums on Corporate Surety Bonds	1,225	
Other Charges	6,035	
Total Sheriff's Department		407,160

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Jail

Dispatchers/Radio Operators	\$	499	
Guards		179,301	
Overtime Pay		4,254	
Social Security		11,411	
State Retirement		6,095	
Unemployment Compensation		1,900	
Employer Medicare		2,669	
Medical and Dental Services		41,840	
Custodial Supplies		8,602	
Electricity		6,618	
Food Supplies		28,220	
Natural Gas		3,571	
Water and Sewer		4,730	
Other Charges		<u>1,447</u>	
Total Jail	\$		301,157

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

Communication	\$	<u>43,288</u>	
Total Other Emergency Management			43,288

County Coroner/Medical Examiner

Premiums on Corporate Surety Bonds	\$	100	
Other Charges		<u>3,080</u>	
Total County Coroner/Medical Examiner			3,180

Other Public Safety

Contracts with Government Agencies	\$	2,000	
Contributions		<u>51,700</u>	
Total Other Public Safety			53,700

(Continued)

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	\$ 1,667	
Social Security	103	
Unemployment Compensation	33	
Employer Medicare	24	
Communication	1,721	
Postal Charges	44	
Travel	195	
Other Contracted Services	925	
Custodial Supplies	600	
Drugs and Medical Supplies	255	
Electricity	3,608	
Natural Gas	2,775	
Water and Sewer	287	
Other Charges	200	
Total Local Health Center		\$ 12,437

Ambulance/Emergency Medical Services

Communication	\$ 551	
Total Ambulance/Emergency Medical Services		551

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	\$ 11,821	
Social Security	733	
Unemployment Compensation	143	
Employer Medicare	171	
Communication	271	
Electricity	1,185	
Natural Gas	2,078	
Water and Sewer	224	
Other Charges	65	
Total Adult Activities		16,691

(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

Communication	\$ 760	
Contributions	10,940	
Medical and Dental Services	400	
Printing, Stationery, and Forms	265	
Other Charges	400	
Total Senior Citizens Assistance		\$ 12,765

Libraries

Contributions	\$ 24,304	
Total Libraries		24,304

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	2,959	
Communication	2,787	
Other Charges	2,500	
Other Equipment	1,500	
Total Agriculture Extension Service		34,207

Soil Conservation

Secretary(ies)	\$ 7,995	
Social Security	496	
Unemployment Compensation	134	
Employer Medicare	116	
Communication	613	
Total Soil Conservation		9,354

Other Operations

Industrial Development

Contributions	\$ 529	
Other Charges	9,709	
Total Industrial Development		10,238

(Continued)

Exhibit I-8

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

General Fund (Cont.)

Other Operations (Cont.)

Housing and Urban Development

Other Contracted Services	\$ 212,219	
Total Housing and Urban Development		\$ 212,219

Other Charges

Liability Insurance	\$ 45,533	
Trustee's Commission	33,301	
Workers' Compensation Insurance	29,896	
Total Other Charges		108,730

Miscellaneous

Postal Charges	\$ 15,758	
Duplicating Supplies	8,564	
Other Charges	990	
Total Miscellaneous		25,312

Highways

Litter and Trash Collection

Laborers	\$ 13,744	
Social Security	976	
State Retirement	142	
Unemployment Compensation	137	
Employer Medicare	228	
Accounting Services	2,003	
Other Supplies and Materials	25	
Other Charges	210	
Total Litter and Trash Collection		17,465

Total General Fund		\$ 2,159,114
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Courthouse and Jail Maintenance Fund

General Government

County Buildings

Custodial Personnel	\$ 9,874	
Maintenance Personnel	18,082	
Social Security	1,719	
State Retirement	1,818	
Unemployment Compensation	119	
Employer Medicare	402	
Building Improvements	10,222	
Total County Buildings		\$ 42,236

(Continued)

Exhibit I-8

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

Courthouse and Jail Maintenance Fund (Cont.)

Public Safety

Jail

Maintenance and Repair Services - Buildings	\$ 1,837	
Total Jail		\$ 1,837

Other Operations

Other Charges

Trustee's Commission	\$ 453	
Total Other Charges		<u>453</u>

Total Courthouse and Jail Maintenance Fund		\$ 44,526
--	--	-----------

Solid Waste/Sanitation Fund

Public Health and Welfare

Waste Pickup

Truck Drivers	\$ 15,154	
Social Security	940	
State Retirement	1,078	
Unemployment Compensation	59	
Employer Medicare	220	
Maintenance and Repair Services - Equipment	977	
Diesel Fuel	2,990	
Other Charges	13	
Total Waste Pickup		\$ 21,431

Convenience Centers

Laborers	\$ 28,998	
Social Security	1,798	
Unemployment Compensation	541	
Employer Medicare	420	
Communication	1,581	
Other Contracted Services	19,453	
Electricity	5,605	
Natural Gas	1,140	
Water and Sewer	562	
Other Supplies and Materials	872	
Trustee's Commission	1,939	
Other Charges	2,175	
Total Convenience Centers		65,084

Landfill Operation and Maintenance

Other Charges	\$ 12,367	
Total Landfill Operation and Maintenance		<u>12,367</u>

Total Solid Waste/Sanitation Fund		98,882
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(Continued)

Exhibit I-8

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

Ambulance Service Fund

Public Health and Welfare

Ambulance/Emergency Medical Services

Medical Personnel	\$ 194,640	
Part-time Personnel	6,297	
Overtime Pay	79,904	
In-Service Training	2,811	
Social Security	17,412	
State Retirement	14,041	
Unemployment Compensation	1,797	
Employer Medicare	4,072	
Communication	4,081	
Data Processing Services	2,325	
Dues and Memberships	264	
Licenses	1,500	
Maintenance and Repair Services - Buildings	18,913	
Maintenance and Repair Services - Vehicles	6,119	
Printing, Stationery, and Forms	392	
Custodial Supplies	1,071	
Data Processing Supplies	2,587	
Diesel Fuel	15,859	
Drugs and Medical Supplies	21,748	
Electricity	3,930	
Natural Gas	1,403	
Office Supplies	3,546	
Uniforms	2,491	
Water and Sewer	648	
Other Supplies and Materials	3,504	
Trustee's Commission	5,100	
Vehicle and Equipment Insurance	4,500	
Workers' Compensation Insurance	10,000	
Other Charges	2,076	
Other Equipment	2,375	
Total Ambulance/Emergency Medical Services		<u>\$ 435,406</u>

Total Ambulance Service Fund \$ 435,406

Local Purpose Tax Fund

Public Safety

Fire Prevention and Control

Contributions	\$ 115,000	
Building and Contents Insurance	29,503	
Other Charges	1,248	
Total Fire Prevention and Control		<u>\$ 145,751</u>

(Continued)

Exhibit I-8

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

Local Purpose Tax Fund (Cont.)

Other Operations

Other Charges

Trustee's Commission	\$ 2,905	
Total Other Charges		\$ 2,905

Total Local Purpose Tax Fund \$ 148,656

Drug Control Fund

Public Safety

Drug Enforcement

Contributions	\$ 1,220	
Maintenance and Repair Services - Vehicles	340	
Other Contracted Services	30	
Other Supplies and Materials	1,172	
Law Enforcement Equipment	1,370	
Total Drug Enforcement		\$ 4,132

Other Operations

Other Charges

Trustee's Commission	\$ 48	
Total Other Charges		48

Total Drug Control Fund 4,180

Constitutional Officers - Fees Fund

General Government

Other General Administration

Constitutional Officers' Operating Expenses	\$ 3	
Total Other General Administration		\$ 3

Total Constitutional Officers - Fees Fund 3

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 57,477
Assistant(s)	34,500
Accountants/Bookkeepers	34,425
Overtime Pay	4,098
Other Salaries and Wages	4,308
Communication	1,545
Dues and Memberships	2,328

(Continued)

Exhibit I-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Maintenance and Repair Services - Office Equipment	\$	183	
Postal Charges		264	
Travel		532	
Electricity		1,405	
Office Supplies		327	
Other Charges		45	
Total Administration			\$ 141,437

Highway and Bridge Maintenance

Equipment Operators	\$	58,638	
Truck Drivers		62,385	
Laborers		182,653	
Other Contracted Services		675,875	
Asphalt - Cold Mix		3,826	
Crushed Stone		37,228	
Pipe - Metal		6,304	
Road Signs		1,922	
Salt		51,191	
Small Tools		557	
Wood Products		130	
Other Charges		20	
Total Highway and Bridge Maintenance			1,080,729

Operation and Maintenance of Equipment

Mechanic(s)	\$	61,507	
Laborers		19,282	
Nightwatchmen		28,736	
Laundry Service		685	
Maintenance and Repair Services - Equipment		705	
Other Contracted Services		1,841	
Diesel Fuel		38,015	
Equipment and Machinery Parts		29,966	
Garage Supplies		164	
Gasoline		18,212	
Lubricants		7,447	
Propane Gas		500	
Small Tools		1,200	
Tires and Tubes		8,956	
Water and Sewer		682	
Other Supplies and Materials		819	

(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.)

Other Charges	\$ 865	
Total Operation and Maintenance of Equipment		\$ 219,582

Quarry Operations

Communication	\$ 2,071	
Operating Lease Payments	4,800	
Electricity	3,521	
Total Quarry Operations		10,392

Other Charges

Liability Insurance	\$ 21,550	
Premiums on Corporate Surety Bonds	450	
Trustee's Commission	12,980	
Workers' Compensation Insurance	79,678	
Total Other Charges		114,658

Employee Benefits

Social Security	\$ 41,922	
State Retirement	37,106	
Employee and Dependent Insurance	5,448	
Unemployment Compensation	524	
Other Fringe Benefits	1,249	
Total Employee Benefits		86,249

Capital Outlay

Bridge Construction	\$ 4,998	
Communication Equipment	733	
Highway Equipment	9,695	
Total Capital Outlay		15,426

Total Highway/Public Works Fund		\$ 1,668,473
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General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 15,261	
Principal on Notes	8,347	
Principal on Capital Leases	21,280	
Total General Government		\$ 44,888

(Continued)

Exhibit I-8

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

General Debt Service Fund (Cont.)

Interest on Debt

General Government

Interest on Bonds	\$ 4,613	
Interest on Notes	345	
Interest on Capital Leases	<u>4,178</u>	
Total General Government		\$ 9,136

Other Debt Service

General Government

Trustee's Commission	\$ <u>1,178</u>	
Total General Government		<u>1,178</u>

Total General Debt Service Fund \$ 55,202

Total Governmental Funds - Primary Government \$ 4,614,442

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, 2010

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 1,803,188	
Career Ladder Program	17,000	
Career Ladder Extended Contracts	7,880	
Homebound Teachers	3,460	
Educational Assistants	73,423	
Non-certified Substitute Teachers	51,272	
Social Security	112,151	
State Retirement	122,727	
Medical Insurance	102,353	
Unemployment Compensation	5,583	
Employer Medicare	26,229	
Contracts with Other School Systems	20,000	
Instructional Supplies and Materials	17,788	
Textbooks	62,571	
Other Supplies and Materials	323	
Fee Waivers	88	
Other Charges	4,516	
Regular Instruction Equipment	91,989	
Total Regular Instruction Program		\$ 2,522,541

Special Education Program

Teachers	\$ 139,962	
Career Ladder Program	3,000	
Educational Assistants	446	
Speech Pathologist	45,734	
Social Security	7,789	
State Retirement	10,617	
Medical Insurance	21,149	
Unemployment Compensation	60	
Employer Medicare	2,067	
Instructional Supplies and Materials	93	
Other Charges	579	
Special Education Equipment	1,715	
Total Special Education Program		233,211

Vocational Education Program

Teachers	\$ 110,220
Career Ladder Program	1,000
Social Security	6,822

(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	\$	7,140	
Employer Medicare		1,595	
Tuition		3,700	
Instructional Supplies and Materials		891	
Other Supplies and Materials		1,064	
Vocational Instruction Equipment		119	
Total Vocational Education Program			\$ 132,551

Adult Education Program

Teachers	\$	42,147	
Social Security		2,384	
State Retirement		2,706	
Medical Insurance		2,562	
Employer Medicare		558	
Instructional Supplies and Materials		424	
Total Adult Education Program			50,781

Support Services

Attendance

Supervisor/Director	\$	53,850	
Career Ladder Program		1,000	
Social Security		2,883	
State Retirement		3,521	
Medical Insurance		6,284	
Employer Medicare		674	
Total Attendance			68,212

Health Services

Supervisor/Director	\$	36,985	
Medical Personnel		36,410	
Other Salaries and Wages		15,758	
Social Security		5,083	
State Retirement		6,316	
Medical Insurance		5,860	
Employer Medicare		1,189	
Communication		178	
Travel		526	
Drugs and Medical Supplies		1,713	
Other Supplies and Materials		21,638	

(Continued)

Exhibit I-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services (Cont.)

In Service/Staff Development	\$	1,136	
Other Charges		843	
Total Health Services			\$ 133,635

Other Student Support

Career Ladder Program	\$	2,000	
Guidance Personnel		95,138	
Social Security		5,281	
State Retirement		6,236	
Medical Insurance		1,969	
Employer Medicare		1,235	
Contracts with Government Agencies		28,691	
Evaluation and Testing		2,772	
Travel		826	
Total Other Student Support			144,148

Regular Instruction Program

Supervisor/Director	\$	60,894	
Career Ladder Program		2,985	
Career Ladder Extended Contracts		4,000	
Librarians		80,828	
Instructional Computer Personnel		43,687	
Other Salaries and Wages		23,573	
Social Security		11,476	
State Retirement		12,653	
Medical Insurance		5,107	
Unemployment Compensation		101	
Employer Medicare		3,026	
Travel		718	
Library Books/Media		10,534	
Other Supplies and Materials		303	
In Service/Staff Development		797	
Other Charges		750	
Other Equipment		1,943	
Total Regular Instruction Program			263,375

Special Education Program

Supervisor/Director	\$	49,463	
Psychological Personnel		370	

(Continued)

Exhibit I-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Social Security	\$	2,863	
State Retirement		3,176	
Medical Insurance		2,562	
Employer Medicare		675	
Total Special Education Program			\$ 59,109

Adult Programs

Career Ladder Program	\$	1,000	
Social Security		62	
State Retirement		64	
Employer Medicare		14	
In Service/Staff Development		533	
Other Charges		1,945	
Total Adult Programs			3,618

Other Programs

On-Behalf Payments to OPEB	\$	40,913	
Total Other Programs			40,913

Board of Education

Board and Committee Members Fees	\$	5,100	
Social Security		316	
Medical Insurance		27,424	
Employer Medicare		74	
Audit Services		3,000	
Dues and Memberships		2,817	
Travel		1,926	
Other Contracted Services		3,416	
Trustee's Commission		29,586	
Workers' Compensation Insurance		30,877	
Total Board of Education			104,536

Director of Schools

County Official/Administrative Officer	\$	78,200	
Career Ladder Program		1,000	
Social Security		4,419	
State Retirement		5,085	
Medical Insurance		6,352	
Employer Medicare		1,033	

(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 (Cont.)

Communication	\$	8,846	
Dues and Memberships		789	
Postal Charges		340	
Travel		1,107	
Office Supplies		1,030	
Other Supplies and Materials		217	
Other Charges		35	
Total Director of Schools			\$ 108,453

Office of the Principal

Principals	\$	109,161	
Career Ladder Program		2,000	
Assistant Principals		44,800	
Secretary(ies)		38,566	
Social Security		10,914	
State Retirement		12,755	
Medical Insurance		10,924	
Employer Medicare		2,553	
Communication		448	
Office Supplies		308	
Other Charges		500	
Administration Equipment		524	
Total Office of the Principal			233,453

Fiscal Services

Accountants/Bookkeepers	\$	32,356	
Secretary(ies)		30,281	
Other Salaries and Wages		15,999	
Social Security		4,813	
State Retirement		5,591	
Employer Medicare		1,126	
Data Processing Services		6,159	
Other Contracted Services		1,413	
Data Processing Supplies		1,492	
Office Supplies		1,388	
Other Charges		458	
Administration Equipment		1,346	
Total Fiscal Services			102,422

(Continued)

Exhibit I-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant

Custodial Personnel	\$	139,828	
Social Security		8,627	
State Retirement		8,348	
Employer Medicare		2,018	
Janitorial Services		1,692	
Disposal Fees		10,939	
Other Contracted Services		7,600	
Custodial Supplies		12,633	
Electricity		131,514	
Natural Gas		46,910	
Water and Sewer		23,601	
Other Supplies and Materials		847	
Building and Contents Insurance		67,192	
Other Charges		1,112	
Plant Operation Equipment		2,356	
Total Operation of Plant			\$ 465,217

Maintenance of Plant

Supervisor/Director	\$	32,875	
Other Salaries and Wages		227	
Social Security		2,052	
State Retirement		2,337	
Employer Medicare		480	
Communication		536	
Maintenance and Repair Services - Buildings		18,972	
Maintenance and Repair Services - Equipment		24,446	
Maintenance and Repair Services - Vehicles		27	
Other Contracted Services		16,298	
Other Supplies and Materials		6,969	
Maintenance Equipment		254	
Total Maintenance of Plant			105,473

Transportation

Mechanic(s)	\$	31,965
Bus Drivers		96,974
Other Salaries and Wages		11,450
Social Security		8,678
State Retirement		9,627
Medical Insurance		109

(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.)

Employer Medicare	\$	2,030	
Travel		327	
Gasoline		45,655	
Lubricants		2,293	
Tires and Tubes		6,459	
Vehicle Parts		21,497	
Other Supplies and Materials		4,592	
Other Charges		11,622	
Transportation Equipment		83,587	
Total Transportation			\$ 336,865

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	29,697	
Teachers		80,980	
Career Ladder Program		1,000	
Educational Assistants		4,610	
Other Salaries and Wages		9,720	
Social Security		7,244	
State Retirement		8,189	
Medical Insurance		5,890	
Employer Medicare		1,694	
Food Supplies		195	
Instructional Supplies and Materials		19,859	
Other Supplies and Materials		21,158	
In Service/Staff Development		380	
Other Charges		687	
Other Equipment		6,447	
Total Community Services			197,750

Early Childhood Education

Supervisor/Director	\$	29,697
Teachers		83,925
Educational Assistants		37,095
Social Security		8,518
State Retirement		9,912
Medical Insurance		9,056
Employer Medicare		1,992
Food Supplies		220

(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.)

Instructional Supplies and Materials	\$	1,769	
Other Supplies and Materials		7,224	
In Service/Staff Development		960	
Other Charges		1,984	
Other Equipment		<u>4,559</u>	
Total Early Childhood Education	\$		196,911

Capital Outlay

Regular Capital Outlay

Architects	\$	83,351	
Building Construction		4,230	
Building Improvements		159,780	
Furniture and Fixtures		11,797	
Site Development		114,096	
Other Equipment		<u>374</u>	
Total Regular Capital Outlay			373,628

Principal on Debt

Education

Principal on Other Loans	\$	<u>109,000</u>	
Total Education			109,000

Interest on Debt

Education

Interest on Other Loans	\$	<u>5,784</u>	
Total Education			5,784

Other Debt Service

Education

Other Debt Service	\$	<u>5,058</u>	
Total Education			<u>5,058</u>

Total General Purpose School Fund \$ 5,996,644

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	223,544	
Educational Assistants		18,303	

(Continued)

Exhibit I-9

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

Non-certified Substitute Teachers	\$	3,192	
Social Security		15,192	
State Retirement		15,259	
Medical Insurance		7,478	
Unemployment Compensation		333	
Employer Medicare		3,553	
Instructional Supplies and Materials		7,360	
Other Charges		25,881	
Regular Instruction Equipment		30,588	
Total Regular Instruction Program			\$ 350,683

Special Education Program

Teachers	\$	73,775	
Educational Assistants		106,709	
Speech Pathologist		1,000	
Non-certified Substitute Teachers		392	
Social Security		11,755	
State Retirement		12,854	
Medical Insurance		8,421	
Unemployment Compensation		418	
Employer Medicare		2,826	
Contracts with Private Agencies		14,068	
Maintenance and Repair Services - Equipment		196	
Tuition		1,104	
Instructional Supplies and Materials		5,429	
Other Supplies and Materials		268	
Special Education Equipment		12,051	
Total Special Education Program			251,266

Vocational Education Program

Travel	\$	284	
Other Contracted Services		6,000	
Instructional Supplies and Materials		2,691	
Other Supplies and Materials		770	
In Service/Staff Development		4,000	
Vocational Instruction Equipment		87,079	
Total Vocational Education Program			100,824

(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

Other Student Support

Guidance Personnel	\$	42,945	
Bus Drivers		1,300	
In-Service Training		1,000	
Social Security		2,725	
State Retirement		2,821	
Medical Insurance		5,860	
Unemployment Compensation		48	
Employer Medicare		637	
Contracts with Government Agencies		1,309	
In Service/Staff Development		3,990	
Other Charges		496	
Total Other Student Support			\$ 63,131

Regular Instruction Program

Travel	\$	365	
Library Books/Media		1,620	
In Service/Staff Development		10,928	
Other Charges		527	
Total Regular Instruction Program			13,440

Special Education Program

Psychological Personnel	\$	26,000	
Other Salaries and Wages		6,000	
In-Service Training		600	
Employer Medicare		377	
Postal Charges		100	
Travel		2,166	
Other Supplies and Materials		3,631	
In Service/Staff Development		2,475	
Total Special Education Program			41,349

Vocational Education Program

Supervisor/Director	\$	735	
Social Security		46	
State Retirement		47	
Employer Medicare		11	
Total Vocational Education Program			839

Total School Federal Projects Fund \$ 821,532

(Continued)

Exhibit I-9

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

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	32,656	
Cafeteria Personnel		129,386	
Social Security		9,938	
State Retirement		10,726	
Unemployment Compensation		586	
Employer Medicare		2,324	
Communication		920	
Maintenance and Repair Services - Equipment		1,189	
Travel		321	
Other Contracted Services		3,179	
Food Preparation Supplies		10,154	
Food Supplies		219,850	
Office Supplies		1,139	
Uniforms		1,267	
USDA - Commodities		24,101	
Other Supplies and Materials		1,178	
In Service/Staff Development		15	
Food Service Equipment		46,637	
Total Food Service			\$ <u>495,566</u>

Total Central Cafeteria Fund \$ 495,566

Total Governmental Funds - Van Buren County School Department \$ 7,313,742

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, 2010

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 82,234
Total Cash Receipts	<u>\$ 82,234</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 81,412
Trustee's Commission	822
Total Cash Disbursements	<u>\$ 82,234</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2009	<u>0</u>
 Cash Balance, June 30, 2010	 <u><u>\$ 0</u></u>

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## **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

February 11, 2011

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, 2010, which collectively comprise Van Buren County's basic financial statements and have issued our report thereon dated February 11, 2011. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is adverse because of material errors on the financial statements. 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 auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by other 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses: 10.01, 10.02(B,C,D), 10.04, 10.05(A,B,C,D,E), and 10.11.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 10.03, 10.07, 10.08, 10.10(A), and 10.12.

### Compliance and Other Matters

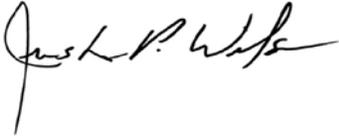
As part of obtaining reasonable assurance about whether Van Buren County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 10.02(A,E), 10.05(F), 10.06, 10.09, 10.10(B), and 10.13.

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

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

This report is intended solely for the information and use of management, the county mayor, road superintendent, director of schools, 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



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

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

February 11, 2011

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, 2010. Van Buren County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Van Buren County's management. Our responsibility is to express an opinion on Van Buren County's compliance based on our audit.

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

believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Van Buren County's compliance with those requirements.

In our opinion, Van Buren County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

#### Internal Control Over Compliance

The management of Van Buren County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Van Buren County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Van Buren County's internal control over compliance.

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

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

#### Schedule of Expenditures of Federal Awards

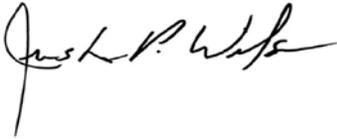
We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Van Buren County as of and for the year ended June 30, 2010, and have issued our report thereon dated February 11, 2011. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is adverse because of material errors on the financial statements. 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 Van Buren County's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the county mayor, road superintendent, director of schools, 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 prominent vertical stroke at the beginning.

Justin P. Wilson  
Comptroller of the Treasury

JPW/sb

Van Buren County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1)  
For the Year Ended June 30, 2010

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	\$ 24,101 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	102,593
National School Lunch Program	10.555	N/A	206,659 (3)
Child Nutrition Discretionary Grants Limited Availability - ARRA	10.579	N/A	29,461
Passed-through State Department of Human Services:			
Child Nutrition Cluster:			
Summer Food Service Program for Children	10.559	N/A	5,301
Total U.S. Department of Agriculture			<u>\$ 368,115</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Housing Development Agency:			
Home Investment Partnership Program	14.239	HM-08-48	<u>\$ 212,219</u>
Appalachian Regional Commission:			
Passed-through Southeast Educational, Inc.:			
Appalachian Area Development	23.002	(2)	<u>\$ 5,000</u>
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - State Grant Program	84.002	Z-10-218563-00	\$ 30,654
Passed-through State Department of Education:			
Title I Cluster:			
Title I Grants to Local Educational Agencies	84.010	N/A	255,137
Title I Grants to Local Educational Agencies, Recovery Act	84.389	N/A	87,895
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	166,855
Special Education - Preschool Grants	84.173	N/A	5,423
Special Education - Grants to States, Recovery Act	84.391	N/A	120,079
Special Education - Preschool Grants, Recovery Act	84.392	N/A	5,195
Career and Technical Education - Basic Grants to States	84.048	N/A	108,589
Safe and Drug-free Schools and Communities - State Grants	84.186	(2)	2,573
Title II, Part D Cluster:			
Education Technology State Grants	84.318	(2)	2,752
Education Technology State Grants, Recovery Act	84.386	(2)	13,482
Rural Education	84.358	(2)	15,737
Improving Teacher Quality State Grants	84.367	N/A	50,154
State Fiscal Stabilization Cluster:			
State Fiscal Stabilization (SFSF) - Education State Grants, Recovery Act	84.394	N/A	142,900
State Fiscal Stabilization (SFSF) - Government Services, Recovery Act	84.397	N/A	141,526
Total U.S. Department of Education			<u>\$ 1,148,951</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>\$ 6,244</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Homeland Security Grant Program	97.067	GG-08-24218-00	<u>\$ 43,288</u>
Total Expenditures of Federal Awards			<u>\$ 1,783,817</u>

(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</u>			
Adult Basic Education - State Department of Labor and Workforce Development	N/A	Z-10-218563-00	\$ 10,218
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	3,716
Juvenile Services Program - State Department of Children's Services	N/A	G-10-29972-00	9,000
Aging Program - Upper Cumberland Development District	N/A	(2)	7,331
Rural Local Health Services - State Department of Health	N/A	Z-10-219831-00	2,183
Early Childhood Education Program - State Department of Education	N/A	(2)	196,981
Lottery for Education Afterschool Program - State Department of Education	N/A	(2)	157,350
Internet Connectivity - State Department of Education	N/A	(2)	<u>728</u>
Total State Grants			<u>\$ 387,507</u>

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

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information was not available.
- (3) Total for CFDA No. 10.555 is \$230,760.

Van Buren County, Tennessee  
Schedule of Audit Findings Not Corrected  
June 30, 2010

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, 2009, 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>
09.01	164	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>
09.02	165	The Ambulance Service Fund required material audit adjustments for proper financial statement presentation
09.03	165	Leave records were not on file to support payroll disbursements
09.04(B)	166	General ledger payroll liability accounts were not reconciled monthly with payroll records and payments
09.05	167	General ledger cash accounts were not reconciled with county trustee reports for the General, Courthouse and Jail Maintenance, Solid Waste/Sanitation, and Ambulance Service funds
09.07	169	The office had deficiencies in purchasing procedures
09.08	170	Tax anticipation notes were not retired in compliance with state statutes
09.09	172	The office had deficiencies in computer system backup procedures

## OTHER FINDINGS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
09.14	175	Duties were not segregated adequately in the Offices of County Mayor, Road Superintendent, Trustee, County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff
09.15	175	The Industrial Development Board of Van Buren County was not audited

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**VAN BUREN COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2010**

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**PART I, SUMMARY OF AUDITOR'S RESULTS**

1. The report on the governmental activities, each major fund, and the aggregate remaining fund information is adverse. Our report on the aggregate discretely presented component units is qualified.
2. The audit of the financial statements of Van Buren County disclosed significant deficiencies in internal control. Five of these deficiencies were considered to be material weaknesses.
3. The audit disclosed three instances of noncompliance that were material to the financial statements of Van Buren County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: the School Breakfast Program, National School Lunch Program, and Summer Food Service Program for Children (CFDA Nos. 10.553, 10.555, and 10.559); the Title I Cluster: Title I Grants to Local Educational Agencies and Title I Grants to Local Educational Agencies, Recovery Act (CFDA Nos. 84.010 and 84.389); and the Special Education Cluster: Special Education – Grants to States, Special Education – Preschool Grants, Special Education – Grants to States – Recovery Act, and Special Education – Preschool Grants – Recovery Act (CFDA Nos. 84.027, 84.173, 84.391, and 84.392) 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. Written responses of the county mayor are paraphrased in this report.

### **VAN BUREN COUNTY AND VAN BUREN COUNTY SCHOOL DEPARTMENT**

#### **FINDING 10.01      **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**

I agree. The County Commission should ensure this finding gets corrective action. The County Commission should consider adopting either the County Acts of 1957, County

Financial Management System of 1981, or a private act for a central system of accounting, budgeting, and purchasing.

**OFFICE OF COUNTY MAYOR**

**FINDING 10.02      THE FINANCIAL STATEMENTS DO NOT FAIRLY PRESENT THE FINANCIAL POSITION OF VAN BUREN COUNTY  
(A. and E. – Material Noncompliance Under Government Auditing Standards; B., C., and D. – Internal Control – Material Weakness Under Government Auditing Standards)**

The financial statements do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Van Buren County, Tennessee, as of June 30, 2010, and the changes in financial position for the year then ended because of the deficiencies noted below. Parts A., B., and D. result from management’s failure to correct the findings noted in the prior-year audit report.

- A. The office did not properly reconcile general ledger Cash with Trustee accounts in the General, Courthouse and Jail Maintenance, Solid Waste/Sanitation, and Ambulance Service funds with county trustee reports. Cash with Trustee accounts reported in the June 30, 2010, fund financial statements do not reconcile with the county trustee reports in the General and Ambulance Service funds by \$22,878 and \$4,354, respectively. We were able to determine Cash with Trustee balances for the Courthouse and Jail Maintenance and Solid Waste/Sanitation funds at June 30, 2010, by substantive testing and alternative auditing procedures. The reconciling differences are noted below:

Fund	Per Record Unreconciled Amount	Per Audit Unreconciled Amount
General (not reconciled)	\$ 0 *	\$ 22,878
Courthouse and Jail Maintenance	369	0
Solid Waste/Sanitation	273	0
Ambulance Service (not reconciled)	5,936	4,354

\* The county did not prepare reconciliations for this fund from January through June 2010.

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 regularly reconcile the general ledger cash accounts with county trustee reports increases the risk that errors may occur and not be detected.

- B. At June 30, 2010, certain general ledger account balances in the General, Ambulance Service, and the aggregate remaining funds were not materially correct. 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 correct the errors we discovered.
- C. We were unable to determine the county's liabilities at June 30, 2010, due to the following:
1. Invoices were not maintained in an orderly manner. Numerous invoices were tossed into boxes in no particular order, were not marked paid, or were not matched with purchase orders or pay stubs.
  2. We noted numerous county checks that were signed by the official but did not appear to have been distributed to vendors.
  3. We found checks marked void that remained on the outstanding check listing.
  4. There were numerous late, collection, and disconnect notices included in the county's files as well as invoices with credit balances.
  5. Warrant numbers recorded in the general ledger did not always agree with the number on the warrant.
  6. Warrants were not issued in numerical order.
  7. We noted several material unrecorded liabilities in the General Fund that we presented as audit adjustments to management as noted in B. above.
- D. 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, garnishments, and other payroll deductions. At June 30, 2010, disbursements in the General, Courthouse and Jail Maintenance, Solid Waste/Sanitation, and Ambulance Service funds' payroll deduction accounts exceeded amounts withheld from employees by \$35,598, \$3,898, \$1,595, and \$1,413, respectively. These amounts were reclassified to accounts receivable for financial statement presentation. The failure to

regularly reconcile payroll deduction accounts allows errors to remain undiscovered and uncorrected.

- E. During our examination, we discovered checks payable to the county dating as far back as 2008 for various purposes that had not been deposited with the county trustee. All county collections should be deposited with the county trustee within three days of collection as required by Section 5-8-207, Tennessee Code Annotated.

### RECOMMENDATION

The office should reconcile the general ledger Cash with Trustee accounts of the various funds with the trustee's reports monthly, and any errors that are detected should be corrected promptly. Van Buren County should have appropriate processes in place to ensure that its general ledgers are materially correct. Officials should maintain accurate detailed listings of all payables and maintain adequate, organized files for invoices. General ledger payroll liability accounts should be reconciled monthly with payroll reports and payments, and any errors discovered should be corrected promptly. Collections should be deposited with the county trustee within three days of receipt as required by state statute.

### MANAGEMENT'S RESPONSE – COUNTY MAYOR

The county mayor was aware of problems in the reconciliations of the General Fund as well as with the other funds. Staff made the best attempt possible to perform the reconciliations; however, ultimately an outside consultant was used to correct the problems as had been the case in prior years. I was under the assumption that this information was to be provided to auditors. Regrettably, this was not the case as noted in the findings.

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### FINDING 10.03      **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, 2010. Governmental Accounting Standards Board 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

This finding can be corrected if all general government departments would file their leave information with the County Mayor's Office.

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FINDING 10.04      **LITTER GRANT REQUESTS FOR REIMBURSEMENT WERE NOT SUBMITTED TO THE STATE DEPARTMENT OF TRANSPORTATION**

(Internal Control – Material Weakness Under Government Auditing Standards)

Van Buren County was awarded a \$29,237 Litter Grant by the Tennessee Department of Transportation for the year ended June 30, 2010. During the year, the county had expenditures of \$17,465 related to the litter grant program; however, the County Mayor's Office did not submit requests for reimbursement of these funds to the state. Included in the litter grant expenditures were disbursements of \$2,003 from the accounting services line-item to the county mayor's bookkeeper. Officials at the State Department of Transportation advised that funds are no longer available under the 2010 grant program; therefore, Van Buren County will not be reimbursed for any of their expenditures in the litter grant program.

RECOMMENDATION

The County Mayor's Office should submit all grant requests for reimbursement to the grantor agency currently.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

Monthly records were maintained on the litter grant; however, labor requests for reimbursement were not submitted because the employee spent 80 percent of his time working at the recycling center instead of on litter duty. The grant is for road side litter control not recycling. We should have corrected this error and filed accurate requests for reimbursement.

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FINDING 10.05      **THE OFFICE HAD DEFICIENCIES IN PURCHASING PROCEDURES**

(A., B., C., D., and E. – Internal Control – Material Weakness Under Government Auditing Standards; F. – 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., B., C., and F. noted in the prior-year audit report.

- A. Purchase orders were not issued for some required purchases, and several purchase orders 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. The practice of paying invoices without documentation that goods had been received or services rendered increases the risks of paying for something that was never received.
- C. In numerous instances, invoices were paid after the due date resulting in the county incurring finance charges.
- D. One employee received travel reimbursements without proper documentation. The employee received mileage reimbursements of \$3,320 based solely on travel claims that listed the total number of miles, reimbursement rate, and employee's signature. Of these expenditures, \$3,131 was misclassified to maintenance and repair services – building rather than to the travel line-item. Travel claims should include the purpose for the travel, locations traveled, number of miles for each trip, reimbursement rate, amount to be reimbursed, employee's signature, and supervisor's signature approving the travel.
- E. During our examination, we noted blank signed warrants. This practice increases the risk that funds could be misappropriated.
- F. Competitive bids were not solicited for the purchase of 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 including 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. The office should have proper documentation for reimbursement of travel expenses, and the expenditures should be properly classified to the general ledger. The county mayor should not sign blank warrants. Publically advertised competitive bids should be solicited for all purchases exceeding \$2,500 as required by private act.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

- A.,B.,C. We worked on these recurring problems in all departments regarding purchase orders and invoices. Numerous late fees were incurred because several departments failed to obtain purchase orders prior to purchases being made and failed to sign invoices, which resulted in departments withholding payments until we knew we had received the goods and services. Also, some late fees were the result of cash flow problems.
- D. In the winter of 2009, the maintenance truck blew the engine. The county employee then drove his own truck, filled out travel forms, and was reimbursed for his mileage. The county planned to purchase a used truck in the 2010-11 budget cycle.
- E. Warrants were signed and held only in the event of an emergency.
- F. This finding can be corrected. Also, the County Commission should look at raising the dollar amount required for bid by private act from \$2,500 to \$5,000.

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**FINDING 10.06 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, 2010. This deficiency has been reported in the last six 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, 2010. 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 corrective action plan adopted by the Budget Committee was submitted to state Comptroller's Office in the spring of 2010; however, this plan was rejected by the state. The state believed we could repay the note faster; therefore, it was my understanding that until the county could repay this note, no other tax anticipation notes would be approved.
- B. The Mayor's Office took committee and commission action to approve the repayment of this note in the spring of 2010 to correct the audit finding.

#### AUDITOR'S COMMENT TO B.

This note had not been repaid as of June 30, 2010.

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**FINDING 10.07      AMOUNTS DUE TO/FROM OTHER FUNDS WERE NOT LIQUIDATED**  
(Internal Control – Significant Deficiency Under Government Auditing Standards)

Interfund balances between the funds administered by the County Mayor's Office were not liquidated on a timely basis. Listed below are interfund receivables and payables from prior years that have not been liquidated as of June 30, 2010. The failure to liquidate interfund receivables and payables timely diminishes the usefulness of the accounting records as a management tool.

**Due to/from Other Funds:**

Receivable Fund	Payable Fund	Reported in Year Ended June 30	Balance 6-30-10
General	Courthouse and Jail Maintenance	2007	\$ 520
"	Ambulance Service	2004	245
"	"	2007	2,324
"	"	2009	14,500
Courthouse and Jail Maintenance	General	2004	70
"	"	2007	3,097
"	Solid Waste/Sanitation	2008	528
Solid Waste/Sanitation	General	2008	17
"	"	2009	792
Ambulance Service	Solid Waste/Sanitation	2009	4,003
"	General	2009	1,782
General Debt Service	"	2003	500
"	"	2004	25,468

**RECOMMENDATION**

County officials should liquidate interfund balances in a timely manner.

**MANAGEMENT'S RESPONSE – COUNTY MAYOR**

I agree.

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**FINDING 10.08**      **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 regularly stored off-site. Section 10-7-121, Tennessee Code Annotated, provides that records required to be retained by any government official may be maintained on a computer or removable

storage media as long as certain standards are met. One of these standards requires that all data generated and stored within the computer system be copied to storage media daily, and media more than one week old be stored at an off-site location.

- 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.

These deficiencies are the result of management's failure to implement adequate disaster recovery planning procedures. 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. These deficiencies are also a result of management's failure to correct the finding noted in the prior-year audit report.

### RECOMMENDATION

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

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### OFFICE OF TRUSTEE

#### FINDING 10.09      **THE TRUSTEE DID NOT REQUIRE A DEPOSITORY TO ADEQUATELY COLLATERALIZE FUNDS** (Material Noncompliance Under Government Auditing Standards)

The trustee did not require a depository holding county funds to pledge adequate securities to protect county funds that exceeded Federal Deposit Insurance Corporation (FDIC) coverage. At June 30, 2010, deposits at this depository exceeded FDIC coverage and collateral securities by \$295,544. Section 5-8-201, Tennessee Code Annotated, provides for county officials to require any bank that is a depository of county funds to deposit collateral security equal to 105 percent of funds exceeding FDIC coverage into an escrow account in a second bank. Subsequent to June 30, 2010, the depository pledged additional securities to protect county funds.

### RECOMMENDATION

The trustee should require all depositories to pledge adequate securities to protect county funds exceeding FDIC coverage as required by state statute.

## **OFFICE OF SHERIFF**

### **FINDING 10.10      **DEFICIENCIES WERE NOTED IN THE MAINTENANCE OF ACCOUNTING RECORDS****

(A. – Internal Control – Significant Deficiency Under Government Auditing Standards; B. – Noncompliance Under Government Auditing Standards)

The following deficiencies were noted during our examination of the office's accounting records. These deficiencies can be attributed to a lack of understanding of internal controls, generally accepted accounting principles, and sound business practices.

- A. Bank accounts were not reconciled with the accounting records. The failure to regularly reconcile bank accounts with accounting records is a significant deficiency that increases the risk that errors will not be discovered and corrected in a timely manner. The June 30, 2010, bank balances were determined by substantive testing and alternative auditing procedures.
  
- B. The official did not prepare an annual financial report. Section 5-8-505, Tennessee Code Annotated, states, "All appointive or elective county public officials, official county boards, committees and commissions ... having in their charge and custody public funds or moneys are required to file with the county executive and with the county clerk ... an annual financial report ..."

### **RECOMMENDATION**

Bank accounts should be reconciled with the accounting records monthly. The office should prepare an annual financial report as required by state statute.

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## **OTHER FINDINGS AND RECOMMENDATIONS**

### **FINDING 10.11      **VAN BUREN COUNTY HAS MATERIAL RECURRING AUDIT FINDINGS****

(Internal Control – Material Weakness Under Government Auditing Standards)

Van Buren County has material audit findings that have been reported in its annual financial reports for three or more consecutive years. These recurring material findings are identified below:

<u>Finding Numbers</u>	<u>Description</u>
10.01, 09.01, 08.01	Van Buren County and the Van Buren County School Department do not have the resources to produce financial statements and notes to the financial statements
10.05, 09.07, 08.08	The County Mayor's Office had deficiencies in purchasing procedures

The recurring nature of the above-noted findings indicates that management is either unwilling or unable to address the deficiencies. The Local Government Modernization Act of 2005 in Section 9-3-405, Tennessee Code Annotated (TCA), encourages local governments to consider establishing an Audit Committee and further provides that the Comptroller may require that an Audit Committee be established in any local government that (1) is in noncompliance with the accounting and financial reporting standards required by the Governmental Accounting Standards Board, or (2) has recurring findings from the annual audit for three or more consecutive years as determined by the Comptroller to be a material weakness in internal control or material noncompliance under Government Auditing Standards. The responsibilities and duties of an Audit Committee are to address financial and other reporting practices, internal control, compliance with laws and regulations, and ethics.

#### RECOMMENDATION

Van Buren County should establish an Audit Committee to address financial and other reporting practices, internal control, compliance with laws and regulations, and ethics. This Audit Committee should provide management with guidance to correct all reported material weaknesses in internal control and material noncompliance. If these findings continue to recur, Van Buren County may be required to establish an Audit Committee under provisions of Section 9-3-405, TCA.

#### MANAGEMENT'S RESPONSE – COUNTY MAYOR

I agree. The Audit Committee should include elected officials such as the chairman of the commission, the sheriff, a member of the election commission, and any other elected or appointed officers of whom recurring material findings with purchasing exist. Appropriate changes should be made so all of the elected officials can be held accountable for their actions, not just the Mayor's Office.

#### AUDITOR'S COMMENTS

The Audit Committee should consist of no fewer than three members and should be comprised of members of the County Commission, citizens of Van Buren County, or a combination of both. To insure the committee's independence and effectiveness, no Audit Committee member should be an elected official (with the exception of elected county commissioners), employee, spouse of an official/employee, or person that commingles assets with an official/employee of Van Buren County. While committee members need not be

accountants, they should possess sufficient knowledge and experience in finance, business, and accounting to discharge the committee's duties. The members of the Audit Committee should be appointed by the County Commission to staggered year terms.

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**FINDING 10.12      DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF COUNTY MAYOR, ROAD SUPERINTENDENT, TRUSTEE, COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, REGISTER, AND SHERIFF**

(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, 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 in 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**

The assumption of adding more personnel and software updates will not correct this problem.

**AUDITOR'S COMMENTS**

We have not recommended hiring additional employees or software updates. We realize that due to limited resources and personnel, management may not be able to fully segregate duties among employees. However, as noted above, our professional standards require that we bring this matter to your attention.

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**FINDING 10.13      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.

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**BEST PRACTICE**

**A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING,  
AND PURCHASING HAS NOT BEEN ADOPTED**

Van Buren County does not have a central system of accounting, budgeting, and purchasing. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the County Commission resulting in decentralization and some duplication of effort. The Division of County Audit strongly believes that the adoption of a central system of accounting, budgeting, and purchasing is a best practice that would significantly improve accountability and the quality of services provided to the citizens of Van Buren County. Therefore, we recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.

**MANAGEMENT'S RESPONSE – COUNTY MAYOR**

I agree and hope the County Commission will recognize the importance of what our audits have been telling us for the past 15 years.

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

There were no findings and questioned costs for federal awards.

**VAN BUREN COUNTY, TENNESSEE  
AUDITEE REPORTING RESPONSIBILITIES  
For the Year Ended June 30, 2010**

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

**County Mayor – Summary Schedule of Prior-Year's Findings**

**FINDINGS 09.09 and 09.16**

The county completed the Community Development Block Grant program in the prior year. There were no grant proceeds or expenditures related to this program during the year ended June 30, 2010.