



**ANNUAL FINANCIAL REPORT
VAN BUREN COUNTY, TENNESSEE**



FOR THE YEAR ENDED JUNE 30, 2012



ANNUAL FINANCIAL REPORT
VAN BUREN COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2012

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

DIVISION OF LOCAL GOVERNMENT AUDIT
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This financial report is available at www.comptroller.tn.gov

VAN BUREN COUNTY, TENNESSEE

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Audit Highlights

Annual Financial Report
Van Buren County, Tennessee
For the Year Ended June 30, 2012

Scope

We have audited the basic financial statements of Van Buren County as of and for the year ended June 30, 2012.

Results

Our report on the aggregate discretely presented component units is qualified because the financial statements do not include two component units whose financial statements were not available from other auditors at the date of this report or were not audited. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unqualified.

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

Findings and Best Practices

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

OFFICE OF COUNTY MAYOR

- ◆ The office had deficiencies in budget operations.
- ◆ The office had deficiencies in purchasing procedures.
- ◆ Some solid waste funds were not deposited within three days of collection.
- ◆ The Ambulance Service did not implement adequate controls to protect its information resources.

OFFICE OF ROAD SUPERINTENDENT

- ◆ The office had deficiencies in budget operations.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

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

OFFICE OF SHERIFF

- ◆ Some funds were not deposited within three days of collection.
 - ◆ The office had deficiencies in the administration of drug control funds.
-

VAN BUREN COUNTY

- ◆ The Industrial Development Board of Van Buren County was not audited.
-

OFFICES OF COUNTY MAYOR, ROAD SUPERINTENDENT, TRUSTEE, COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, REGISTER, AND SHERIFF

- ◆ Duties were not segregated adequately.
-

BEST PRACTICES

The Division of Local Government Audit strongly believes that the items noted below are best practices 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.

- Van Buren County should adopt a central system of accounting, budgeting, and purchasing.
- Van Buren County should establish an Audit Committee.

INTRODUCTORY SECTION

Van Buren County Officials

June 30, 2012

Officials

Herbert Davis, County Mayor
Danny Hodge, Road Superintendent
Michael Martin, Director of Schools
Tammie Clendenon, Trustee
Pam Mooneyham, Assessor of Property
Linda Pettit, County Clerk
Teresa Simmons Delong, Circuit and General Sessions Courts Clerk
Tina Shockley, Clerk and Master
April Shockley, Register
Grayson Beasley, Sheriff

Board of County Commissioners

David Sullivan, Chairman
Lesa Bouldin
Bennie Bryant
Robert Dodson
James Grissom
Joey Grissom
Walter Hillis
Mickey Robinson
Perry Simmons
Katherine Sullivan

Board of Education

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

FINANCIAL SECTION



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

INDEPENDENT AUDITOR'S REPORT

December 6, 2012

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, 2012, which collectively comprise Van Buren County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Van Buren County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

The financial statements of the Van Buren County Emergency Communications District, a component unit requiring discrete presentation, had not been made available by other auditors as of the date of this report. Also, the Industrial Development Board of Van Buren County, a component unit requiring discrete presentation, did not have audited financial statements. Accordingly, the aggregate discretely presented component units financial statements referred to above do not include amounts for the Van Buren County Emergency

Communications District and the Industrial Development Board of Van Buren County, which should be included to conform with accounting principles generally accepted in the United States of America. The effects on the financial statements of the aggregate discretely presented component units are not reasonably determinable.

In our opinion, except for the effects of not including the financial statements of the Van Buren County Emergency Commuincations District and the Industrial Development Board of Van Buren County, as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units of Van Buren County, Tennessee, as of June 30, 2012, and the results of operations of the aggregate discretely presented component units, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Additionally, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Van Buren County, Tennessee, as of June 30, 2012, and the respective changes in financial position, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2012, 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.

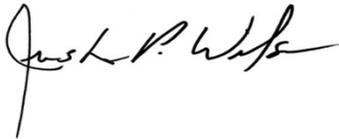
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required 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 58 through 65 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 financial statements as a whole. 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 financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds, combining and individual fund financial statements of the Van Buren County School Department (a discretely presented component unit), and the miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

Van Buren County, Tennessee
Statement of Net Assets
June 30, 2012

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Van Buren County School Department</u>
<u>ASSETS</u>		
Cash	\$ 2,233	\$ 0
Equity in Pooled Cash and Investments	2,002,677	4,558,502
Accounts Receivable	881,691	519
Allowance for Uncollectibles	(514,137)	0
Due from Other Governments	302,010	229,369
Property Taxes Receivable	2,151,370	830,911
Allowance for Uncollectible Property Taxes	(144,576)	(55,839)
Capital Assets:		
Assets Not Depreciated:		
Land	130,924	269,347
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	839,623	6,027,133
Other Capital Assets	886,250	531,986
Infrastructure	3,402,452	8,207
Total Assets	<u>\$ 9,940,517</u>	<u>\$ 12,400,135</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 9,042	\$ 8,082
Payroll Deductions Payable	290	1
Accrued Interest Payable	744	12,220
Due to State of Tennessee	3,550	3,449
Deferred Revenue - Current Property Taxes	1,746,643	674,595
Noncurrent Liabilities:		
Due Within One Year	59,970	148,124
Due in More Than One Year	330,781	3,359,683
Total Liabilities	<u>\$ 2,151,020</u>	<u>\$ 4,206,154</u>

(Continued)

Exhibit A

Van Buren County, Tennessee
Statement of Net Assets (Cont.)

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Van Buren County School Department</u>
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	\$ 5,180,279	\$ 4,288,613
Restricted for:		
Debt Service	452,486	0
Courthouse and Jail Maintenance	31,895	0
Local Purpose Tax	48,174	0
Drug Control	4,580	0
Highway/Public Works	1,247,706	0
School Federal Projects	0	13,662
Central Cafeteria	0	202,307
Other Purposes	38,752	5,204
Unrestricted	<u>785,625</u>	<u>3,684,195</u>
Total Net Assets	<u>\$ 7,789,497</u>	<u>\$ 8,193,981</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, 2012

Functions/Programs	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		Component Unit Van Buren County School Department	
	Expenses	Charges for Services	Operating Grants and Contributions	Primary		Total
				Governmental Activities		
Primary Government:						
Governmental Activities:						
General Government	\$ 475,734	\$ 43,315	\$ 29,310	\$ (403,109)	\$ 0	
Finance	256,460	138,252	0	(118,208)	0	
Administration of Justice	223,061	139,032	9,000	(75,029)	0	
Public Safety	1,164,604	88,339	12,800	(1,063,465)	0	
Public Health and Welfare	682,239	114,278	39,823	(528,138)	0	
Social, Cultural, and Recreational Services	67,978	1,578	10,070	(56,330)	0	
Agriculture and Natural Resources	68,846	0	18,771	(50,075)	0	
Other Operations	250,643	0	66,507	(184,136)	0	
Highways/Public Works	1,609,121	0	1,321,889	(287,232)	0	
Interest on Long-term Debt	4,680	0	0	(4,680)	0	
Other Debt Service	1,098	0	0	(1,098)	0	
Total Governmental Activities	\$ 4,804,464	\$ 524,794	\$ 1,508,170	\$ (2,771,500)	\$ 0	
Total Primary Government	\$ 4,804,464	\$ 524,794	\$ 1,508,170	\$ (2,771,500)	\$ 0	
Component Unit:						
Van Buren County School Department	\$ 7,357,832	\$ 179,966	\$ 1,266,835	\$ 0	\$ (5,911,031)	
Total Component Unit	\$ 7,357,832	\$ 179,966	\$ 1,266,835	\$ 0	\$ (5,911,031)	

(Continued)

Exhibit B

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

Functions/Programs	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
	Charges for Services	Operating Grants and Contributions	Primary	Component Unit
			Governmental Total	Van Buren County School Department
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes			\$ 1,667,762	\$ 650,151
Property Taxes Levied for Debt Service			14,858	0
Local Option Sales Taxes			67,139	350,574
Hotel/Motel Tax			59,809	101,837
Litigation Taxes			52,359	0
Business Tax			19,570	0
Wholesale Beer Tax			30,781	0
Other Local Taxes			1,118	330
Grants and Contributions Not Restricted to Specific Programs			351,463	5,079,308
Unrestricted Investment Earnings			36,619	640
Miscellaneous			9,770	18,362
Sale of Equipment			0	495
Total General Revenues			\$ 2,311,248	\$ 6,201,697
Change in Net Assets			\$ (460,252)	\$ 290,666
Net Assets, July 1, 2011			8,249,749	7,903,315
Net Assets, June 30, 2012			\$ 7,789,497	\$ 8,193,981

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, 2012

	Major Funds			Nonmajor Funds	Total Govern- mental Funds
	General	Ambulance Service	Highway / Public Works	Other Govern- mental Funds	
<u>ASSETS</u>					
Cash	\$ 0	\$ 1,807	\$ 0	\$ 426	\$ 2,233
Equity in Pooled Cash and Investments	295,190	31,267	1,055,563	620,657	2,002,677
Accounts Receivable	4,085	876,470	0	1,136	881,691
Allowance for Uncollectibles	0	(514,137)	0	0	(514,137)
Due from Other Governments	66,530	0	235,428	52	302,010
Due from Other Funds	909	0	0	0	909
Property Taxes Receivable	1,696,100	193,636	0	261,634	2,151,370
Allowance for Uncollectible Property Taxes	(113,981)	(12,602)	0	(17,993)	(144,576)
Notes Receivable - Current	0	0	0	40,900	40,900
Total Assets	<u>\$ 1,948,833</u>	<u>\$ 576,441</u>	<u>\$ 1,290,991</u>	<u>\$ 906,812</u>	<u>\$ 4,723,077</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 8,343	\$ 149	\$ 0	\$ 550	\$ 9,042
Payroll Deductions Payable	276	14	0	0	290
Due to Other Funds	0	0	0	909	909
Due to State of Tennessee	2,472	584	0	494	3,550
Revenue Anticipation Notes Payable	40,900	0	0	0	40,900
Deferred Revenue - Current Property Taxes	1,377,021	159,445	0	210,177	1,746,643
Deferred Revenue - Delinquent Property Taxes	194,419	20,465	0	31,722	246,606
Other Deferred Revenues	13,798	305,683	120,945	0	440,426
Total Liabilities	<u>\$ 1,637,229</u>	<u>\$ 486,340</u>	<u>\$ 120,945</u>	<u>\$ 243,852</u>	<u>\$ 2,488,366</u>
<u>Fund Balances</u>					
Restricted:					
Restricted for General Government	\$ 12,843	\$ 0	\$ 0	\$ 31,895	\$ 44,738
Restricted for Finance	911	0	0	0	911
Restricted for Administration of Justice	19,892	0	0	0	19,892
Restricted for Public Safety	0	0	0	32,289	32,289
Restricted for Public Health and Welfare	263	0	0	0	263
Restricted for Highways/Public Works	0	0	1,170,046	0	1,170,046
Restricted for Capital Outlay	4,843	0	0	0	4,843
Restricted for Debt Service	0	0	0	451,183	451,183
Committed:					
Committed for Public Health and Welfare	0	90,101	0	147,593	237,694
Unassigned	272,852	0	0	0	272,852
Total Fund Balances	<u>\$ 311,604</u>	<u>\$ 90,101</u>	<u>\$ 1,170,046</u>	<u>\$ 662,960</u>	<u>\$ 2,234,711</u>
Total Liabilities and Fund Balances	<u>\$ 1,948,833</u>	<u>\$ 576,441</u>	<u>\$ 1,290,991</u>	<u>\$ 906,812</u>	<u>\$ 4,723,077</u>

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

Exhibit C-2

Van Buren County, Tennessee
Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Assets
June 30, 2012

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)		\$ 2,234,711
(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	3,402,452	
Add: buildings and improvements net of accumulated depreciation	839,623	
Add: other capital assets net of accumulated depreciation	<u>886,250</u>	5,259,249
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: leases payable	\$ (24,343)	
Less: bonds payable	(54,627)	
Less: accrued interest on capital leases	(744)	
Less: landfill closure/postclosure care costs	(254,423)	
Less: compensated absences payable	<u>(57,358)</u>	(391,495)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>687,032</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 7,789,497</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, 2012

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	Education Capital Projects	Other			
					Governmental Funds	Governmental Funds		
<u>Revenues</u>								
Local Taxes	\$ 1,519,314	\$ 135,001	\$ 0	\$ 0	\$ 0	\$ 329,020	\$ 1,983,335	
Licenses and Permits	9,980	0	0	0	0	0	9,980	
Fines, Forfeitures, and Penalties	31,350	0	0	0	0	6,558	37,908	
Charges for Current Services	7,572	226,794	0	0	0	49,964	284,330	
Other Local Revenues	49,401	64	0	0	0	14,554	64,019	
Fees Received from County Officials	270,328	0	0	0	0	0	270,328	
State of Tennessee	361,108	0	1,318,813	0	0	20,616	1,700,537	
Federal Government	89,361	0	0	0	0	0	89,361	
Other Governments and Citizens Groups	1,700	0	0	0	0	0	1,700	
Total Revenues	\$ 2,340,114	\$ 361,859	\$ 1,318,813	\$ 0	\$ 0	\$ 420,712	\$ 4,441,498	
<u>Expenditures</u>								
Current:								
General Government	\$ 401,605	\$ 0	\$ 0	\$ 0	\$ 0	\$ 39,674	\$ 441,279	
Finance	256,457	0	0	0	0	0	256,457	
Administration of Justice	222,935	0	0	0	0	0	222,935	
Public Safety	900,331	0	0	0	0	148,860	1,049,191	
Public Health and Welfare	38,012	545,897	0	0	0	107,359	691,268	
Social, Cultural, and Recreational Services	67,978	0	0	0	0	0	67,978	
Agriculture and Natural Resources	68,443	0	0	0	0	0	68,443	
Other Operations	247,268	0	0	0	0	3,375	250,643	
Highways	32,204	0	1,390,249	0	0	0	1,422,453	
Debt Service:								
Principal on Debt	0	0	0	0	0	39,940	39,940	
Interest on Debt	0	0	0	0	0	5,391	5,391	
Other Debt Service	0	0	0	0	0	1,098	1,098	
Capital Projects - Donated	0	0	0	3,253,920	0	0	3,253,920	
Total Expenditures	\$ 2,235,233	\$ 545,897	\$ 1,390,249	\$ 3,253,920	\$ 0	\$ 345,697	\$ 7,770,996	
Excess (Deficiency) of Revenues Over Expenditures	\$ 104,881	\$ (184,038)	\$ (71,436)	\$ (3,253,920)	\$ 0	\$ 75,015	\$ (3,329,498)	

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	Education Capital Projects	Other Governmental Funds		
<u>Other Financing Sources (Uses)</u>							
Bonds Issued	\$ 0	\$ 0	\$ 0	\$ 1,833,060	\$ 0	\$ 0	\$ 1,833,060
Notes Issued	0	0	0	1,420,860	0	0	1,420,860
Transfers In	0	60,000	0	0	0	0	60,000
Transfers Out	(60,000)	0	0	0	0	0	(60,000)
Total Other Financing Sources (Uses)	\$ (60,000)	\$ 60,000	\$ 0	\$ 3,253,920	\$ 0	\$ 0	\$ 3,253,920
Net Change in Fund Balances	\$ 44,881	\$ (124,038)	\$ (71,436)	\$ 0	\$ 75,015	\$ (75,578)	\$ (75,578)
Fund Balance, July 1, 2011	266,723	214,139	1,241,482	0	587,945	2,310,289	2,310,289
Fund Balance, June 30, 2012	\$ 311,604	\$ 90,101	\$ 1,170,046	\$ 0	\$ 662,960	\$ 2,234,711	\$ 2,234,711

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, 2012

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)		\$	(75,578)
(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	\$	120,830	
Less: current-year depreciation expense		<u>(431,597)</u>	(310,767)
(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, 2011	\$	(784,318)	
Add: deferred delinquent property taxes and other deferred June 30, 2012		<u>687,032</u>	(97,286)
(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	\$	16,665	
Add: principal payments on leases		<u>23,275</u>	39,940
(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 payable	\$	711	
Change in compensated absences payable		(18,674)	
Change in landfill closure/postclosure care costs		<u>1,402</u>	<u>(16,561)</u>
Change in net assets of governmental activities (Exhibit B)			<u>\$ (460,252)</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, 2012

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 433,209
Due from Other Governments	<u>20,156</u>
Total Assets	<u>\$ 453,365</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 20,156
Due to Litigants, Heirs, and Others	<u>433,209</u>
Total Liabilities	<u>\$ 453,365</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, 2012

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 financial statements of the Van Buren County Emergency Communications District were not available from other auditors in time for inclusion in this report.

The Industrial Development Board of Van Buren County provides assistance in industrial recruitment in Van Buren County, and the Van Buren County

Commission appoints its seven-member board. The board is funded primarily through lease payments collected from industries that lease buildings from the Industrial Development Board. The county has previously assumed the debt of the Industrial Development Board. The financial statements of the Industrial Development Board of Van Buren County were not audited.

The Van Buren County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of contents. Although required by GAAP, the financial statements of the 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
1150 Old Dunlap Street
Spencer, TN 38585

The Industrial Development Board
of Van Buren County
112 Generation Drive
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. Net debt issues totaling \$3,253,920 were contributed by the county to the School Department during the year ended June 30, 2012.

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 special revenue fund accounts for the transactions of the county’s Ambulance Service. Patient charges are the foundational revenue of this fund.

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

Education Capital Projects Fund – This fund accounts for debt issued by Van Buren County that is subsequently contributed to the discretely presented Van Buren County School Department for construction and renovation projects.

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 special revenue fund is used to account for restricted federal revenues, which must be expended on specific education programs.

Education Capital Projects Fund – This fund is used to account for building construction and renovations of the School Department.

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.

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. 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 four 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.

Most payables are disaggregated on the face of the financial statements.

3. Capital Assets

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items) are reported in the 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

4. 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 each granted at the rate of one day per month. Employees of the county do not have a limit on the number of vacation or sick days that can be accumulated. Upon termination of employment, an employee will be paid for any unused vacation.

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 is accrued when incurred in the government-wide financial statements for the county. 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.

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.

5. Long-term Obligations

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

6. Net Assets and Fund Equity

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

- a. Invested in capital assets, net of related debt – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any

bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

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

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

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

Restricted Fund Balance – includes amounts that have constraints placed on the use of the resources that are either (a) externally imposed by creditors, grantors, contributors or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

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

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The County Commission has

authorized the county's Budget/Finance Committee to make assignments for the general government. The Board of Education makes assignments for the School Department.

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

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, and the capital projects funds, which adopt project length budgets. All annual appropriations lapse at fiscal year end.

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

The budgetary level of control is at the major category level established by the County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, 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. Appropriations Exceeded Estimated Available Funds in the General Fund

The budget and subsequent amendments submitted to and approved by the County Commission for the General Fund resulted in appropriations exceeding estimated available funding by \$2,134. Sound budgetary principles dictate that appropriations be held within estimated available funding. This budget deficiency was a result of the County Commission approving budget amendments in excess of available funding.

C. The Actual Beginning Fund Balance Exceeded the Estimated Beginning Fund Balance by a Material Amount in the Highway/Public Works Fund

The Highway/Public Works Fund's actual beginning fund balance at July 1, 2011, exceeded the estimated beginning fund balance presented to the County Commission by the amount noted below.

Fund	Actual Fund Balance 7-1-11	Estimated Fund Balance 7-1-11	Variance
Highway/Public Works	\$ 1,241,482	\$ 1,029,849	\$ 211,633

D. Expenditures Exceeded Appropriations

Highway/Public Works Fund expenditures exceeded appropriations approved by the County Commission in the major appropriation category (the legal level of control) noted below:

Major Appropriation Category	Amount Overspent
Employee Benefits	\$ 72,310

In addition, expenditures exceeded the total appropriations approved by the County Commission in the Drug Control Fund by \$6,126.

Such overexpenditures are a violation of state statutes. These overexpenditures were funded by appropriations that exceeded expenditures in other major appropriations categories and/or available fund balances.

E. Tax Anticipation Notes Were Not Retired in Compliance With State Statutes

On September 18, 2003, the General Fund borrowed \$65,000 from the General Debt Service Fund to provide cash for operations. This note should have been retired by June 30, 2004. During 2010-11 and 2011-12, the county paid \$16,250 each year to the General Debt Service Fund from the General Fund in accordance with a repayment schedule approved by the state Comptroller's Office. As of June 30, 2012, \$32,500 remained outstanding.

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, 2012.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

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

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

Investments

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

agreements. Repurchase agreements must be approved by the state 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, 2012.

B. Capital Assets

Capital assets activity for the year ended June 30, 2012, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-11	Increases	Balance 6-30-12
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	3,338,242	120,830	3,459,072
Total Capital Assets Depreciated	<u>\$ 11,369,250</u>	<u>\$ 120,830</u>	<u>\$ 11,490,080</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 665,673	\$ 31,592	\$ 697,265
Roads and Bridges	2,944,081	147,587	3,091,668
Other Capital Assets	2,320,404	252,418	2,572,822
Total Accumulated Depreciation	<u>\$ 5,930,158</u>	<u>\$ 431,597</u>	<u>\$ 6,361,755</u>

Governmental Activities (Cont.):

	Balance 7-1-11	Increases	Balance 6-30-12
Total Capital Assets Depreciated, Net	\$ 5,439,092	\$ (310,767)	\$ 5,128,325
Governmental Activities Capital Assets, Net	\$ 5,570,016	\$ (310,767)	\$ 5,259,249

There were no decreases in capital assets to report during the period ended June 30, 2012.

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

Governmental Activities:

General Government	\$ 30,268
Public Safety	99,604
Public Health and Welfare	72,357
Highways/Public Works	<u>229,368</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 431,597</u>

Discretely Presented Van Buren County School Department**Governmental Activities:**

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Capital Assets Not Depreciated:				
Land	\$ 269,347	\$ 0	\$ 0	\$ 269,347
Construction in Progress	621,842	1,576,346	(2,198,188)	0
Total Capital Assets Not Depreciated	<u>\$ 891,189</u>	<u>\$ 1,576,346</u>	<u>\$ (2,198,188)</u>	<u>\$ 269,347</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 7,065,830	\$ 2,198,188	\$ 0	\$ 9,264,018
Infrastructure	22,760	0	0	22,760
Other Capital Assets	1,114,317	0	(68,180)	1,046,137
Total Capital Assets Depreciated	<u>\$ 8,202,907</u>	<u>\$ 2,198,188</u>	<u>\$ (68,180)</u>	<u>\$ 10,332,915</u>

Governmental Activities (Cont.):

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Less Accumulated Depreciated For:				
Buildings and Improvements	\$ 3,046,000	\$ 190,885	\$ 0	\$ 3,236,885
Infrastructure	13,426	1,127	0	14,553
Other Capital Assets	511,302	70,347	(67,498)	514,151
Total Accumulated Depreciation	<u>\$ 3,570,728</u>	<u>\$ 262,359</u>	<u>\$ (67,498)</u>	<u>\$ 3,765,589</u>
Total Capital Assets Depreciated, Net	<u>\$ 4,632,179</u>	<u>\$ 1,935,829</u>	<u>\$ (682)</u>	<u>\$ 6,567,326</u>
Governmental Activities Capital Assets, Net	<u>\$ 5,523,368</u>	<u>\$ 3,512,175</u>	<u>\$ (2,198,870)</u>	<u>\$ 6,836,673</u>

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

Governmental Activities:

Instruction	\$ 192,917
Support Services	<u>69,442</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 262,359</u>

C. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2012, was as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 909
Discretely Presented School Department:		
General Purpose School	School Federal Projects	13,608

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.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2012, consisted of the following amounts:

Primary Government

Transfer Out	Transfer In Ambulance Service Fund
General Fund	\$ 60,000

Discretely Presented Van Buren County School Department

Transfers Out	Transfers In General Purpose School Fund
School Federal Projects Fund	\$ 16,023
Education Capital Projects Fund	371,413
Total	\$ 387,436

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.

The asset acquired through the capital lease is as follows:

Asset	Governmental Activities
Machinery and Equipment	\$ 111,500
Less: Accumulated Depreciation	53,780
Total Book Value	\$ 165,280

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2012, were as follows:

Year Ending June 30	Governmental Funds
2013	\$ 25,458
Total Minimum Lease Payments	\$ 25,458
Less: Amount Representing Interest	(1,115)
Present Value of Minimum Lease Payments	<u>\$ 24,343</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.

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 bonds included in long-term debt as of June 30, 2012, will be retired from the General Debt Service Fund.

The general obligation bonds and capital leases outstanding as of June 30, 2012, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-12
General Obligation Bonds	4.5 %	6-26-15	\$ 102,500	\$ 54,627
Capital Leases	4.49	10-25-12	111,500	24,343

The annual requirements to amortize the general obligation bond outstanding as of June 30, 2012, including interest payments, are presented in the following table:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2013	\$ 17,415	\$ 2,458	\$ 19,873
2014	18,198	1,675	19,873
2015	19,014	858	19,872
Total	<u>\$ 54,627</u>	<u>\$ 4,991</u>	<u>\$ 59,618</u>

There is \$451,183 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$10, based on the 2010 federal census. Debt per capita, including the bond and capital lease totaled \$14, based on the 2010 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2012, was as follows:

Governmental Activities:

	<u>Bonds</u>	<u>Capital Leases</u>
Balance, July 1, 2011	\$ 71,292	\$ 47,618
Reductions	<u>(16,665)</u>	<u>(23,275)</u>
Balance, June 30, 2012	<u>\$ 54,627</u>	<u>\$ 24,343</u>
Balance Due Within One Year	<u>\$ 17,415</u>	<u>\$ 24,343</u>

Governmental Activities:

	<u>Compensated Absences</u>	<u>Landfill Postclosure Care Costs</u>
Balance, July 1, 2011	\$ 38,684	\$ 255,825
Additions	76,214	5,963
Reductions	<u>(57,540)</u>	<u>(7,365)</u>
Balance, June 30, 2012	<u>\$ 57,358</u>	<u>\$ 254,423</u>
Balance Due Within One Year	<u>\$ 2,869</u>	<u>\$ 15,343</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2012	\$ 390,751
Less: Balance Due Within One Year	<u>(59,970)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 330,781</u>

Compensated absences will be paid from the employing funds, primarily the General and Ambulance Service funds. Landfill closure/postclosure care costs will be paid from the Solid Waste/Sanitation Fund.

Discretely Presented Van Buren County School Department

General Obligation Bonds and Other Loans

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

General obligation bonds and other loans are direct obligations and pledge the full faith and credit of the government. The general obligation bond and the other loan were issued for original terms of 40 years for the bond and 20 years for the other loan. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. The bond and other loan included in long-term debt as of June 30, 2012, will be retired from the General Purpose School Fund.

The general obligation bond and other loan outstanding as of June 30, 2012, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-12
General Obligation Bonds	4 %	4-25-52	\$ 1,833,060	\$ 1,833,060
Other Loans	Variable	5-15-17	2,000,000	715,000

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, 2012, the variable interest rate was .57 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 and note outstanding as of June 30, 2012, including interest payments and other fees, are presented in the following table:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2013	\$ 19,303	\$ 73,322	\$ 92,625
2014	20,075	72,550	92,625
2015	20,878	71,747	92,625
2016	21,713	70,912	92,625
2017	22,581	70,044	92,625
2018-2022	127,201	335,924	463,125
2023-2027	154,758	308,367	463,125
2028-2032	188,288	274,837	463,125
2033-2037	229,079	234,046	463,125
2038-2042	278,711	184,414	463,125
2043-2047	339,094	124,031	463,125
2048-2052	411,379	50,566	461,945
Total	\$ 1,833,060	\$ 1,870,760	\$ 3,703,820

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2013	\$ 128,000	\$ 4,015	\$ 3,705	\$ 135,720
2014	135,000	3,282	3,217	141,499
2015	143,000	2,508	2,702	148,210
2016	150,000	1,690	2,157	153,847
2017	159,000	831	1,584	161,415
Total	\$ 715,000	\$ 12,326	\$ 13,365	\$ 740,691

Bonded debt per capita totaled \$330, based upon the 2010 federal census. Debt per capita, including the bond and other loan totaled \$459, based on the 2010 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, 2012, was as follows:

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2011	\$ 12,961	\$ 741,555
Additions	3,940	248,176
Reductions	(484)	(46,401)
Balance, June 30, 2012	<u>\$ 16,417</u>	<u>\$ 943,330</u>
Balance Due Within One Year	<u>\$ 821</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2012	\$ 3,507,807
Less: Balance Due Within One Year	<u>(148,124)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 3,359,683</u>

Compensated absences and other postemployment benefits will be paid from the employing funds, primarily the General Purpose School and School Federal Projects funds.

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

Primary Government

The State of Tennessee pays health insurance premiums for some retired employees on-behalf of Van Buren County. These payments are made by the state to the Medicare Supplement Plan. This plan is administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Medicare Supplement Plan for the year ended June 30, 2012, were \$637. The county has recognized these on-behalf payments as revenues and expenditures in the General Fund.

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, 2012, were \$20,775 and \$7,585, 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. During 2010-11 and 2011-12, the General Fund made payments of \$16,250 each year to the General Debt Service Fund; however, \$32,500 remained unpaid as of June 30, 2012, 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 remained unpaid as of June 30, 2012, 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, 2012, was as follows:

	Balance			Balance
	7-1-11	Issued	Paid	6-30-12
Tax Anticipation Notes	\$ 57,150	\$ 250,000	\$ (266,250)	\$ 40,900

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 (LGWCF), 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 LGWCF 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. Subsequent Events

On August 31, 2012, Pam Mooneyham left the Office of Assessor of Property and was succeeded by Darlene Hale.

On September 18, 2012, the County Commission approved capital outlay notes of up to \$169,300 to purchase land for a new jail. These notes have not been issued as of the date of this report.

On September 27, 2012, the General Debt Service Fund issued a \$250,000 tax anticipation note to the General Fund for temporary operating funds.

C. 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.

D. Landfill Postclosure Care Costs

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

State and federal laws and regulations require the county to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Van Buren County closed its sanitary landfill in 1996. The \$254,423 reported as postclosure care liability at June 30, 2012, represents amounts based on what it would cost to perform all postclosure care in 2012. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

E. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Plan Description

Employees of Van Buren County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated

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

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at <http://www.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, 2012, was 8.56 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2012, Van Buren County's annual pension cost of \$252,126 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2009, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected three percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made

regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected post retirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The county's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2009, was six years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-12	\$252,126	100%	\$0
6-30-11	180,421	100	0
6-30-10	247,119	100	0

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 85.97 percent funded. The actuarial accrued liability for benefits was \$6.27 million, and the actuarial value of assets was \$5.39 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.88 million. The covered payroll (annual payroll of active employees covered by the plan) was \$2.83 million, and the ratio of the UAAL to the covered payroll was 31.09 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.

SCHOOL TEACHERS

Plan Description

The Van Buren County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits, as well as death and disability benefits to plan members and their beneficiaries.

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

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2012, was 9.05 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, 2012, 2011, and 2010, were \$308,133, \$307,916, and \$212,313, respectively, equal to the required contributions for each year.

2. Deferred Compensation

The School Department offers its employees a deferred compensation plan established pursuant to IRC Section 403(b). All costs of administering and funding the program are the responsibility of plan participants. The 403(b) plan assets remain the property of the contributing employees and are not presented in the accompanying financial statements. IRC Section 403(b) establishes participation, contribution, and withdrawal provisions for the plan.

F. Other Postemployment Benefits (OPEB)

Plan Description

The School Department participates in the state-administered Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plan is an agent multiple-employer defined benefit OPEB plan. Benefits are established and amended by an insurance committee created by Section 8-27-302, *Tennessee Code Annotated* for teachers. Prior to reaching the age of 65, all members have the option of choosing between standard or partnership preferred provider organization (PPO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The 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, 2012, the discretely presented Van Buren County School Department contributed \$46,401 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	<u>Local Education Group Plan</u>
ARC	\$ 250,000
Interest on the NPO	29,662
Adjustment to the ARC	(31,486)
Annual OPEB cost	<u>\$ 248,176</u>
Amount of contribution	<u>(46,401)</u>
Increase/decrease in NPO	\$ 201,775
Net OPEB obligation, 7-1-11	<u>741,555</u>
Net OPEB obligation, 6-30-12	<u><u>\$ 943,330</u></u>

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-10	Local Education Group	235,867	20%	\$ 554,119
6-30-11	"	238,316	21	741,555
6-30-12	"	248,176	19	943,330

Funded Status and Funding Progress

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

	<u>Local Education Group Plan</u>
Actuarial valuation date	7-1-11
Actuarial accrued liability (AAL)	\$ 2,195,000
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 2,195,000
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 3,336,121
UAAL as a % of covered payroll	66%

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, 2011, actuarial valuation for the Local Education Group Plan, the projected unit credit actuarial cost method was used and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of ten percent for fiscal year 2011. The trend will decrease to 8.75 percent in fiscal year 2013 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. Both rates include a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

G. Purchasing Laws

Office of County Mayor

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

Office of Road Superintendent

Chapter 460, Private Acts of 1951, as amended, and Section 54-7-113, *Tennessee Code Annotated (TCA)*, (Uniform Road Law), govern purchasing procedures for the Highway Department. Provisions of the Uniform Road Law require all purchases exceeding \$10,000 to be based on publicly advertised competitive bids.

Office of Director of Schools

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

**REQUIRED SUPPLEMENTARY
INFORMATION**

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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,519,314	\$ 1,517,182	\$ 1,517,182	\$ 2,132
Licenses and Permits	9,980	9,400	9,400	580
Fines, Forfeitures, and Penalties	31,350	38,050	38,050	(6,700)
Charges for Current Services	7,572	5,300	5,300	2,272
Other Local Revenues	49,401	39,900	39,900	9,501
Fees Received from County Officials	270,328	262,000	262,000	8,328
State of Tennessee	361,108	408,201	342,331	18,777
Federal Government	89,361	12,076	78,583	10,778
Other Governments and Citizens Groups	1,700	0	0	1,700
Total Revenues	\$ 2,340,114	\$ 2,292,109	\$ 2,292,746	\$ 47,368
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 17,125	\$ 25,092	\$ 25,032	\$ 7,907
Board of Equalization	950	1,500	1,500	550
Beer Board	734	1,000	1,000	266
County Mayor/Executive	137,383	141,175	141,175	3,792
County Attorney	7,150	8,200	8,200	1,050
Election Commission	86,970	88,219	88,869	1,899
Register of Deeds	67,391	73,209	73,209	5,818
Planning	6,425	7,900	7,900	1,475
County Buildings	76,840	119,082	107,958	31,118
Other General Administration	637	0	637	0
Preservation of Records	0	500	500	500
<u>Finance</u>				
Property Assessor's Office	78,413	90,926	90,926	12,513
County Trustee's Office	90,058	92,897	92,897	2,839
County Clerk's Office	87,986	89,981	89,981	1,995
<u>Administration of Justice</u>				
Circuit Court	103,205	110,868	110,868	7,663
General Sessions Court	35,130	35,859	35,859	729
Chancery Court	69,114	69,847	69,847	733
Juvenile Court	10,450	11,500	11,500	1,050
Judicial Commissioners	5,036	5,000	5,050	14
<u>Public Safety</u>				
Sheriff's Department	481,675	506,554	508,404	26,729
Jail	346,201	453,685	457,835	111,634
Fire Prevention and Control	1,000	1,000	1,000	0
Rescue Squad	4,000	4,000	4,000	0
Other Emergency Management	2,000	2,000	2,000	0
County Coroner/Medical Examiner	4,650	3,800	4,900	250
Other Public Safety	60,805	62,000	63,060	2,255

(Continued)

Exhibit E-1

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Health and Welfare</u>				
Local Health Center	\$ 13,012	\$ 14,950	\$ 14,950	\$ 1,938
Regional Mental Health Center	0	2,423	2,423	2,423
Appropriation to State	25,000	25,000	25,000	0
<u>Social, Cultural, and Recreational Services</u>				
Adult Activities	16,983	18,482	18,482	1,499
Senior Citizens Assistance	15,618	19,045	19,045	3,427
Libraries	28,117	29,493	29,493	1,376
Parks and Fair Boards	1,200	1,200	1,200	0
Other Social, Cultural, and Recreational	6,060	6,000	6,060	0
<u>Agriculture and Natural Resources</u>				
Agriculture Extension Service	32,435	35,718	35,718	3,283
Soil Conservation	36,008	36,228	36,492	484
<u>Other Operations</u>				
Industrial Development	10,102	31,000	31,000	20,898
Housing and Urban Development	66,507	66,508	66,508	1
Veterans' Services	0	3,000	3,000	3,000
Other Charges	145,897	143,543	145,543	(354)
Miscellaneous	24,762	33,000	33,000	8,238
<u>Highways</u>				
Litter and Trash Collection	32,204	39,537	39,537	7,333
Total Expenditures	<u>\$ 2,235,233</u>	<u>\$ 2,510,921</u>	<u>\$ 2,511,558</u>	<u>\$ 276,325</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 104,881</u>	<u>\$ (218,812)</u>	<u>\$ (218,812)</u>	<u>\$ 323,693</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 0	\$ 1,064	\$ 1,064	\$ (1,064)
Transfers Out	(60,000)	0	(60,000)	0
Total Other Financing Sources (Uses)	<u>\$ (60,000)</u>	<u>\$ 1,064</u>	<u>\$ (58,936)</u>	<u>\$ (1,064)</u>
Net Change in Fund Balance	\$ 44,881	\$ (217,748)	\$ (277,748)	\$ 322,629
Fund Balance, July 1, 2011	<u>266,723</u>	<u>275,614</u>	<u>275,614</u>	<u>(8,891)</u>
Fund Balance, June 30, 2012	<u>\$ 311,604</u>	<u>\$ 57,866</u>	<u>\$ (2,134)</u>	<u>\$ 313,738</u>

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, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 135,001	\$ 0	\$ 135,001	\$ 138,628	\$ 138,628	\$ (3,627)
Charges for Current Services	226,794	0	226,794	285,000	285,000	(58,206)
Other Local Revenues	64	0	64	2,000	2,000	(1,936)
Total Revenues	\$ 361,859	\$ 0	\$ 361,859	\$ 425,628	\$ 425,628	\$ (63,769)
<u>Expenditures</u>						
<u>Public Health and Welfare</u>						
Ambulance/Emergency Medical Services	\$ 545,897	(78,130)	467,767	537,350	537,350	69,583
Total Expenditures	\$ 545,897	(78,130)	467,767	537,350	537,350	69,583
Excess (Deficiency) of Revenues Over Expenditures	\$ (184,038)	78,130	(105,908)	(111,722)	(111,722)	5,814
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 60,000	0	60,000	0	0	60,000
Total Other Financing Sources (Uses)	\$ 60,000	0	60,000	0	0	60,000
Net Change in Fund Balance Fund Balance, July 1, 2011	\$ (124,038)	78,130	(45,908)	(111,722)	(111,722)	65,814
	214,139	(78,130)	136,009	184,947	184,947	(48,938)
Fund Balance, June 30, 2012	\$ 90,101	0	90,101	73,225	73,225	16,876

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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
State of Tennessee	\$ 1,318,813	\$ 1,493,587	\$ 1,493,587	\$ (174,774)
Total Revenues	\$ 1,318,813	\$ 1,493,587	\$ 1,493,587	\$ (174,774)
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 189,702	\$ 207,847	\$ 212,347	\$ 22,645
Highway and Bridge Maintenance	666,117	1,281,035	1,262,535	596,418
Operation and Maintenance of Equipment	253,148	335,795	335,795	82,647
Quarry Operations	10,026	13,300	13,300	3,274
Other Charges	133,705	136,500	150,500	16,795
Employee Benefits	72,310	0	0	(72,310)
Capital Outlay	65,241	231,800	231,800	166,559
Total Expenditures	\$ 1,390,249	\$ 2,206,277	\$ 2,206,277	\$ 816,028
Excess (Deficiency) of Revenues Over Expenditures	\$ (71,436)	\$ (712,690)	\$ (712,690)	\$ 641,254
Net Change in Fund Balance	\$ (71,436)	\$ (712,690)	\$ (712,690)	\$ 641,254
Fund Balance, July 1, 2011	1,241,482	1,029,849	1,029,849	211,633
Fund Balance, June 30, 2012	\$ 1,170,046	\$ 317,159	\$ 317,159	\$ 852,887

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, 2012

(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
7-1-11	\$ 5,386	\$ 6,265	\$ 879	85.97 %	\$ 2,827	31.09 %
7-1-09	4,145	4,162	17	99.59	2,452	0.70
7-1-07	3,692	3,713	21	99.43	2,233	0.94

Exhibit E-5

Van Buren County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plan
Discretely Presented Van Buren County School Department
June 30, 2012

(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	7-1-09	\$ 0	\$ 2,062	\$ 2,062	0 %	\$ 1,938	119 %
"	7-1-10	0	2,072	2,072	0	1,786	116
"	7-1-11	0	2,195	2,195	0	3,336	66

VAN BUREN COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2012

A. BUDGETARY INFORMATION

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

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

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

B. APPROPRIATIONS EXCEEDED ESTIMATED AVAILABLE FUNDS IN THE GENERAL FUND

The budget and subsequent amendments submitted to and approved by the County Commission for the General Fund resulted in appropriations exceeding estimated available funding by \$2,134. Sound budgetary principles dictate that appropriations be held within estimated available funding. This budget deficiency was a result of the County Commission approving budget amendments in excess of available funding.

C. ACTUAL BEGINNING FUND BALANCE EXCEEDED ESTIMATED BEGINNING FUND BALANCE BY A MATERIAL AMOUNT IN THE HIGHWAY/PUBLIC WORKS FUND

The Highway/Public Works Fund's actual beginning fund balances at July 1, 2011, exceeded the estimated beginning fund balances presented to the County Commission by the amount noted below.

<u>Fund</u>	Actual Fund Balance 7-1-11	Estimated Fund Balance 7-1-11	Variance
Highway/Public Works	\$ 1,241,482	\$ 1,029,849	\$ 211,633

D. EXPENDITURES EXCEEDED APPROPRIATIONS

Highway/Public Works Fund expenditures exceeded appropriations approved by the County Commission in the major appropriation category (the legal level of control) noted below:

<u>Major Appropriation Category</u>	<u>Amount Overspent</u>
Employee Benefits	\$ 72,310

Such overexpenditures are a violation of state statutes. These overexpenditures were funded from available fund balance.

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

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, 2012

	Special Revenue Funds							Total				
	Fund						Total					
	Courthouse Maintenance	Solid Waste / Sanitation	Local Purpose Tax	Drug Control	Constitu- tional Officers - Fees	General Debt Service			Nonmajor Governmental Funds			
\$	0	0	0	0	426	0	426	0	\$	0	\$	426
	31,965	146,858	26,585	5,130	0	410,119	620,657					
	0	653	0	0	483	0	1,136					
	0	0	0	0	0	52	52					
	0	65,243	178,537	0	0	17,854	261,634					
	0	(4,795)	(11,998)	0	0	(1,200)	(17,993)					
	0	0	0	0	0	40,900	40,900					
Total Assets	\$ 31,965	\$ 207,959	\$ 193,124	\$ 5,130	\$ 909	\$ 467,725	\$ 906,812					

ASSETS

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

LIABILITIES AND FUND BALANCES

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

Fund Balances
 Restricted:
 Restricted for General Government
 Restricted for Public Safety
 Restricted for Debt Service
 Committed:
 Committed for Public Health and Welfare
 Total Fund Balances

Total Liabilities and Fund Balances

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, 2012

	Special Revenue Funds							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		
<u>Revenues</u>										
Local Taxes	\$ 45,732	\$ 64,617	\$ 142,995	\$ 0	\$ 0	\$ 253,344	\$ 75,676	\$ 0	\$ 329,020	
Fines, Forfeitures, and Penalties	0	0	0	6,558	0	6,558	0	0	6,558	
Charges for Current Services	0	49,725	0	0	239	49,964	0	0	49,964	
Other Local Revenues	0	8,554	0	6,000	0	14,554	0	0	14,554	
State of Tennessee	0	584	0	0	0	584	20,032	0	20,616	
Total Revenues	\$ 45,732	\$ 123,480	\$ 142,995	\$ 12,558	\$ 239	\$ 325,004	\$ 95,708	\$ 0	\$ 420,712	
<u>Expenditures</u>										
Current:										
General Government	\$ 39,435	\$ 0	\$ 0	\$ 0	\$ 239	\$ 39,674	\$ 0	\$ 0	\$ 39,674	
Public Safety	6,425	0	130,708	11,727	0	148,860	0	0	148,860	
Public Health and Welfare	0	107,359	0	0	0	107,359	0	0	107,359	
Other Operations	489	0	2,837	49	0	3,375	0	0	3,375	
Debt Service:										
Principal on Debt	0	0	0	0	0	0	39,940	0	39,940	
Interest on Debt	0	0	0	0	0	0	5,391	0	5,391	
Other Debt Service	0	0	0	0	0	0	1,098	0	1,098	
Total Expenditures	\$ 46,349	\$ 107,359	\$ 133,545	\$ 11,776	\$ 239	\$ 299,268	\$ 46,429	\$ 0	\$ 345,697	
Excess (Deficiency) of Revenues Over Expenditures	\$ (617)	\$ 16,121	\$ 9,450	\$ 782	\$ 0	\$ 25,736	\$ 49,279	\$ 0	\$ 75,015	
Net Change in Fund Balances	\$ (617)	\$ 16,121	\$ 9,450	\$ 782	\$ 0	\$ 25,736	\$ 49,279	\$ 0	\$ 75,015	
Fund Balance, July 1, 2011	32,512	131,472	18,259	3,798	0	186,041	401,904	0	587,945	
Fund Balance, June 30, 2012	\$ 31,895	\$ 147,593	\$ 27,709	\$ 4,580	\$ 0	\$ 211,777	\$ 451,183	\$ 0	\$ 662,960	

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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 45,732	\$ 45,000	\$ 45,000	\$ 732
Total Revenues	\$ 45,732	\$ 45,000	\$ 45,000	\$ 732
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 39,435	\$ 42,865	\$ 42,865	\$ 3,430
<u>Public Safety</u>				
Jail	6,425	8,000	8,000	1,575
<u>Other Operations</u>				
Other Charges	489	664	664	175
Employee Benefits	0	1,250	1,250	1,250
Total Expenditures	\$ 46,349	\$ 52,779	\$ 52,779	\$ 6,430
Excess (Deficiency) of Revenues Over Expenditures	\$ (617)	\$ (7,779)	\$ (7,779)	\$ 7,162
Net Change in Fund Balance	\$ (617)	\$ (7,779)	\$ (7,779)	\$ 7,162
Fund Balance, July 1, 2011	32,512	32,354	32,354	158
Fund Balance, June 30, 2012	\$ 31,895	\$ 24,575	\$ 24,575	\$ 7,320

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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 64,617	\$ 65,192	\$ 65,192	\$ (575)
Charges for Current Services	49,725	48,000	48,000	1,725
Other Local Revenues	8,554	15,000	15,000	(6,446)
State of Tennessee	584	0	0	584
Total Revenues	<u>\$ 123,480</u>	<u>\$ 128,192</u>	<u>\$ 128,192</u>	<u>\$ (4,712)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Waste Pickup	\$ 15,106	\$ 22,346	\$ 22,346	\$ 7,240
Convenience Centers	84,890	97,216	97,216	12,326
Landfill Operation and Maintenance	7,363	7,600	7,600	237
Total Expenditures	<u>\$ 107,359</u>	<u>\$ 127,162</u>	<u>\$ 127,162</u>	<u>\$ 19,803</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 16,121</u>	<u>\$ 1,030</u>	<u>\$ 1,030</u>	<u>\$ 15,091</u>
Net Change in Fund Balance	\$ 16,121	\$ 1,030	\$ 1,030	\$ 15,091
Fund Balance, July 1, 2011	<u>131,472</u>	<u>130,290</u>	<u>130,290</u>	<u>1,182</u>
Fund Balance, June 30, 2012	<u><u>\$ 147,593</u></u>	<u><u>\$ 131,320</u></u>	<u><u>\$ 131,320</u></u>	<u><u>\$ 16,273</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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 142,995	\$ 143,163	\$ 143,163	\$ (168)
Other Local Revenues	0	500	500	(500)
Total Revenues	<u>\$ 142,995</u>	<u>\$ 143,663</u>	<u>\$ 143,663</u>	<u>\$ (668)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Fire Prevention and Control	\$ 130,708	\$ 143,000	\$ 140,000	\$ 9,292
<u>Other Operations</u>				
Other Charges	2,837	0	3,000	163
Total Expenditures	<u>\$ 133,545</u>	<u>\$ 143,000</u>	<u>\$ 143,000</u>	<u>\$ 9,455</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 9,450</u>	<u>\$ 663</u>	<u>\$ 663</u>	<u>\$ 8,787</u>
Net Change in Fund Balance	\$ 9,450	\$ 663	\$ 663	\$ 8,787
Fund Balance, July 1, 2011	<u>18,259</u>	<u>16,373</u>	<u>16,373</u>	<u>1,886</u>
Fund Balance, June 30, 2012	<u>\$ 27,709</u>	<u>\$ 17,036</u>	<u>\$ 17,036</u>	<u>\$ 10,673</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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 6,558	\$ 7,500	\$ 7,500	\$ (942)
Other Local Revenues	6,000	6,000	6,000	0
Total Revenues	<u>\$ 12,558</u>	<u>\$ 13,500</u>	<u>\$ 13,500</u>	<u>\$ (942)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 11,727	\$ 5,400	\$ 5,400	\$ (6,327)
<u>Other Operations</u>				
Other Charges	49	250	250	201
Total Expenditures	<u>\$ 11,776</u>	<u>\$ 5,650</u>	<u>\$ 5,650</u>	<u>\$ (6,126)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 782</u>	<u>\$ 7,850</u>	<u>\$ 7,850</u>	<u>\$ (7,068)</u>
Net Change in Fund Balance	\$ 782	\$ 7,850	\$ 7,850	\$ (7,068)
Fund Balance, July 1, 2011	<u>3,798</u>	<u>3,797</u>	<u>3,797</u>	<u>1</u>
Fund Balance, June 30, 2012	<u>\$ 4,580</u>	<u>\$ 11,647</u>	<u>\$ 11,647</u>	<u>\$ (7,067)</u>

Exhibit F-7

Van Buren County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 75,676	\$ 80,509	\$ 80,509	\$ (4,833)
State of Tennessee	20,032	18,908	18,908	1,124
Total Revenues	\$ 95,708	\$ 99,417	\$ 99,417	\$ (3,709)
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 39,940	\$ 46,500	\$ 45,500	\$ 5,560
<u>Interest on Debt</u>				
General Government	5,391	6,000	6,000	609
<u>Other Debt Service</u>				
General Government	1,098	0	1,000	(98)
Total Expenditures	\$ 46,429	\$ 52,500	\$ 52,500	\$ 6,071
Excess (Deficiency) of Revenues Over Expenditures	\$ 49,279	\$ 46,917	\$ 46,917	\$ 2,362
Net Change in Fund Balance	\$ 49,279	\$ 46,917	\$ 46,917	\$ 2,362
Fund Balance, July 1, 2011	401,904	401,780	401,780	124
Fund Balance, June 30, 2012	\$ 451,183	\$ 448,697	\$ 448,697	\$ 2,486

Fiduciary Funds

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

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

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

Exhibit G-1

Van Buren County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2012

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 433,209	\$ 433,209
Due from Other Governments	20,156	0	20,156
Total Assets	<u>\$ 20,156</u>	<u>\$ 433,209</u>	<u>\$ 453,365</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 20,156	\$ 0	\$ 20,156
Due to Litigants, Heirs, and Others	0	433,209	433,209
Total Liabilities	<u>\$ 20,156</u>	<u>\$ 433,209</u>	<u>\$ 453,365</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, 2012

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 109,356	\$ 109,356	\$ 0
Due from Other Governments	16,978	20,156	16,978	20,156
Total Assets	\$ 16,978	\$ 129,512	\$ 126,334	\$ 20,156
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 16,978	\$ 129,512	\$ 126,334	\$ 20,156
Total Liabilities	\$ 16,978	\$ 129,512	\$ 126,334	\$ 20,156
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 437,271	\$ 3,219,211	\$ 3,223,273	\$ 433,209
Total Assets	\$ 437,271	\$ 3,219,211	\$ 3,223,273	\$ 433,209
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 437,271	\$ 3,219,211	\$ 3,223,273	\$ 433,209
Total Liabilities	\$ 437,271	\$ 3,219,211	\$ 3,223,273	\$ 433,209
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 437,271	\$ 3,219,211	\$ 3,223,273	\$ 433,209
Equity in Pooled Cash and Investments	0	109,356	109,356	0
Due from Other Governments	16,978	20,156	16,978	20,156
Total Assets	\$ 454,249	\$ 3,348,723	\$ 3,349,607	\$ 453,365
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 16,978	\$ 129,512	\$ 126,334	\$ 20,156
Due to Litigants, Heirs, and Others	437,271	3,219,211	3,223,273	433,209
Total Liabilities	\$ 454,249	\$ 3,348,723	\$ 3,349,607	\$ 453,365

Van Buren County School Department

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

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.

Education Capital Projects Fund – The Education Capital Projects Fund is used to account for building construction and renovations of the School Department. This fund was closed during the year.

Exhibit H-1

Van Buren County, Tennessee
Statement of Activities
Discretely Presented Van Buren County School Department
For the Year Ended June 30, 2012

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 5,461,340	\$ 0	\$ 607,263	\$ (4,854,077)
Support Services	938,388	14,636	114,668	(809,034)
Operation of Non-Instructional Services	894,664	165,330	544,904	(184,430)
Interest on Long-term Debt	57,619	0	0	(57,619)
Other Debt Service	5,871	0	0	(5,871)
Total Governmental Activities	\$ 7,357,832	\$ 179,966	\$ 1,266,835	\$ (5,911,031)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 650,151
Local Option Sales Taxes				350,574
Hotel/Motel Taxes				101,837
Other Local Taxes				330
Grants and Contributions Not Restricted to Specific Programs				5,079,308
Unrestricted Investment Earnings				640
Miscellaneous				18,362
Sale of Equipment				495
Total General Revenues				\$ 6,201,697
Change in Net Assets				\$ 290,666
Net Assets, July 1, 2011				7,903,315
Net Assets, June 30, 2012				\$ 8,193,981

Exhibit H-2

Van Buren County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Van Buren County School Department
June 30, 2012

	Major Funds		Nonmajor	Total
	General Purpose School	School Federal Projects	Fund Central Cafeteria Fund	
<u>ASSETS</u>				
Equity in Pooled Cash and Investments	\$ 4,378,761	\$ 801	\$ 178,940	\$ 4,558,502
Accounts Receivable	450	0	69	519
Due from Other Governments	170,245	34,551	24,573	229,369
Due from Other Funds	13,608	0	0	13,608
Property Taxes Receivable	830,911	0	0	830,911
Allowance for Uncollectible Property Taxes	(55,839)	0	0	(55,839)
Total Assets	\$ 5,338,136	\$ 35,352	\$ 203,582	\$ 5,577,070
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 0	\$ 8,082	\$ 0	\$ 8,082
Payroll Deductions Payable	1	0	0	1
Due to Other Funds	0	13,608	0	13,608
Due to State of Tennessee	2,174	0	1,275	3,449
Deferred Revenue - Current Property Taxes	674,595	0	0	674,595
Deferred Revenue - Delinquent Property Taxes	95,245	0	0	95,245
Other Deferred Revenues	37,269	0	0	37,269
Total Liabilities	\$ 809,284	\$ 21,690	\$ 1,275	\$ 832,249
<u>Fund Balances</u>				
Restricted:				
Restricted for Education	\$ 5,204	\$ 13,662	\$ 202,307	\$ 221,173
Committed:				
Committed for Education	3,305,520	0	0	3,305,520
Unassigned	1,218,128	0	0	1,218,128
Total Fund Balances	\$ 4,528,852	\$ 13,662	\$ 202,307	\$ 4,744,821
Total Liabilities and Fund Balances	\$ 5,338,136	\$ 35,352	\$ 203,582	\$ 5,577,070

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, 2012

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)		\$ 4,744,821	
(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	6,027,133		
Add: infrastructure net of accumulated depreciation	8,207		
Add: other capital assets net of accumulated depreciation	<u>531,986</u>	6,836,673	
(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	\$ (1,833,060)		
Less: other loans payable	(715,000)		
Less: accrued interest on bonds	(12,220)		
Less: other postemployment benefits liabilities	(943,330)		
Less: compensated absences payable	<u>(16,417)</u>	(3,520,027)	
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>132,514</u>
Net assets of governmental activities (Exhibit A)			<u>\$ 8,193,981</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, 2012

	Major Funds			Nonmajor	Total
	General Purpose School	School Federal Projects	Education Capital Projects	Fund Central Cafeteria Fund	
<u>Revenues</u>					
Local Taxes	\$ 1,121,182	\$ 0	\$ 0	\$ 0	\$ 1,121,182
Licenses and Permits	214	0	0	0	214
Charges for Current Services	14,636	0	0	165,330	179,966
Other Local Revenues	18,833	0	0	664	19,497
State of Tennessee	5,129,447	0	0	4,185	5,133,632
Federal Government	58,539	735,619	0	380,107	1,174,265
Other Governments and Citizens Groups	1,833,060	0	1,420,860	0	3,253,920
Total Revenues	<u>\$ 8,175,911</u>	<u>\$ 735,619</u>	<u>\$ 1,420,860</u>	<u>\$ 550,286</u>	<u>\$ 10,882,676</u>
<u>Expenditures</u>					
Current:					
Instruction	\$ 2,889,874	\$ 611,294	\$ 0	\$ 0	\$ 3,501,168
Support Services	2,260,585	162,205	0	0	2,422,790
Operation of Non-Instructional Services	370,966	0	0	523,698	894,664
Capital Outlay	123,625	0	0	0	123,625
Debt Service:					
Principal on Debt	1,954,060	0	0	0	1,954,060
Interest on Debt	45,399	0	0	0	45,399
Other Debt Service	5,871	0	0	0	5,871
Capital Projects	0	0	1,460,851	0	1,460,851
Total Expenditures	<u>\$ 7,650,380</u>	<u>\$ 773,499</u>	<u>\$ 1,460,851</u>	<u>\$ 523,698</u>	<u>\$ 10,408,428</u>
Excess (Deficiency) of Revenues					
Over Expenditures	\$ 525,531	\$ (37,880)	\$ (39,991)	\$ 26,588	\$ 474,248
<u>Other Financing Sources (Uses)</u>					
Proceeds from Sale of Capital Assets	\$ 2,506	\$ 0	\$ 0	\$ 0	\$ 2,506
Transfers In	387,436	0	0	0	387,436
Transfers Out	0	(16,023)	(371,413)	0	(387,436)
Total Other Financing Sources (Uses)	<u>\$ 389,942</u>	<u>\$ (16,023)</u>	<u>\$ (371,413)</u>	<u>\$ 0</u>	<u>\$ 2,506</u>
Net Change in Fund Balances	\$ 915,473	\$ (53,903)	\$ (411,404)	\$ 26,588	\$ 476,754
Fund Balance, July 1, 2011	3,613,379	67,565	411,404	175,719	4,268,067
Fund Balance, June 30, 2012	<u>\$ 4,528,852</u>	<u>\$ 13,662</u>	<u>\$ 0</u>	<u>\$ 202,307</u>	<u>\$ 4,744,821</u>

Exhibit H-5

Van Buren County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Van Buren County School Department
For the Year Ended June 30, 2012

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)		\$ 476,754
<p>(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:</p>		
Add: capital assets purchased in the current period	\$ 1,576,346	
Less: current-year depreciation expense	<u>(262,359)</u>	1,313,987
<p>(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.</p>		
Add: gain on disposal of capital assets	\$ 2,418	
Less: proceeds from the sale of capital assets	<u>(3,100)</u>	(682)
<p>(3) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.</p>		
Less: deferred delinquent property taxes and other deferred June 30, 2011	\$ (114,596)	
Add: deferred delinquent property taxes and other deferred June 30, 2012	<u>132,514</u>	17,918
<p>(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:</p>		
Less: note proceeds	\$ (1,420,860)	
Less: bond proceeds	(1,833,060)	
Add: principal payments on notes	1,833,060	
Add: principal payments on other loans	<u>121,000</u>	(1,299,860)
<p>(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.</p>		
Change in accrued interest payable	\$ (12,220)	
Change in compensated absences payable	(3,456)	
Change in other postemployment benefits liabilities	<u>(201,775)</u>	<u>(217,451)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 290,666</u>

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, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 1,121,182	\$ 0	\$ 1,121,182	\$ 1,138,300	\$ 1,138,300	\$ (17,118)
Licenses and Permits	214	0	214	200	200	14
Charges for Current Services	14,636	0	14,636	14,000	14,000	636
Other Local Revenues	18,833	0	18,833	30,000	30,000	(11,167)
State of Tennessee	5,129,447	0	5,129,447	5,133,405	5,161,765	(32,318)
Federal Government	58,539	0	58,539	145,000	145,000	(86,461)
Other Governments and Citizens Groups	1,833,060	0	1,833,060	0	1,833,060	0
Total Revenues	\$ 8,175,911	\$ 0	\$ 8,175,911	\$ 6,460,905	\$ 8,322,325	\$ (146,414)
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 2,444,485	\$ 0	\$ 2,444,485	\$ 2,911,210	\$ 2,911,210	\$ 466,725
Special Education Program	288,779	0	288,779	364,100	364,100	75,321
Vocational Education Program	132,640	0	132,640	171,575	171,575	38,935
Adult Education Program	23,970	0	23,970	20,800	27,800	3,830
<u>Support Services</u>						
Attendance	66,071	0	66,071	76,500	76,500	10,429
Health Services	140,806	0	140,806	169,600	169,600	28,794
Other Student Support	214,144	0	214,144	222,200	222,200	8,056
Regular Instruction Program	248,645	0	248,645	433,800	433,800	185,155
Special Education Program	76,666	0	76,666	95,400	95,400	18,734
Vocational Education Program	4,754	0	4,754	5,100	5,100	346
Adult Programs	2,511	0	2,511	4,280	4,280	1,769
Other Programs	28,360	0	28,360	0	28,360	0

(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 7/1/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Support Services (Cont.)</u>						
Board of Education	\$ 110,089	\$ 0	\$ 110,089	\$ 154,950	\$ 154,950	\$ 44,861
Director of Schools	112,627	0	112,627	122,550	122,550	9,923
Office of the Principal	251,676	0	251,676	265,760	265,760	14,084
Fiscal Services	111,008	0	111,008	133,350	133,350	22,342
Operation of Plant	511,898	0	511,898	574,150	574,150	62,252
Maintenance of Plant	98,250	0	98,250	142,500	142,500	44,250
Transportation	283,080	0	283,080	419,800	419,800	136,720
<u>Operation of Non-Instructional Services</u>						
Community Services	175,515	0	175,515	290,850	290,850	115,335
Early Childhood Education	195,451	0	195,451	248,800	248,800	53,349
<u>Capital Outlay</u>						
Regular Capital Outlay	123,625	(18,867)	104,758	770,000	761,500	656,742
<u>Principal on Debt</u>						
Education	1,954,060	0	1,954,060	222,000	2,055,060	101,000
Interest on Debt						
Education	45,399	0	45,399	110,000	110,000	64,601
<u>Other Debt Service</u>						
Education	5,871	0	5,871	10,000	11,500	5,629
Total Expenditures	\$ 7,650,380	\$ (18,867)	\$ 7,631,513	\$ 7,939,275	\$ 9,800,695	\$ 2,169,182
Excess (Deficiency) of Revenues Over Expenditures	\$ 525,531	\$ 18,867	\$ 544,398	\$ (1,478,370)	\$ (1,478,370)	\$ 2,022,768

(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 7/1/2011	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	\$ 2,506	\$ 0	\$ 2,506	\$ 0	\$ 0	\$ 2,506
Transfers In	387,436	0	387,436	10,000	10,000	377,436
Total Other Financing Sources (Uses)	\$ 389,942	\$ 0	\$ 389,942	\$ 10,000	\$ 10,000	\$ 379,942
Net Change in Fund Balance	\$ 915,473	\$ 18,867	\$ 934,340	\$ (1,468,370)	\$ (1,468,370)	\$ 2,402,710
Fund Balance, July 1, 2011	3,613,379	(18,867)	3,594,512	3,749,485	3,749,485	(154,973)
Fund Balance, June 30, 2012	\$ 4,528,852	\$ 0	\$ 4,528,852	\$ 2,281,115	\$ 2,281,115	\$ 2,247,737

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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 735,619	\$ 861,295	\$ 867,983	\$ (132,364)
Total Revenues	\$ 735,619	\$ 861,295	\$ 867,983	\$ (132,364)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 463,100	\$ 475,199	\$ 484,438	\$ 21,338
Special Education Program	138,459	254,074	252,760	114,301
Vocational Education Program	9,735	8,303	9,736	1
<u>Support Services</u>				
Other Student Support	65,298	69,765	68,208	2,910
Regular Instruction Program	65,225	65,849	65,573	348
Special Education Program	30,914	35,703	36,772	5,858
Vocational Education Program	768	768	768	0
Total Expenditures	\$ 773,499	\$ 909,661	\$ 918,255	\$ 144,756
Excess (Deficiency) of Revenues Over Expenditures	\$ (37,880)	\$ (48,366)	\$ (50,272)	\$ 12,392
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (16,023)	\$ (19,107)	\$ (17,201)	\$ 1,178
Total Other Financing Sources (Uses)	\$ (16,023)	\$ (19,107)	\$ (17,201)	\$ 1,178
Net Change in Fund Balance	\$ (53,903)	\$ (67,473)	\$ (67,473)	\$ 13,570
Fund Balance, July 1, 2011	67,565	67,473	67,473	92
Fund Balance, June 30, 2012	\$ 13,662	\$ 0	\$ 0	\$ 13,662

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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 165,330	\$ 206,000	\$ 206,000	\$ (40,670)
Other Local Revenues	664	1,000	1,000	(336)
State of Tennessee	4,185	5,000	5,000	(815)
Federal Government	380,107	305,000	305,000	75,107
Total Revenues	<u>\$ 550,286</u>	<u>\$ 517,000</u>	<u>\$ 517,000</u>	<u>\$ 33,286</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 523,698	\$ 586,100	\$ 586,100	\$ 62,402
Total Expenditures	<u>\$ 523,698</u>	<u>\$ 586,100</u>	<u>\$ 586,100</u>	<u>\$ 62,402</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 26,588</u>	<u>\$ (69,100)</u>	<u>\$ (69,100)</u>	<u>\$ 95,688</u>
Net Change in Fund Balance	\$ 26,588	\$ (69,100)	\$ (69,100)	\$ 95,688
Fund Balance, July 1, 2011	175,719	178,660	178,660	(2,941)
Fund Balance, June 30, 2012	<u>\$ 202,307</u>	<u>\$ 109,560</u>	<u>\$ 109,560</u>	<u>\$ 92,747</u>

MISCELLANEOUS SCHEDULES

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, 2012

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-11	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-12
<u>PRIMARY GOVERNMENT</u>								
<u>CAPITAL LEASES PAYABLE</u>								
Payable through General Debt Service Fund Roll-off Truck	\$ 111,500	4.49 %	10-9-07	10-25-12	\$ 47,618	\$ 0	\$ 23,275	\$ 24,343
<u>BONDS PAYABLE</u>								
Payable through General Debt Service Fund General Obligation Bonds	102,500	4.5	6-26-09	6-26-15	\$ 71,292	\$ 0	\$ 16,665	\$ 54,627
<u>DISCRETELY PRESENTED VAN BUREN COUNTY SCHOOL DEPARTMENT</u>								
<u>NOTES PAYABLE</u>								
Payable through General Purpose School Fund Bond Anticipation Notes	1,833,060	4	4-28-11	4-25-12	\$ 412,200	\$ 1,420,860	\$ 1,833,060	\$ 0
<u>OTHER LOANS PAYABLE</u>								
Public Building Authority Loan Agreement Payable through General Purpose School Fund School	2,000,000	Variable	6-30-1997	5-15-17	\$ 836,000	\$ 0	\$ 121,000	\$ 715,000
<u>BONDS PAYABLE</u>								
Payable through General Purpose School Fund General Obligation Bonds	1,833,060	4	4-25-12	4-25-52	\$ 0	\$ 1,833,060	\$ 0	\$ 1,833,060

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
2013	\$ 24,343	\$ 1,115	\$ 25,458
Total	\$ 24,343	\$ 1,115	\$ 25,458

Year Ending June 30	Bonds		
	Principal	Interest	Total
2013	\$ 17,415	\$ 2,458	\$ 19,873
2014	18,198	1,675	19,873
2015	19,014	858	19,872
Total	\$ 54,627	\$ 4,991	\$ 59,618

DISCRETELY PRESENTED VAN BUREN
COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2013	\$ 128,000	\$ 4,015	\$ 3,705	\$ 135,720
2014	135,000	3,282	3,217	141,499
2015	143,000	2,508	2,702	148,210
2016	150,000	1,690	2,157	153,847
2017	159,000	831	1,584	161,415
Total	\$ 715,000	\$ 12,326	\$ 13,365	\$ 740,691

(Continued)

Exhibit I-2

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

DISCRETELY PRESENTED VAN BUREN
COUNTY SCHOOL DEPARTMENT (CONT.)

Year Ending June 30	Bonds		
	Principal	Interest	Total
2013	\$ 19,303	\$ 73,322	\$ 92,625
2014	20,075	72,550	92,625
2015	20,878	71,747	92,625
2016	21,713	70,912	92,625
2017	22,581	70,044	92,625
2018	23,485	69,140	92,625
2019	24,424	68,201	92,625
2020	25,401	67,224	92,625
2021	26,417	66,208	92,625
2022	27,474	65,151	92,625
2023	28,573	64,052	92,625
2024	29,715	62,910	92,625
2025	30,904	61,721	92,625
2026	32,140	60,485	92,625
2027	33,426	59,199	92,625
2028	34,763	57,862	92,625
2029	36,153	56,472	92,625
2030	37,600	55,025	92,625
2031	39,104	53,521	92,625
2032	40,668	51,957	92,625
2033	42,294	50,331	92,625
2034	43,986	48,639	92,625
2035	45,746	46,879	92,625
2036	47,575	45,050	92,625
2037	49,478	43,147	92,625
2038	51,458	41,167	92,625
2039	53,516	39,109	92,625
2040	55,657	36,969	92,626
2041	57,882	34,742	92,624
2042	60,198	32,427	92,625
2043	62,606	30,019	92,625
2044	65,110	27,515	92,625
2045	67,715	24,910	92,625
2046	70,423	22,202	92,625
2047	73,240	19,385	92,625
2048	76,170	16,455	92,625
2049	79,216	13,410	92,626
2050	82,385	10,240	92,625
2051	85,680	6,944	92,624
2052	87,928	3,517	91,445
Total	\$ 1,833,060	\$ 1,870,760	\$ 3,703,820

Exhibit I-3

Van Buren County, Tennessee
Schedule of Notes Receivable
June 30, 2012

Description/Payee	Debtor	Original Amount of Notes	Date of Maturity	Interest Rate	Balance 6-30-12
Tax Anticipation Notes:					
General Debt Service Fund	General Fund	\$ 65,000	6-30-04	0%	\$ 32,500 (1)
"	"	8,400	6-30-08	0	8,400 (2)
Total Notes Receivable					<u>\$ 40,900</u>

(1) This note was not retired by June 30, 2004, as required by state statutes.
 The General Debt Service Fund repaid \$16,250 during 2011-12.

(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
Primary Government and Discretely Presented Van Buren County School Department
For the Year Ended June 30, 2012

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	Ambulance Service	Operations	\$ 60,000
Total Transfers Primary Government			\$ 60,000
<u>DISCRETELY PRESENTED VAN BUREN COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ 16,023
Education Capital Projects	"	Retire debt	371,413
Total Transfers Discretely Presented Van Buren County School Department			\$ 387,436

Exhibit I-5

Van Buren County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Van Buren County School Department
For the Year Ended June 30, 2012

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 60,350	\$ 25,000	Western Surety Company
Road Superintendent	Section 8-24-102, TCA	57,477	100,000	"
Director of Schools	State Board of Education and Van Buren County Board of Education	80,135 (1)	(2)	Western Surety Company
Trustee	Section 8-24-102, TCA	52,251	311,900	"
Assessor of Property	Section 8-24-102, TCA	52,251	10,000	"
County Clerk	Section 8-24-102, TCA	52,251	25,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, TCA	52,251	30,000	"
Clerk and Master	Section 8-24-102, TCA, and Chancery Court Judge	52,251 (3)	50,000	"
Register	Section 8-24-102, TCA	52,251	15,000	"
Sheriff	Section 8-24-102, TCA	57,477	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 \$900.
- (2) The director of schools is covered under the public employee dishonesty bond.
- (3) Does not include special commissioner fees of \$100.

Exhibit I-6

Van Buren County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2012

	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	\$ 1,099,591	\$ 0	\$ 52,087	\$ 115,748	\$ 115,748	
Trustee's Collections - Prior Year	112,698	0	6,414	7,160	14,258	
Circuit/Clerk & Master Collections - Prior Years	23,268	0	1,452	3,020	2,483	
Interest and Penalty	29,347	0	1,625	2,321	3,754	
Pick-up Taxes	1,260	0	60	133	133	
Payments in-Lieu-of Taxes - T.V.A.	4,365	0	0	0	0	
Payments in-Lieu-of Taxes - Local Utilities	62,879	0	2,979	6,619	6,619	
Payments in-Lieu-of Taxes - Other	60,494	0	0	0	0	
<u>County Local Option Taxes</u>						
Local Option Sales Tax	67,316	0	0	0	0	
Hotel/Motel Tax	0	0	0	0	0	
Litigation Tax - General	6,627	0	0	0	0	
Litigation Tax - Special Purpose	0	33,568	0	0	0	
Litigation Tax - Jail, Workhouse, or Courthouse	0	12,164	0	0	0	
Business Tax	19,570	0	0	0	0	
<u>Statutory Local Taxes</u>						
Wholesale Beer Tax	30,781	0	0	0	0	
Beer Privilege Tax	883	0	0	0	0	
Interstate Telecommunications Tax	235	0	0	0	0	
Total Local Taxes	\$ 1,519,314	\$ 45,732	\$ 64,617	\$ 135,001	\$ 142,995	
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 8,792	\$ 0	\$ 0	\$ 0	\$ 0	
<u>Permits</u>						
Beer Permits	1,188	0	0	0	0	
Total Licenses and Permits	\$ 9,980	\$ 0	\$ 0	\$ 0	\$ 0	

(Continued)

Exhibit I-6

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

	Special Revenue Funds					Local Purpose Tax
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Ambulance Service		
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 4,696	\$ 0	\$ 0	\$ 0	\$ 0	0
Officers Costs	1,541	0	0	0	0	0
Drug Control Fines	0	0	0	0	0	0
Data Entry Fee - Circuit Court	82	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	7,236	0	0	0	0	0
Officers Costs	12,998	0	0	0	0	0
Drug Control Fines	1,463	0	0	0	0	0
Data Entry Fee - General Sessions Court	2,477	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	21	0	0	0	0	0
Data Entry Fee - Chancery Court	376	0	0	0	0	0
<u>Judicial District Drug Program</u>						
Data Entry Fee - Other Courts	460	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 31,350	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Convenience Waste Centers Collection Charge	\$ 0	\$ 0	49,725	\$ 0	\$ 0	0
Patient Charges	0	0	0	226,794	0	0
<u>Fees</u>						
Copy Fees	17	0	0	0	0	0
Library Fees	1,578	0	0	0	0	0
Telephone Commissions	2,442	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0	0
Data Processing Fee - Register	2,642	0	0	0	0	0
Data Processing Fee - Sheriff	143	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	750	0	0	0	0	0
Total Charges for Current Services	\$ 7,572	\$ 0	\$ 49,725	\$ 226,794	\$ 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</u>					
<u>Recurring Items</u>					
Investment Income	\$ 36,619	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	1,965	0	0	0	0
Sale of Recycled Materials	0	0	8,517	0	0
Miscellaneous Refunds	9,669	0	37	64	0
<u>Nonrecurring Items</u>					
Contributions and Gifts	0	0	0	0	0
<u>Other Local Revenues</u>					
Other Local Revenues	1,148	0	0	0	0
Total Other Local Revenues	\$ 49,401	\$ 0	\$ 8,554	\$ 64	\$ 0
<u>Fees Received from County Officials</u>					
<u>Fees in-Lieu-of Salary</u>					
County Clerk	\$ 48,877	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	12,896	0	0	0	0
General Sessions Court Clerk	73,472	0	0	0	0
Clerk and Master	14,517	0	0	0	0
Register	28,713	0	0	0	0
Sheriff	2,853	0	0	0	0
Trustee	89,000	0	0	0	0
Total Fees Received from County Officials	\$ 270,328	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0
Solid Waste Grants	0	0	584	0	0
On-Behalf Contributions for OPEB	637	0	0	0	0
Other General Government Grants	9,839	0	0	0	0
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	1,800	0	0	0	0

(Continued)

Exhibit I-6

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

	General	Special Revenue Funds					Local Purpose Tax
		Courthouse and Jail Maintenance	Solid Waste / Sanitation	Ambulance Service			
<u>State of Tennessee (Cont.)</u>							
<u>Health and Welfare Grants</u>							
Health Department Programs	\$ 2,474	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Public Works Grants							
Litter Program	36,765	0	0	0	0	0	0
<u>Other State Revenues</u>							
Income Tax	6,995	0	0	0	0	0	0
Beer Tax	18,421	0	0	0	0	0	0
Alcoholic Beverage Tax	19,597	0	0	0	0	0	0
State Revenue Sharing - T. V.A.	140,225	0	0	0	0	0	0
Contracted Prisoner Boarding	87,745	0	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0	0	0
Registrar's Salary Supplement	15,164	0	0	0	0	0	0
Other State Revenues	12,446	0	0	0	0	0	0
Total State of Tennessee	\$ 361,108	\$ 0	\$ 584	\$ 0	\$ 0	\$ 0	0
<u>Federal Government</u>							
Federal Through State							
Law Enforcement Grants	\$ 5,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Other Federal through State	75,429	0	0	0	0	0	0
<u>Direct Federal Revenue</u>							
Other Direct Federal Revenue	8,932	0	0	0	0	0	0
Total Federal Government	\$ 89,361	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Other Governments and Citizens Groups</u>							
Other Governments							
Contributions	\$ 1,700	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Total Other Governments and Citizens Groups	\$ 1,700	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Total	\$ 2,340,114	\$ 45,732	\$ 123,480	\$ 361,859	\$ 142,995	\$ 0	0

(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	\$ 11,574	\$ 1,394,748	
Trustee's Collections - Prior Year	0	0	0	1,423	141,953	
Circuit/Clerk & Master Collections - Prior Years	0	0	0	1,144	31,367	
Interest and Penalty	0	0	0	376	37,423	
Pick-up Taxes	0	0	0	13	1,599	
Payments in-Lieu-of Taxes - T.V.A.	0	0	0	675	5,040	
Payments in-Lieu-of Taxes - Local Utilities	0	0	0	662	79,758	
Payments in-Lieu-of Taxes - Other	0	0	0	0	60,494	
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	0	0	67,316	
Hotel/Motel Tax	0	0	0	59,809	59,809	
Litigation Tax - General	0	0	0	0	6,627	
Litigation Tax - Special Purpose	0	0	0	0	33,568	
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	12,164	
Business Tax	0	0	0	0	19,570	
<u>Statutory Local Taxes</u>						
Wholesale Beer Tax	0	0	0	0	30,781	
Beer Privilege Tax	0	0	0	0	883	
Interstate Telecommunications Tax	0	0	0	0	235	
Total Local Taxes	\$ 0	\$ 0	\$ 0	\$ 75,676	\$ 1,983,335	
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,792	
<u>Permits</u>						
Beer Permits	0	0	0	0	1,188	
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,980	

(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</u>						
<u>Circuit Court</u>						
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,696	
Officers Costs	0	0	0	0	1,541	
Drug Control Fines	3,084	0	0	0	3,084	
Data Entry Fee - Circuit Court	0	0	0	0	82	
<u>General Sessions Court</u>						
Fines	0	0	0	0	7,236	
Officers Costs	0	0	0	0	12,998	
Drug Control Fines	3,474	0	0	0	4,937	
Data Entry Fee - General Sessions Court	0	0	0	0	2,477	
<u>Chancery Court</u>						
Officers Costs	0	0	0	0	21	
Data Entry Fee - Chancery Court	0	0	0	0	376	
<u>Judicial District Drug Program</u>						
Data Entry Fee - Other Courts	0	0	0	0	460	
Total Fines, Forfeitures, and Penalties	\$ 6,558	\$ 0	\$ 0	\$ 0	\$ 37,908	
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Convenience Waste Centers Collection Charge	\$ 0	\$ 0	\$ 0	\$ 0	\$ 49,725	
Patient Charges	0	0	0	0	236,794	
<u>Fees</u>						
Copy Fees	0	0	0	0	17	
Library Fees	0	0	0	0	1,578	
Telephone Commissions	0	0	0	0	2,442	
Constitutional Officers' Fees and Commissions	0	239	0	0	239	
Data Processing Fee - Register	0	0	0	0	2,642	
Data Processing Fee - Sheriff	0	0	0	0	143	
Sexual Offender Registration Fees - Sheriff	0	0	0	0	750	
Total Charges for Current Services	\$ 0	\$ 239	\$ 0	\$ 0	\$ 284,330	

(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</u>						
<u>Recurring Items</u>						
Investment Income	0 \$	0 \$	0 \$	0 \$	0 \$	36,619
Lease/Rentals	0	0	0	0	0	1,965
Sale of Recycled Materials	0	0	0	0	0	8,517
Miscellaneous Refunds	0	0	0	0	0	9,770
<u>Nonrecurring Items</u>						
Contributions and Gifts	6,000	0	0	0	0	6,000
<u>Other Local Revenues</u>						
Other Local Revenues	0	0	0	0	0	1,148
Total Other Local Revenues	6,000 \$	0 \$	0 \$	0 \$	0 \$	64,019
<u>Fees Received from County Officials</u>						
<u>Fees in-Lieu-of Salary</u>						
County Clerk	0 \$	0 \$	0 \$	0 \$	0 \$	48,877
Circuit Court Clerk	0	0	0	0	0	12,896
General Sessions Court Clerk	0	0	0	0	0	73,472
Clerk and Master	0	0	0	0	0	14,517
Register	0	0	0	0	0	28,713
Sheriff	0	0	0	0	0	2,853
Trustee	0	0	0	0	0	89,000
Total Fees Received from County Officials	0 \$	0 \$	0 \$	0 \$	0 \$	270,328
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	0 \$	0 \$	0 \$	0 \$	0 \$	9,000
Solid Waste Grants	0	0	0	0	0	584
On-Behalf Contributions for OPEB	0	0	0	0	0	637
Other General Government Grants	0	0	0	0	0	9,839
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	0	0	0	0	0	1,800

(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>State of Tennessee (Cont.)</u>						
<u>Health and Welfare Grants</u>						
Health Department Programs	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,474	
<u>Public Works Grants</u>						
Litter Program	0	0	0	0	36,765	
<u>Other State Revenues</u>						
Income Tax	0	0	0	0	6,995	
Beer Tax	0	0	0	0	18,421	
Alcoholic Beverage Tax	0	0	0	0	19,597	
State Revenue Sharing - T.V.A.	0	0	0	20,032	160,257	
Contracted Prisoner Boarding	0	0	0	0	87,745	
Gasoline and Motor Fuel Tax	0	0	1,314,810	0	1,314,810	
Petroleum Special Tax	0	0	4,003	0	4,003	
Registrar's Salary Supplement	0	0	0	0	15,164	
Other State Revenues	0	0	0	0	12,446	
Total State of Tennessee	\$ 0	\$ 0	\$ 1,318,813	\$ 20,032	\$ 1,700,537	
<u>Federal Government</u>						
<u>Federal Through State</u>						
Law Enforcement Grants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,000	
Other Federal through State	0	0	0	0	75,429	
<u>Direct Federal Revenue</u>						
Other Direct Federal Revenue	0	0	0	0	8,932	
Total Federal Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 89,361	
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,700	
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,700	
Total	\$ 12,558	\$ 239	\$ 1,318,813	\$ 95,708	\$ 4,441,498	

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, 2012

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 538,685	\$ 0	\$ 0	\$ 0	538,685
Trustee's Collections - Prior Year	62,145	0	0	0	62,145
Circuit/Clerk & Master Collections - Prior Years	12,210	0	0	0	12,210
Interest and Penalty	16,110	0	0	0	16,110
Pick-up Taxes	617	0	0	0	617
Payments in-Lieu-of Taxes - T.V.A.	5,404	0	0	0	5,404
Payments in-Lieu-of Taxes - Local Utilities	30,804	0	0	0	30,804
<u>County Local Option Taxes</u>					
Local Option Sales Tax	353,040	0	0	0	353,040
Hotel/Motel Tax	101,837	0	0	0	101,837
<u>Statutory Local Taxes</u>					
Interstate Telecommunications Tax	330	0	0	0	330
Total Local Taxes	\$ 1,121,182	\$ 0	\$ 0	\$ 0	\$ 1,121,182
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 214	\$ 0	\$ 0	\$ 0	214
Total Licenses and Permits	\$ 214	\$ 0	\$ 0	\$ 0	\$ 214
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Lunch Payments - Children	\$ 0	\$ 0	\$ 61,793	\$ 0	61,793
Lunch Payments - Adults	0	0	15,190	0	15,190
Income from Breakfast	0	0	19,637	0	19,637
A la carte Sales	0	0	68,710	0	68,710
Receipts from Individual Schools	14,636	0	0	0	14,636
Total Charges for Current Services	\$ 14,636	\$ 0	\$ 165,330	\$ 0	\$ 179,966
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 640	\$ 0	640
Sale of Materials and Supplies	699	0	0	0	699
Refund of Telecommunication and Internet Fees (E-Rate)	11,485	0	0	0	11,485
Miscellaneous Refunds	5,977	0	24	0	6,001
<u>Nonrecurring Items</u>					
Sale of Equipment	495	0	0	0	495
Damages Recovered from Individuals	177	0	0	0	177
Total Other Local Revenues	\$ 18,833	\$ 0	\$ 664	\$ 0	\$ 19,497
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-Behalf Contributions for OPEB	\$ 28,360	\$ 0	\$ 0	\$ 0	28,360
<u>State Education Funds</u>					
Basic Education Program	4,416,000	0	0	0	4,416,000
Early Childhood Education	195,102	0	0	0	195,102
School Food Service	0	0	4,185	0	4,185
Other State Education Funds	136,226	0	0	0	136,226
Career Ladder Program	32,547	0	0	0	32,547

(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	Education Capital Projects	Total
<u>State of Tennessee (Cont.)</u>					
<u>State Education Funds (Cont.)</u>					
Career Ladder - Extended Contract	\$ 17,600	\$ 0	\$ 0	\$ 0	\$ 17,600
<u>Other State Revenues</u>					
State Revenue Sharing - T.V.A.	173,612	0	0	0	173,612
Other State Revenues	130,000	0	0	0	130,000
Total State of Tennessee	\$ 5,129,447	\$ 0	\$ 4,185	\$ 0	\$ 5,133,632
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 226,568	\$ 0	\$ 226,568
USDA - Commodities	0	0	19,907	0	19,907
Breakfast	0	0	114,445	0	114,445
USDA - Other	0	0	5,947	0	5,947
USDA Food Service Equipment Grant - ARRA	0	0	13,240	0	13,240
Adult Education State Grant Program	15,801	0	0	0	15,801
Vocational Education - Basic Grants to States	0	15,344	0	0	15,344
Title I Grants to Local Education Agencies	0	258,172	0	0	258,172
Special Education - Grants to States	0	127,145	0	0	127,145
Special Education Preschool Grants	42,738	5,491	0	0	48,229
Rural Education	0	17,299	0	0	17,299
Eisenhower Professional Development State Grants	0	42,553	0	0	42,553
Race-to-the-Top - ARRA	0	122,961	0	0	122,961
Other Federal through State	0	146,654	0	0	146,654
Total Federal Government	\$ 58,539	\$ 735,619	\$ 380,107	\$ 0	\$ 1,174,265
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 1,833,060	\$ 0	\$ 0	\$ 1,420,860	\$ 3,253,920
Total Other Governments and Citizens Groups	\$ 1,833,060	\$ 0	\$ 0	\$ 1,420,860	\$ 3,253,920
Total	\$ 8,175,911	\$ 735,619	\$ 550,286	\$ 1,420,860	\$ 10,882,676

Exhibit I-8

Van Buren County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2012

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	10,450	
Audit Services		1,664	
Consultants		1,341	
Contracts with Government Agencies		3,250	
Refunds		420	
Total County Commission			\$ 17,125

Board of Equalization

Board and Committee Members Fees	\$	950	
Total Board of Equalization			950

Beer Board

Board and Committee Members Fees	\$	734	
Total Beer Board			734

County Mayor/Executive

County Official/Administrative Officer	\$	60,350	
Accountants/Bookkeepers		29,756	
Part-time Personnel		10,111	
Social Security		6,329	
State Retirement		7,873	
Unemployment Compensation		354	
Employer Medicare		1,480	
Communication		4,805	
Data Processing Services		4,737	
Dues and Memberships		2,744	
Legal Notices, Recording, and Court Costs		447	
Printing, Stationery, and Forms		915	
Travel		2,194	
Office Supplies		1,984	
Premiums on Corporate Surety Bonds		100	
Other Charges		462	
Data Processing Equipment		2,742	
Total County Mayor/Executive			137,383

County Attorney

County Official/Administrative Officer	\$	7,150	
Total County Attorney			7,150

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Election Commission

County Official/Administrative Officer	\$	47,026	
Election Commission		4,700	
Election Workers		4,380	
Social Security		2,972	
State Retirement		4,103	
Unemployment Compensation		198	
Employer Medicare		695	
Communication		916	
Data Processing Services		9,720	
Dues and Memberships		150	
Legal Notices, Recording, and Court Costs		4,702	
Maintenance and Repair Services - Equipment		48	
Printing, Stationery, and Forms		1,543	
Travel		1,832	
Other Contracted Services		2,635	
Office Supplies		497	
Other Charges		853	
Total Election Commission			\$ 86,970

Register of Deeds

County Official/Administrative Officer	\$	52,251	
Social Security		3,302	
State Retirement		4,559	
Employer Medicare		772	
Communication		677	
Data Processing Services		2,600	
Dues and Memberships		300	
Printing, Stationery, and Forms		329	
Office Supplies		2,501	
Premiums on Corporate Surety Bonds		100	
Total Register of Deeds			67,391

Planning

Board and Committee Members Fees	\$	1,250	
Contracts with Government Agencies		5,175	
Total Planning			6,425

County Buildings

Custodial Personnel	\$	15,077	
Social Security		917	

(Continued)

Exhibit I-8

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Unemployment Compensation	\$	195	
Employer Medicare		214	
Communication		943	
Maintenance and Repair Services - Buildings		15,641	
Travel		601	
Custodial Supplies		1,949	
Electricity		25,824	
Natural Gas		8,721	
Water and Sewer		6,758	
Total County Buildings			\$ 76,840

Other General Administration

On-Behalf Payments to OPEB	\$	637	
Total Other General Administration			637

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	52,251	
Part-time Personnel		10,988	
Social Security		3,983	
State Retirement		4,559	
Unemployment Compensation		187	
Employer Medicare		932	
Audit Services		700	
Communication		876	
Data Processing Services		1,308	
Dues and Memberships		950	
Legal Notices, Recording, and Court Costs		35	
Travel		938	
Office Supplies		706	
Total Property Assessor's Office			78,413

County Trustee's Office

County Official/Administrative Officer	\$	52,251
Deputy(ies)		10,942
Social Security		3,980
State Retirement		4,559
Unemployment Compensation		218
Employer Medicare		931
Communication		1,650

(Continued)

Exhibit I-8

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Data Processing Services	\$	10,690	
Dues and Memberships		365	
Legal Notices, Recording, and Court Costs		177	
Printing, Stationery, and Forms		1,192	
Office Supplies		1,293	
Premiums on Corporate Surety Bonds		1,810	
Total County Trustee's Office			\$ 90,058

County Clerk's Office

County Official/Administrative Officer	\$	52,251	
Deputy(ies)		19,040	
Social Security		4,482	
State Retirement		6,189	
Unemployment Compensation		198	
Employer Medicare		1,048	
Communication		1,503	
Data Processing Services		2,000	
Dues and Memberships		360	
Printing, Stationery, and Forms		92	
Office Supplies		698	
Premiums on Corporate Surety Bonds		125	
Total County Clerk's Office			87,986

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	52,251	
Secretary(ies)		20,064	
Jury and Witness Expense		9,977	
Social Security		4,546	
State Retirement		6,276	
Unemployment Compensation		198	
Employer Medicare		1,063	
Communication		2,269	
Data Processing Services		2,315	
Dues and Memberships		285	
Printing, Stationery, and Forms		2,009	
Office Supplies		1,827	
Premiums on Corporate Surety Bonds		125	
Total Circuit Court			103,205

(Continued)

Exhibit I-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court

Judge(s)	\$	30,399	
Other Fringe Benefits		4,159	
Communication		572	
Total General Sessions Court			\$ 35,130

Chancery Court

County Official/Administrative Officer	\$	52,251	
Social Security		3,302	
State Retirement		4,559	
Employer Medicare		772	
Communication		1,078	
Data Processing Services		2,177	
Dues and Memberships		285	
Legal Notices, Recording, and Court Costs		2,990	
Printing, Stationery, and Forms		1,079	
Office Supplies		321	
Premiums on Corporate Surety Bonds		300	
Total Chancery Court			69,114

Juvenile Court

Contracts with Government Agencies	\$	10,000	
Other Charges		450	
Total Juvenile Court			10,450

Judicial Commissioners

County Official/Administrative Officer	\$	4,665	
Premiums on Corporate Surety Bonds		371	
Total Judicial Commissioners			5,036

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	57,477	
Deputy(ies)		232,530	
Accountants/Bookkeepers		23,421	
Salary Supplements		1,800	
Overtime Pay		17,857	
In-Service Training		3,282	
Social Security		20,453	
State Retirement		28,377	
Unemployment Compensation		2,849	

(Continued)

Exhibit I-8

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Employer Medicare	\$	4,810	
Communication		9,559	
Dues and Memberships		1,075	
Maintenance and Repair Services - Vehicles		22,549	
Printing, Stationery, and Forms		982	
Travel		996	
Gasoline		41,046	
Office Supplies		3,998	
Uniforms		5,221	
Premiums on Corporate Surety Bonds		613	
Other Charges		2,041	
Communication Equipment		739	
Total Sheriff's Department			\$ 481,675

Jail

Guards	\$	185,899	
Overtime Pay		8,417	
Social Security		12,019	
State Retirement		14,504	
Unemployment Compensation		2,902	
Employer Medicare		2,811	
Maintenance and Repair Services - Buildings		12,275	
Medical and Dental Services		45,684	
Custodial Supplies		6,620	
Electricity		8,604	
Food Supplies		34,549	
Natural Gas		2,145	
Water and Sewer		5,772	
Other Charges		4,000	
Total Jail			346,201

Fire Prevention and Control

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

Rescue Squad

Contributions	\$	4,000	
Total Rescue Squad			4,000

(Continued)

Exhibit I-8

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

General Fund (Cont.)

Public Safety (Cont.)

Other Emergency Management

Contributions	\$ 2,000	
Total Other Emergency Management		\$ 2,000

County Coroner/Medical Examiner

Premiums on Corporate Surety Bonds	\$ 100	
Other Charges	4,550	
Total County Coroner/Medical Examiner		4,650

Other Public Safety

Communication	\$ 9,105	
Contributions	51,700	
Total Other Public Safety		60,805

Public Health and Welfare

Local Health Center

Clerical Personnel	\$ 1,793	
Social Security	111	
Unemployment Compensation	39	
Employer Medicare	26	
Communication	1,689	
Travel	796	
Custodial Supplies	715	
Drugs and Medical Supplies	222	
Electricity	5,722	
Natural Gas	1,091	
Office Supplies	172	
Water and Sewer	372	
Other Charges	264	
Total Local Health Center		13,012

Appropriation to State

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

Social, Cultural, and Recreational Services

Adult Activities

Supervisor/Director	\$ 11,832	
Social Security	734	
Unemployment Compensation	198	
Employer Medicare	172	

(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.)

Adult Activities (Cont.)

Communication	\$	778	
Custodial Supplies		107	
Electricity		1,583	
Natural Gas		1,224	
Water and Sewer		355	
Total Adult Activities			\$ 16,983

Senior Citizens Assistance

Communication	\$	663	
Contributions		13,298	
Medical and Dental Services		1,150	
Office Supplies		507	
Total Senior Citizens Assistance			15,618

Libraries

County Official/Administrative Officer	\$	19,968	
Part-time Personnel		224	
Social Security		1,238	
Unemployment Compensation		396	
Employer Medicare		290	
Communication		1,931	
Data Processing Services		2,205	
Postal Charges		30	
Library Books/Media		687	
Office Supplies		1,148	
Total Libraries			28,117

Parks and Fair Boards

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

Other Social, Cultural, and Recreational

Contributions	\$	6,060	
Total Other Social, Cultural, and Recreational			6,060

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$	13,974	
Secretary(ies)		7,493	
Social Security		1,331	

(Continued)

Exhibit I-8

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Agriculture Extension Service (Cont.)

State Retirement	\$	3,016	
Employer Medicare		311	
Communication		2,310	
Other Charges		2,500	
Other Equipment		1,500	
Total Agriculture Extension Service			\$ 32,435

Soil Conservation

Supervisor/Director	\$	32,361	
Social Security		2,006	
Unemployment Compensation		299	
Employer Medicare		469	
Communication		873	
Total Soil Conservation			36,008

Other Operations

Industrial Development

Contributions	\$	595	
Other Charges		9,507	
Total Industrial Development			10,102

Housing and Urban Development

Other Contracted Services	\$	66,507	
Total Housing and Urban Development			66,507

Other Charges

Liability Insurance	\$	58,200	
Trustee's Commission		32,855	
Workers' Compensation Insurance		54,842	
Total Other Charges			145,897

Miscellaneous

Postal Charges	\$	13,222	
Duplicating Supplies		10,986	
Other Charges		554	
Total Miscellaneous			24,762

Highways

Litter and Trash Collection

Laborers	\$	14,602	
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(Continued)

Exhibit I-8

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

General Fund (Cont.)

Highways (Cont.)

Litter and Trash Collection (Cont.)

Social Security	\$	1,091	
State Retirement		1,279	
Unemployment Compensation		304	
Employer Medicare		255	
Accounting Services		2,996	
Other Supplies and Materials		5,765	
Other Charges		5,912	
Total Litter and Trash Collection			\$ 32,204

Total General Fund \$ 2,235,233

Courthouse and Jail Maintenance Fund

General Government

County Buildings

Maintenance Personnel	\$	26,012	
Social Security		1,631	
State Retirement		2,227	
Unemployment Compensation		204	
Employer Medicare		381	
Gasoline		953	
Building Improvements		8,027	
Total County Buildings			\$ 39,435

Public Safety

Jail

Maintenance and Repair Services - Buildings	\$	6,425	
Total Jail			6,425

Other Operations

Other Charges

Trustee's Commission	\$	489	
Total Other Charges			489

Total Courthouse and Jail Maintenance Fund 46,349

Solid Waste/Sanitation Fund

Public Health and Welfare

Waste Pickup

Truck Drivers	\$	5,204	
Social Security		323	

(Continued)

Exhibit I-8

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Waste Pickup (Cont.)

State Retirement	\$	298	
Unemployment Compensation		106	
Employer Medicare		76	
Maintenance and Repair Services - Equipment		4,512	
Diesel Fuel		4,587	
Total Waste Pickup			\$ 15,106

Convenience Centers

Laborers	\$	49,653	
Social Security		3,078	
Unemployment Compensation		997	
Employer Medicare		720	
Communication		533	
Other Contracted Services		17,010	
Electricity		5,757	
Water and Sewer		881	
Other Supplies and Materials		962	
Trustee's Commission		1,872	
Other Charges		3,427	
Total Convenience Centers			84,890

Landfill Operation and Maintenance

Other Charges	\$	7,363	
Total Landfill Operation and Maintenance			7,363

Total Solid Waste/Sanitation Fund \$ 107,359

Ambulance Service Fund

Public Health and Welfare

Ambulance/Emergency Medical Services

Medical Personnel	\$	250,475	
Part-time Personnel		5,425	
Overtime Pay		75,544	
In-Service Training		3,643	
Social Security		20,550	
State Retirement		25,388	
Unemployment Compensation		2,713	
Employer Medicare		4,806	
Communication		3,768	
Data Processing Services		2,825	

(Continued)

Exhibit I-8

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

Ambulance Service Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Dues and Memberships	\$	665	
Licenses		1,500	
Maintenance and Repair Services - Buildings		1,481	
Maintenance and Repair Services - Equipment		475	
Maintenance and Repair Services - Vehicles		7,208	
Printing, Stationery, and Forms		1,173	
Custodial Supplies		844	
Diesel Fuel		25,605	
Drugs and Medical Supplies		17,997	
Electricity		4,064	
Natural Gas		686	
Office Supplies		596	
Uniforms		1,189	
Water and Sewer		687	
Other Supplies and Materials		2,522	
Trustee's Commission		4,516	
Vehicle and Equipment Insurance		958	
Other Charges		464	
Motor Vehicles		78,130	
Total Ambulance/Emergency Medical Services			\$ 545,897

Total Ambulance Service Fund \$ 545,897

Local Purpose Tax Fund

Public Safety

Fire Prevention and Control

Contributions	\$	105,000	
Building and Contents Insurance		25,708	
Total Fire Prevention and Control			\$ 130,708

Other Operations

Other Charges

Trustee's Commission	\$	2,837	
Total Other Charges			2,837

Total Local Purpose Tax Fund 133,545

(Continued)

Exhibit I-8

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

Drug Control Fund

Public Safety

Drug Enforcement

Confidential Drug Enforcement Payments	\$	7,370	
Other Supplies and Materials		3,222	
Law Enforcement Equipment		1,135	
Total Drug Enforcement			\$ 11,727

Other Operations

Other Charges

Trustee's Commission	\$	49	
Total Other Charges			49

Total Drug Control Fund \$ 11,776

Constitutional Officers - Fees Fund

General Government

Other General Administration

Constitutional Officers' Operating Expenses	\$	239	
Total Other General Administration			\$ 239

Total Constitutional Officers - Fees Fund 239

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	57,477	
Assistant(s)		36,656	
Accountants/Bookkeepers		65,509	
Overtime Pay		4,295	
Social Security		10,164	
Employer Medicare		2,377	
Other Fringe Benefits		289	
Communication		3,835	
Dues and Memberships		2,118	
Maintenance and Repair Services - Office Equipment		4,186	
Postal Charges		308	
Printing, Stationery, and Forms		249	
Travel		160	
Drugs and Medical Supplies		47	
Electricity		1,186	
Office Supplies		722	
Other Charges		124	
Total Administration			\$ 189,702

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance

Foremen	\$	36,477	
Equipment Operators		86,334	
Truck Drivers		70,264	
Laborers		181,043	
Overtime Pay		4,562	
Social Security		23,478	
Employer Medicare		5,491	
Other Fringe Benefits		1,035	
Other Contracted Services		167,327	
Asphalt - Cold Mix		4,256	
Crushed Stone		31,954	
Ice		167	
Lubricants		767	
Pipe - Metal		7,016	
Road Signs		5,691	
Salt		38,496	
Small Tools		123	
Other Supplies and Materials		1,636	
Total Highway and Bridge Maintenance			\$ 666,117

Operation and Maintenance of Equipment

Mechanic(s)	\$	45,277
Laborers		36,520
Nightwatchmen		41,891
Overtime Pay		5,218
Social Security		7,992
Unemployment Compensation		16
Employer Medicare		1,869
Other Fringe Benefits		334
Laundry Service		936
Maintenance and Repair Services - Equipment		1,706
Other Contracted Services		1,660
Diesel Fuel		42,272
Equipment and Machinery Parts		27,943
Garage Supplies		1,948
Gasoline		18,152
Lubricants		4,728
Propane Gas		795
Small Tools		987
Tires and Tubes		11,190

(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.)

Water and Sewer	\$	477	
Other Supplies and Materials		1,237	
Total Operation and Maintenance of Equipment			\$ 253,148

Quarry Operations

Communication	\$	1,428	
Operating Lease Payments		4,800	
Electricity		3,610	
Other Charges		188	
Total Quarry Operations			10,026

Other Charges

Contributions	\$	2,859	
Liability Insurance		38,826	
Premiums on Corporate Surety Bonds		350	
Trustee's Commission		13,252	
Workers' Compensation Insurance		78,418	
Total Other Charges			133,705

Employee Benefits

State Retirement	\$	53,700	
Employee and Dependent Insurance		16,389	
Unemployment Compensation		2,221	
Total Employee Benefits			72,310

Capital Outlay

Communication Equipment	\$	12,280	
Furniture and Fixtures		60	
Highway Equipment		51,518	
Office Equipment		1,383	
Total Capital Outlay			<u>65,241</u>

Total Highway/Public Works Fund \$ 1,390,249

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	16,665	
Principal on Capital Leases		23,275	
Total General Government			\$ 39,940

(Continued)

Exhibit I-8

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

<u>General Debt Service Fund (Cont.)</u>		
<u>Interest on Debt</u>		
<u>General Government</u>		
Interest on Bonds	\$ 3,208	
Interest on Capital Leases	<u>2,183</u>	
Total General Government		\$ 5,391
<u>Other Debt Service</u>		
<u>General Government</u>		
Trustee's Commission	\$ <u>1,098</u>	
Total General Government		<u>1,098</u>
Total General Debt Service Fund		\$ 46,429
<u>Education Capital Projects Fund</u>		
<u>Capital Projects - Donated</u>		
<u>Capital Projects Donated to School Department</u>		
Contributions	\$ <u>3,253,920</u>	
Total Capital Projects Donated to School Department		\$ <u>3,253,920</u>
Total Education Capital Projects Fund		<u>3,253,920</u>
Total Governmental Funds - Primary Government		<u><u>\$ 7,770,996</u></u>

Exhibit I-9

Van Buren County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Van Buren County School Department
For the Year Ended June 30, 2012

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	1,730,989	
Career Ladder Program		14,000	
Career Ladder Extended Contracts		8,910	
Homebound Teachers		3,080	
Educational Assistants		71,019	
Certified Substitute Teachers		27,750	
Non-certified Substitute Teachers		43,462	
Social Security		109,891	
State Retirement		164,989	
Medical Insurance		89,456	
Unemployment Compensation		3,082	
Employer Medicare		25,579	
Contracts with Other School Systems		12,500	
Instructional Supplies and Materials		16,248	
Textbooks		48,793	
Other Supplies and Materials		175	
Other Charges		1,130	
Regular Instruction Equipment		73,432	
Total Regular Instruction Program			\$ 2,444,485

Special Education Program

Teachers	\$	175,417	
Career Ladder Program		3,000	
Homebound Teachers		1,040	
Speech Pathologist		44,086	
Social Security		11,858	
State Retirement		20,032	
Medical Insurance		24,186	
Unemployment Compensation		334	
Employer Medicare		2,769	
Contracts with Private Agencies		3,696	
Maintenance and Repair Services - Equipment		146	
Instructional Supplies and Materials		28	
Other Charges		530	
Special Education Equipment		1,657	
Total Special Education Program			288,779

Vocational Education Program

Teachers	\$	110,539	
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(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.)

Career Ladder Program	\$	1,000	
Social Security		6,820	
State Retirement		10,196	
Unemployment Compensation		159	
Employer Medicare		1,593	
Instructional Supplies and Materials		971	
Other Supplies and Materials		1,362	
Total Vocational Education Program			\$ 132,640

Adult Education Program

Teachers	\$	16,538	
Social Security		760	
State Retirement		2,330	
Medical Insurance		3,681	
Unemployment Compensation		78	
Employer Medicare		178	
Instructional Supplies and Materials		274	
Other Charges		131	
Total Adult Education Program			23,970

Support Services

Attendance

Supervisor/Director	\$	55,314	
Career Ladder Program		1,000	
Social Security		3,434	
State Retirement		5,096	
Unemployment Compensation		55	
Employer Medicare		803	
Other Supplies and Materials		48	
Attendance Equipment		321	
Total Attendance			66,071

Health Services

Supervisor/Director	\$	39,264
Medical Personnel		37,773
Other Salaries and Wages		24,877
Social Security		5,917
State Retirement		8,703
Medical Insurance		4,938

(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.)

Unemployment Compensation	\$	158	
Employer Medicare		1,384	
Communication		148	
Drugs and Medical Supplies		1,352	
Other Supplies and Materials		9,951	
In Service/Staff Development		2,005	
Other Charges		725	
Administration Equipment		3,611	
Total Health Services			\$ 140,806

Other Student Support

Career Ladder Program	\$	2,000	
Guidance Personnel		143,584	
Social Security		7,974	
State Retirement		13,265	
Medical Insurance		11,629	
Unemployment Compensation		217	
Employer Medicare		1,864	
Contracts with Government Agencies		30,000	
Evaluation and Testing		3,017	
Travel		444	
Other Contracted Services		150	
Total Other Student Support			214,144

Regular Instruction Program

Supervisor/Director	\$	61,343	
Career Ladder Program		4,000	
Career Ladder Extended Contracts		4,000	
Librarians		59,159	
Instructional Computer Personnel		44,531	
Other Salaries and Wages		24,173	
Social Security		10,293	
State Retirement		15,441	
Medical Insurance		5,613	
Unemployment Compensation		268	
Employer Medicare		2,749	
Travel		801	
Library Books/Media		8,989	
Other Supplies and Materials		761	

(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.)

Regular Instruction Program (Cont.)

In Service/Staff Development	\$	2,176	
Other Charges		125	
Other Equipment		4,223	
Total Regular Instruction Program			\$ 248,645

Special Education Program

Supervisor/Director	\$	55,514	
Psychological Personnel		6,137	
Social Security		3,230	
State Retirement		5,024	
Medical Insurance		2,667	
Unemployment Compensation		110	
Employer Medicare		1,204	
Travel		2,780	
Total Special Education Program			76,666

Vocational Education Program

Supervisor/Director	\$	4,000	
Social Security		250	
State Retirement		260	
Employer Medicare		60	
Travel		184	
Total Vocational Education Program			4,754

Adult Programs

Communication	\$	1,537	
In Service/Staff Development		862	
Other Charges		112	
Total Adult Programs			2,511

Other Programs

On-Behalf Payments to OPEB	\$	28,360	
Total Other Programs			28,360

Board of Education

Board and Committee Members Fees	\$	3,300	
Social Security		205	
Medical Insurance		31,937	
Employer Medicare		48	

(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.)

Board of Education (Cont.)

Audit Services	\$	3,350	
Dues and Memberships		2,046	
Travel		1,382	
Other Contracted Services		5,244	
Other Supplies and Materials		50	
Trustee's Commission		30,919	
Workers' Compensation Insurance		31,608	
Total Board of Education			\$ 110,089

Director of Schools

County Official/Administrative Officer	\$	79,235	
Career Ladder Program		900	
Social Security		4,437	
State Retirement		7,252	
Medical Insurance		6,853	
Unemployment Compensation		61	
Employer Medicare		1,038	
Communication		8,817	
Dues and Memberships		789	
Postal Charges		867	
Travel		859	
Office Supplies		1,315	
Other Charges		204	
Total Director of Schools			112,627

Office of the Principal

Principals	\$	113,132	
Career Ladder Program		2,000	
Career Ladder Extended Contracts		2,000	
Assistant Principals		49,922	
Secretary(ies)		39,128	
Social Security		11,544	
State Retirement		18,468	
Medical Insurance		11,184	
Unemployment Compensation		251	
Employer Medicare		2,700	
Communication		1,347	
Total Office of the Principal			251,676

(Continued)

Exhibit I-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Fiscal Services

Accountants/Bookkeepers	\$	32,955	
Secretary(ies)		30,841	
Other Salaries and Wages		21,736	
Social Security		5,240	
State Retirement		7,321	
Unemployment Compensation		177	
Employer Medicare		1,225	
Data Processing Services		6,726	
Other Contracted Services		1,321	
Data Processing Supplies		1,299	
Office Supplies		1,873	
Administration Equipment		294	
Total Fiscal Services			\$ 111,008

Operation of Plant

Custodial Personnel	\$	146,841	
Social Security		9,052	
State Retirement		11,679	
Unemployment Compensation		603	
Employer Medicare		2,117	
Janitorial Services		688	
Disposal Fees		12,075	
Other Contracted Services		12,674	
Custodial Supplies		14,136	
Electricity		168,868	
Natural Gas		28,949	
Water and Sewer		28,500	
Other Supplies and Materials		1,267	
Building and Contents Insurance		70,924	
Other Charges		525	
Plant Operation Equipment		3,000	
Total Operation of Plant			511,898

Maintenance of Plant

Supervisor/Director	\$	33,484	
Social Security		2,076	
State Retirement		2,866	
Unemployment Compensation		60	
Employer Medicare		486	

(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.)

Maintenance of Plant (Cont.)

Communication	\$	577	
Maintenance and Repair Services - Buildings		15,343	
Maintenance and Repair Services - Equipment		26,155	
Maintenance and Repair Services - Vehicles		123	
Other Contracted Services		10,409	
Other Supplies and Materials		4,015	
Maintenance Equipment		<u>2,656</u>	
Total Maintenance of Plant	\$		98,250

Transportation

Mechanic(s)	\$	30,187	
Bus Drivers		99,792	
Other Salaries and Wages		16,668	
Social Security		8,945	
State Retirement		12,127	
Unemployment Compensation		452	
Employer Medicare		2,092	
Communication		129	
Gasoline		74,908	
Lubricants		3,553	
Tires and Tubes		6,598	
Vehicle Parts		11,592	
Other Supplies and Materials		3,194	
Other Charges		<u>12,843</u>	
Total Transportation			283,080

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	30,171	
Teachers		88,620	
Career Ladder Program		1,000	
Educational Assistants		4,910	
Cafeteria Personnel		2,011	
Other Salaries and Wages		9,840	
Social Security		7,861	
State Retirement		12,262	
Medical Insurance		6,161	
Unemployment Compensation		154	
Employer Medicare		1,838	

(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.)

Community Services (Cont.)

Instructional Supplies and Materials	\$	3,966	
Other Supplies and Materials		6,199	
In Service/Staff Development		25	
Other Equipment		497	
Total Community Services			\$ 175,515

Early Childhood Education

Supervisor/Director	\$	30,171	
Teachers		86,928	
Educational Assistants		33,806	
Social Security		8,449	
State Retirement		13,441	
Medical Insurance		9,945	
Unemployment Compensation		281	
Employer Medicare		1,976	
Communication		654	
Travel		161	
Food Supplies		36	
Instructional Supplies and Materials		74	
Other Supplies and Materials		1,966	
In Service/Staff Development		1,962	
Other Charges		1,414	
Other Equipment		4,187	
Total Early Childhood Education			195,451

Capital Outlay

Regular Capital Outlay

Architects	\$	19,765	
Legal Services		2,500	
Building Construction		3,880	
Building Improvements		11,361	
Furniture and Fixtures		49,731	
Site Development		17,392	
Other Equipment		18,829	
Other Capital Outlay		167	
Total Regular Capital Outlay			123,625

(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.)

Principal on Debt

Education

Principal on Notes	\$ 1,833,060	
Principal on Other Loans	121,000	
Total Education		\$ 1,954,060

Interest on Debt

Education

Interest on Notes	\$ 40,858	
Interest on Other Loans	4,541	
Total Education		45,399

Other Debt Service

Education

Other Debt Issuance Charges	\$ 1,500	
Other Debt Service	4,371	
Total Education		5,871

Total General Purpose School Fund \$ 7,650,380

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 365,750	
Educational Assistants	12,978	
Social Security	23,482	
State Retirement	34,211	
Medical Insurance	2,532	
Unemployment Compensation	367	
Employer Medicare	5,491	
Regular Instruction Equipment	18,289	
Total Regular Instruction Program		\$ 463,100

Special Education Program

Teachers	\$ 1,100
Educational Assistants	106,508
Speech Pathologist	679
Social Security	6,715
State Retirement	9,385
Unemployment Compensation	309
Employer Medicare	1,575

(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.)

Special Education Program (Cont.)

Contracts with Private Agencies	\$	8,281	
Instructional Supplies and Materials		1,903	
Other Supplies and Materials		2,004	
Total Special Education Program			\$ 138,459

Vocational Education Program

Instructional Supplies and Materials	\$	6,721	
Vocational Instruction Equipment		3,014	
Total Vocational Education Program			9,735

Support Services

Other Student Support

Other Salaries and Wages	\$	50,974	
Social Security		3,162	
State Retirement		4,614	
Employer Medicare		740	
Travel		3,693	
Other Contracted Services		650	
Other Charges		1,465	
Total Other Student Support			65,298

Regular Instruction Program

Travel	\$	26	
Other Contracted Services		50,000	
In Service/Staff Development		15,199	
Total Regular Instruction Program			65,225

Special Education Program

Psychological Personnel	\$	25,000	
Postal Charges		100	
Travel		1,616	
Other Supplies and Materials		900	
In Service/Staff Development		3,298	
Total Special Education Program			30,914

Vocational Education Program

Supervisor/Director	\$	657	
Social Security		41	
State Retirement		60	

(Continued)

Exhibit I-9

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Vocational Education Program (Cont.)

Employer Medicare	\$ 10	
Total Vocational Education Program		\$ 768

Total School Federal Projects Fund \$ 773,499

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$ 32,955	
Cafeteria Personnel	134,178	
Social Security	10,228	
State Retirement	13,714	
Unemployment Compensation	1,275	
Employer Medicare	2,392	
Communication	1,119	
Maintenance and Repair Services - Equipment	2,511	
Other Contracted Services	3,726	
Food Preparation Supplies	12,329	
Food Supplies	255,029	
Office Supplies	1,140	
Uniforms	1,248	
USDA - Commodities	19,907	
Other Supplies and Materials	1,221	
In Service/Staff Development	51	
Other Charges	59	
Food Service Equipment	30,616	
Total Food Service		\$ 523,698

Total Central Cafeteria Fund 523,698

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Building Construction	\$ 1,422,922	
Other Capital Outlay	37,929	
Total Education Capital Projects		\$ 1,460,851

Total Education Capital Projects Fund 1,460,851

Total Governmental Funds - Van Buren County School Department \$ 10,408,428

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, 2012

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 109,356
Total Cash Receipts	<u>\$ 109,356</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 108,262
Trustee's Commission	1,094
Total Cash Disbursements	<u>\$ 109,356</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2011	<u>0</u>
 Cash Balance, June 30, 2012	 <u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



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

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

December 6, 2012

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, 2012, which collectively comprise Van Buren County's basic financial statements and have issued our report thereon dated December 6, 2012. Our report on the aggregate discretely presented component units financial statements was qualified due to not including the financial statements of the Van Buren County Emergency Communications District, which were not available from other auditors as of the date of this report and the Industrial Development Board of Van Buren County whose financial statements were not audited. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

The management of Van Buren County is responsible for establishing and maintaining effective 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 deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness: 12.05(A).

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: 12.02(A,B), 12.04, 12.06, 12.08(A), and 12.10.

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 12.01, 12.02(C), 12.03, 12.05(B), 12.07, 12.08(B,C), and 12.09.

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

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



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

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD
HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133

Independent Auditor's Report

December 6, 2012

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 Van Buren County's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. 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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

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 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.

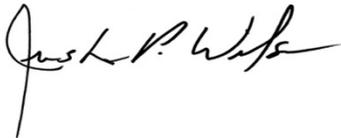
Schedule of Expenditures of Federal Awards

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, 2012, and have issued our report thereon dated December 6, 2012. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Van Buren County Emergency Communications District, which were not available from other auditors as of the date of this report and the Industrial Development Board of Van Buren County whose financial statements were not audited. Our audit was performed for

the purpose of forming our opinions on the financial statements as a whole. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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 extending downwards from the end of the name.

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, 2012

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Program:			
Soil and Water Conservation	10.902	N/A	\$ 8,932
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	19,907 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	114,445
National School Lunch Program	10.555	N/A	233,515 (3)
Child Nutrition Discretionary Grants Limited Availability	10.579	N/A	13,240
Total U.S. Department of Agriculture			<u>\$ 390,039</u>
U.S. Department of Housing and Urban Development:			
Passed-through Tennessee Housing Development Agency:			
Home Investment Partnership Program	14.239	HM-08-48	<u>\$ 66,507</u>
U.S. Department of Transportation:			
Passed-through the Governor's Highway Safety Office:			
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	(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	(2)	\$ 15,801
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	258,170
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	171,381
Special Education - Preschool Grants	84.173	N/A	48,333
Career and Technical Education - Basic Grants to States	84.048	N/A	15,344
Title II, Part D Cluster:			
Education Technology State Grants	84.318	(2)	705
Education Technology State Grants, Recovery Act	84.386	(2)	275
Rural Education	84.358	(2)	19,196
Improving Teacher Quality State Grants	84.367	N/A	44,004
State Fiscal Stabilization (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	126,984
Education Jobs Fund	84.410	N/A	147,868
Total U.S. Department of Education			<u>\$ 848,061</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>\$ 8,922</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,318,529</u></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	(2)	\$ 5,267
ConnectTenn - State Department of Education	N/A	(2)	2,583
Coordinated School Health - State Department of Education	N/A	(2)	90,000
Early Childhood Education - State Department of Education	N/A	(2)	195,102
Family Resource Centers - State Department of Education	N/A	(2)	29,612
Lottery Education Afterschool Programs - State Department of Education	N/A	(2)	130,000
Safe Schools - State Department of Education	N/A	(2)	5,000
Statewide Student Management System - State Department of Education	N/A	(2)	1,944
Litter Program - State Department of Transportation	N/A	(2)	36,815
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	584
Rural Local Health Services - State Department of Health	N/A	(2)	2,474
TN Agriculture Enhancement Program - State Department of Agriculture	N/A	(2)	9,839
Youth Services Program - State Commission on Children and Youth	N/A	(2)	<u>9,000</u>
 Total State Grants			 <u>\$ 518,220</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 \$253,422.

Van Buren County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2012

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, 2011, which have not been corrected.

OFFICE OF COUNTY MAYOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
11.02(A)	155	The office had deficiencies in purchasing procedures – purchase orders were not issued for some purchases

OFFICE OF ROAD SUPERINTENDENT

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
11.04(A)	156	Expenditures exceeded appropriations

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
11.05	157	Multiple employees operated from the same cash drawer

OFFICE OF SHERIFF

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
11.07(C)	159	Some funds were not deposited within three days of collection

VAN BUREN COUNTY

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
11.09	160	The Industrial Development Board of Van Buren County was not audited

OFFICES OF COUNTY MAYOR, ROAD SUPERINTENDENT, TRUSTEE, COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, REGISTER, AND SHERIFF

Finding Number	Page Number	Subject
11.10	161	Duties were not segregated adequately

VAN BUREN COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2012

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the aggregate discretely presented component units is qualified. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unqualified.
2. The audit of the financial statements of Van Buren County disclosed significant deficiencies in internal control. One of these deficiencies was considered to be a material weakness.
3. The audit disclosed no 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: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555), Title I Grants to Local Educational Agencies (CFDA No. 84.010), and the Special Education Cluster: Special Education – Grants to States and Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. 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; however, management did not provide responses for inclusion in this report.

OFFICE OF COUNTY MAYOR

FINDING 12.01 **THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS** (Noncompliance Under *Government Auditing Standards*)

Our audit revealed the following deficiencies in budget operations:

- A. The budget and subsequent amendments approved by the County Commission for the General Fund resulted in appropriations exceeding estimated available funds by \$2,134. Sound budgetary principles dictate that appropriations be held within estimated available funding. This budget deficiency was a result of the County Commission approving budget amendments in excess of available funding.

- B. Expenditures exceeded total appropriations approved by the County Commission in the Drug Control Fund by \$6,126. Section 5-9-401, *Tennessee Code Annotated*, states that “All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies.” These deficiencies exist because management failed to hold spending within limits authorized by the County Commission, which resulted in unauthorized expenditures.

RECOMMENDATION

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

FINDING 12.02 **THE OFFICE HAD DEFICIENCIES IN PURCHASING PROCEDURES**

(A. and B. – Internal Control – Significant Deficiency Under *Government Auditing Standards*; C. – 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 the finding noted in the prior-year audit report.

- A. Purchase orders were not issued for some required purchases. Purchase orders are necessary to control who has purchasing authority for the office and to document purchasing commitments. The failure to issue purchase orders increases the risks of unauthorized purchases.
- B. 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. Competitive bids were not solicited for the purchase of food for the jail. 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

The office should issue purchase orders for all applicable purchases to improve internal controls over the purchasing process and to document purchasing commitments. The office should maintain documentation that goods have been received or services have been rendered before invoices are paid. Publically advertised competitive bids should be solicited for all purchases exceeding \$2,500 as required by private act.

**FINDING 12.03 **SOME SOLID WASTE FUNDS WERE NOT DEPOSITED
WITHIN THREE DAYS OF COLLECTION**
(Noncompliance Under *Government Auditing Standards*)**

In some instances, solid waste funds were not deposited with the county trustee within three days of collection. Section 5-8-207, *Tennessee Code Annotated*, requires county officials to deposit public funds within three days of receiving the funds. This deficiency is the result of a lack of management oversight. This deficiency in internal controls increases the risk of fraud and abuse.

RECOMMENDATION

Solid waste funds should be deposited with the county trustee within three days of collection as required by state statute.

FINDING 12.04 THE AMBULANCE SERVICE DID NOT IMPLEMENT ADEQUATE CONTROLS TO PROTECT ITS INFORMATION RESOURCES
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

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

RECOMMENDATION

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

OFFICE OF ROAD SUPERINTENDENT

FINDING 12.05 THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS
(A. – Internal Control – Material Weakness Under *Government Auditing Standards*; B. – Noncompliance Under *Government Auditing Standards*)

Our examination of the Highway Department revealed the following deficiencies in budget operations. These deficiencies can be attributed to the failure of management to adequately monitor and review budget procedures, which resulted in unauthorized expenditures.

- A. The Highway/Public Works Fund’s actual beginning fund balance at July 1, 2011, exceeded the estimated beginning fund balance presented to the County Commission by \$211,633. Sound business practices dictate that realistic estimates of beginning fund balance should be presented to the County Commission during the budget process. This deficiency is due to management’s failure to properly estimate the actual ending fund balance for June 30, 2011, which resulted in materially understating the estimated beginning fund balance.

- B. Expenditures exceeded appropriations approved by the County Commission in the Employee Benefits major appropriation category (the legal level of control) in the Highway/Public Works Fund by \$72,310. Section 5-9-401, *Tennessee Code Annotated*, states that “All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the

various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies.” This deficiency is a result of management’s failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

Estimates of the beginning fund balance should be made on a more realistic basis to provide county officials with accurate information to base funding decisions. The estimated beginning fund balance should be amended during the year when it becomes apparent that the original estimate varies from the actual by a material amount. Expenditures should be held within appropriations approved by the County Commission.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

FINDING 12.06 **MULTIPLE EMPLOYEES OPERATED FROM THE SAME CASH DRAWER**
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Multiple employees operated from the same cash drawer. Good internal controls dictate that each employee have their own cash drawer, start the day with a standard fixed amount of cash, and remove all but that beginning amount at the end of the day. This amount should be verified to the employee’s receipts at the end of each day. Failure to adhere to this control regimen greatly increases the risk that a cash shortage may not be detected in a timely manner. Furthermore, in the event of a cash shortage, the official would not be able to determine who was responsible for the shortage because multiple employees were working from one cash drawer. This deficiency has been a management decision resulting in a loss of control over assets and is the result of management’s failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

Management should assign each employee their own cash drawer.

OFFICE OF SHERIFF

FINDING 12.07 **SOME FUNDS WERE NOT DEPOSITED WITHIN THREE DAYS OF COLLECTION**
(Noncompliance Under *Government Auditing Standards*)

The Sheriff’s Department did not deposit some collections to the office bank account within three days of collection as required by Section 5-8-207, *Tennessee Code Annotated*. During the period under examination, as many as 12 days elapsed between the date funds were received and the date funds were deposited in the bank. This deficiency is the result of

management's failure to correct the finding noted in the prior-year audit report. Failure to deposit collections within three days weakens internal controls over funds and increases the risk for loss or theft.

RECOMMENDATION

To strengthen internal controls over cash collections and deposits, the department should deposit funds in the office bank account within three days of collection as required by state statute.

FINDING 12.08 THE OFFICE HAD DEFICIENCIES IN THE ADMINISTRATION OF DRUG CONTROL FUNDS
(A. – Internal Control – Significant Deficiency Under *Government Auditing Standards*; B. and C. – Noncompliance Under *Government Auditing Standards*)

Several forms and reports required by the Comptroller of the Treasury documenting the use of confidential funds were not completed or prepared. These forms and reports are necessary to document the administration of confidential funds and to account for cash transactions related to undercover investigative operations.

- A. The cash journal and annual financial report did not properly reflect the operations of the office. Receipts for confidential drug control collections totaling \$7,370 and their related disbursements were not included on the cash journal or on the annual financial report. These amounts were determined by substantive testing and alternative auditing procedures and have been included in the financial statements of this report.
- B. The department made 35 disbursements to confidential informants during the year. None of the forms were signed by the informant or a second officer. The informant's signature is necessary to document that funds were received by the informant, the signature of the first officer is necessary to document that he made the payment, and the signature of the second officer is necessary to document that he witnessed the payment.
- C. The office could not document that cash maintained by undercover officers was periodically verified and reconciled with supporting records.

These deficiencies exist because management failed to provide proper oversight, which resulted in increased risks of fraud and abuse.

RECOMMENDATION

The cash journal and annual financial report should accurately reflect all operations of the Sheriff's Department. Payments to informants should be signed by the confidential informant and witnessed by a second officer. Documentation should be on file as evidence

that cash maintained by undercover agents is periodically verified and reconciled with supporting records.

VAN BUREN COUNTY

FINDING 12.09 **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 prior-year audit reports.

RECOMMENDATION

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

OFFICES OF COUNTY MAYOR, ROAD SUPERINTENDENT, TRUSTEE, COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, REGISTER, AND SHERIFF

FINDING 12.10 **DUTIES WERE NOT SEGREGATED ADEQUATELY** (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.

BEST PRACTICES

The Division of Local Government Audit strongly believes that the items noted below are best practices that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Van Buren County.

ITEM 1. **VAN BUREN COUNTY SHOULD ADOPT A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING**

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. 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.

ITEM 2. **VAN BUREN COUNTY SHOULD ESTABLISH AN AUDIT COMMITTEE**

Van Buren County does not have an Audit Committee. An Audit Committee can assist the County Commission by providing independent and objective reviews of the financial reporting process, internal controls, the audit function, and being responsible for monitoring management's plans to address various risks. County officials should establish an Audit Committee as a best practice.

**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, 2012

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