
ANNUAL FINANCIAL REPORT VAN BUREN COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2013



ANNUAL FINANCIAL REPORT
VAN BUREN COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2013

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

DIVISION OF LOCAL GOVERNMENT AUDIT
JAMES R. ARNETTE
Director

CARL LOWE, CGFM
Audit Manager

ANITA SCARLETT, CPA
Auditor 4

AMY HEWITT, CPA, CFE
JENI PALADENI
State Auditors

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

VAN BUREN COUNTY, TENNESSEE

TABLE OF CONTENTS

	Exhibit	Page(s)
Audit Highlights		6-7
<u>INTRODUCTORY SECTION</u>		8
Van Buren County Officials		9
<u>FINANCIAL SECTION</u>		10
Independent Auditor's Report		11-14
BASIC FINANCIAL STATEMENTS:		15
Government-wide Financial Statements:		
Statement of Net Position	A	16-17
Statement of Activities	B	18-19
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C-1	20-21
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	C-2	22
Statement of Revenues, Expenditures, and Changes in Fund Balances	C-3	23
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-4	24
Statements of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
General Fund	C-5	25-26
Ambulance Service Fund	C-6	27
Highway/Public Works Fund	C-7	28
Fiduciary Funds:		
Statement of Fiduciary Assets and Liabilities	D	29
Index and Notes to the Financial Statements		30-68
REQUIRED SUPPLEMENTARY INFORMATION:		69
Schedule of Funding Progress – Pension Plan – Primary Government and Discretely Presented Van Buren County School Department	E-1	70
Schedule of Funding Progress – Pension Plan – Discretely Presented Van Buren County Emergency Communications District	E-2	71
Schedule of Funding Progress – Other Postemployment Benefits Plan – Discretely Presented Van Buren County School Department	E-3	72
Notes to the Required Supplementary Information		73

	Exhibit	Page(s)
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		74
Nonmajor Governmental Funds:		75
Combining Balance Sheet	F-1	76
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	F-2	77
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
Courthouse and Jail Maintenance Fund	F-3	78
Solid Waste/Sanitation Fund	F-4	79
Local Purpose Tax Fund	F-5	80
Drug Control Fund	F-6	81
Major Governmental Fund:		82
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget:		
General Debt Service Fund	G	83
Fiduciary Funds:		84
Combining Statement of Fiduciary Assets and Liabilities	H-1	85
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	H-2	86
Component Unit:		
Discretely Presented Van Buren County School Department:		87
Statement of Activities	I-1	88
Balance Sheet – Governmental Funds	I-2	89
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	I-3	90
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	I-4	91
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	I-5	92
Combining Balance Sheet – Nonmajor Governmental Funds	I-6	93
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	I-7	94
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
General Purpose School Fund	I-8	95-96
School Federal Projects Fund	I-9	97
Central Cafeteria Fund	I-10	98

	Exhibit	Page(s)
Miscellaneous Schedules:		99
Schedule of Changes in Long-term Notes, Other Loans, Capital Leases, and Bonds	J-1	100
Schedule of Long-term Debt Requirements by Year	J-2	101-102
Schedule of Notes Receivable	J-3	103
Schedule of Transfers – Discretely Presented Van Buren County School Department	J-4	104
Schedule of Salaries and Official Bonds of Principal Officials – Primary Government and Discretely Presented Van Buren County School Department	J-5	105
Schedule of Detailed Revenues – All Governmental Fund Types	J-6	106-109
Schedule of Detailed Revenues – All Governmental Fund Types – Discretely Presented Van Buren County School Department	J-7	110-111
Schedule of Detailed Expenditures – All Governmental Fund Types	J-8	112-124
Schedule of Detailed Expenditures – All Governmental Fund Types – Discretely Presented Van Buren County School Department	J-9	125-133
Schedule of Detailed Receipts, Disbursements, and Changes in Cash Balance – City Agency Fund	J-10	134
 <u>SINGLE AUDIT SECTION</u>		 135
Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>		136-138
Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133		139-141
Schedule of Expenditures of Federal Awards and State Grants		142-143
Schedule of Audit Findings Not Corrected		144-145
Schedule of Findings and Questioned Costs		146-152
Auditee Reporting Responsibilities		153

Audit Highlights

Annual Financial Report
Van Buren County, Tennessee
For the Year Ended June 30, 2013

Scope

We have audited the basic financial statements of Van Buren County as of and for the year ended June 30, 2013.

Results

Our report on Van Buren County's financial statements is unmodified.

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

Findings and Best Practices

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

OFFICE OF COUNTY MAYOR

- ◆ Competitive bids were not solicited for food and custodial supplies at the jail and cameras for police vehicles.

OFFICE OF COUNTY CLERK

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

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

- ◆ Multiple employees operated from the same cash drawer.

OFFICE OF SHERIFF

- ◆ The office had a cash shortage of \$3,000 at June 30, 2013.
 - ◆ Some funds were not deposited within three days of collection.
-

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

- ◆ Duties were not segregated adequately.
-

VAN BUREN COUNTY

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

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, 2013

Officials

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

Board of County Commissioners

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

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

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

To the County Mayor and Board of County Commissioners:

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Van Buren County Emergency Communications District, which represent 5.7 percent, 8.5 percent, and 6 percent, respectively, of the assets, net position, and revenues of the discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Van Buren County Emergency Communications District, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United

States of America and the 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our report and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position 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 June 30, 2013, and the respective changes in financial position and the respective budgetary comparison for the General, Ambulance Service, and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note V.C., Van Buren County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*; Statement No. 61, *The Financial Reporting Entity: Omnibus (an amendment of GASB Statements No. 14 and No. 34)*; Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; and Statement No. 63, *Reporting Deferred Outflows, Deferred Inflows and Net Position*, which became effective for the year ended June 30, 2013. Van Buren County early implemented Statement No. 65, *Items Previously Reported as Assets and Liabilities* and Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62*, which have an effective date of June 30, 2014.

Other Matters

Required Supplementary Information

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 schedule of funding progress – pension plan and other postemployment benefits plan on pages 70-73 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Van Buren County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Van Buren County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Van Buren County School Department (a discretely presented component unit), and 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures

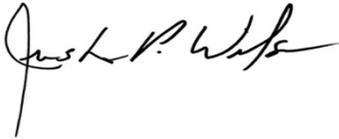
in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Van Buren County School Department (a discretely presented component unit), and miscellaneous schedules are fairly stated, in all material respects, in relation to the basic 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2013, on our consideration of Van Buren County's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Van Buren County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

December 10, 2013

JPW/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

Van Buren County, Tennessee
Statement of Net Position
June 30, 2013

	Primary Government <u>Governmental Activities</u>	Component Units	
		Van Buren County School Department	County Emergency Communications District
<u>ASSETS</u>			
Cash	\$ 3,867	\$ 0	\$ 107,036
Equity in Pooled Cash and Investments	2,093,641	4,620,505	0
Accounts Receivable	1,033,109	558	4,163
Allowance for Uncollectibles	(855,256)	0	0
Due from Other Governments	290,063	215,032	2,326
Due from Component Units	2,400,757	0	0
Property Taxes Receivable	2,339,962	936,500	0
Allowance for Uncollectible Property Taxes	(215,821)	(85,195)	0
Prepaid Items	0	0	5,857
Capital Assets:			
Assets Not Depreciated:			
Land	295,924	269,347	60,000
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	808,113	5,795,444	316,245
Other Capital Assets	658,843	562,005	247,261
Infrastructure	3,254,865	7,080	0
Total Assets	<u>\$ 12,108,067</u>	<u>\$ 12,321,276</u>	<u>\$ 742,888</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 7,218	\$ 0	\$ 731
Accrued Payroll	45	0	0
Payroll Deductions Payable	14,863	0	0
Accrued Interest Payable	14,072	0	0
Due to Primary Government	0	2,400,757	0
Due to State of Tennessee	3,997	2,911	0
Noncurrent Liabilities:			
Due Within One Year	246,930	19,753	0
Due in More Than One Year	2,658,403	1,148,044	0
Total Liabilities	<u>\$ 2,945,528</u>	<u>\$ 3,571,465</u>	<u>\$ 730</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Revenue - Current Property Taxes	\$ 1,886,958	\$ 759,699	\$ 0
Total Deferred Inflows of Resources	<u>\$ 1,886,958</u>	<u>\$ 759,699</u>	<u>\$ 0</u>

(Continued)

Exhibit A

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

	Primary Governmental Activities	Component Unit	
		Van Buren County School Department	County Emergency Communications District
<u>NET POSITION</u>			
Net Investment in Capital Assets	\$ 4,833,731	\$ 6,633,876	\$ 623,506
Restricted for:			
Debt Service	467,352	0	0
Courthouse and Jail Maintenance	23,984	0	0
Local Purpose Tax	54,759	0	0
Drug Control	7,602	0	0
Highway/Public Works	1,222,631	0	0
School Federal Projects	0	8,297	0
Central Cafeteria	0	206,884	0
Other Purposes	36,255	4,886	0
Unrestricted	629,267	1,136,169	118,652
Total Net Position	<u>\$ 7,275,581</u>	<u>\$ 7,990,112</u>	<u>\$ 742,158</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, 2013

Functions/Programs	Program Revenues						Net (Expense) Revenue and Changes in Net Position			
	Charges for Services			Operating Grants and Contributions		Capital Grants and Contributions	Primary Government Total		Component Unit	
	Expenses	Charges for Services	Operating Grants and Contributions	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Van Buren County School Department	Emergency Communications District		
Primary Government:										
Governmental Activities:										
General Government	\$ 348,045	\$ 48,337	\$ 15,164	\$ 0	\$ 0	(284,544)	\$ 0	\$ 0	0	0
Finance	266,121	137,113	0	0	0	(129,008)	0	0	0	0
Administration of Justice	223,996	175,430	4,500	0	0	(44,066)	0	0	0	0
Public Safety	1,343,128	117,878	26,667	0	0	(1,198,583)	0	0	0	0
Public Health and Welfare	974,638	183,879	37,899	297,087	0	(455,773)	0	0	0	0
Social, Cultural, and Recreational Services	80,274	635	15,380	0	0	(64,259)	0	0	0	0
Agriculture and Natural Resources	73,371	0	23,207	0	0	(50,164)	0	0	0	0
Other Operations	207,207	0	0	0	0	(207,207)	0	0	0	0
Highways/Public Works	1,623,828	0	1,317,907	0	0	(305,921)	0	0	0	0
Interest on Long-term Debt	95,415	0	76,839	0	0	(18,576)	0	0	0	0
Other Debt Service	7,015	0	5,934	0	0	(1,081)	0	0	0	0
Total Governmental Activities	\$ 5,243,038	\$ 663,272	\$ 1,523,497	\$ 297,087	\$ 297,087	(2,759,182)	\$ 0	\$ 0	0	0
Total Primary Government	\$ 5,243,038	\$ 663,272	\$ 1,523,497	\$ 297,087	\$ 297,087	(2,759,182)	\$ 0	\$ 0	0	0
Component Unit:										
Van Buren County School Department	\$ 7,641,978	\$ 151,524	\$ 1,021,112	\$ 0	\$ 0	0	\$ (6,469,342)	\$ 0	0	0
Emergency Communications District	345,941	64,285	124,182	0	0	0	0	0	(157,474)	(157,474)
Total Component Unit	\$ 7,987,919	\$ 215,809	\$ 1,145,294	\$ 0	\$ 0	0	\$ (6,469,342)	\$ (157,474)	(157,474)	(157,474)

(Continued)

Exhibit B

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

Functions/Programs	Net (Expense) Revenue and Changes in Net Position			
	Program Revenues		Component Unit	
	Charges for Services	Operating Grants and Contributions	Van Buren County School Department	Emergency Communications District
		Capital Grants and Contributions	Primary Government Total	
			Governmental Activities	
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes	\$	1,628,661	\$	633,939
Property Taxes Levied for Debt Service		13,629		0
Local Option Sales Taxes		56,741		324,919
Hotel/Motel Tax		59,660		101,584
Litigation Taxes		42,835		0
Business Tax		23,170		0
Wholesale Beer Tax		28,159		0
Other Local Taxes		1,288		473
Grants and Contributions Not Restricted to Specific Programs		362,921		5,190,959
Unrestricted Investment Earnings		20,383		430
Miscellaneous		7,819		13,169
Total General Revenues	\$	2,245,266	\$	6,265,473
Change in Net Position	\$	(513,916)	\$	(203,869)
Net Position, July 1, 2012		7,789,497		8,193,981
Prior-period Adjustment		0		0
Net Position, June 30, 2013	\$	7,275,581	\$	7,990,112
				742,158

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

Van Buren County, Tennessee
 Balance Sheet
 Governmental Funds
 June 30, 2013

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	General Debt Service	Other Governmental Funds	
\$	0	0	0	0	420	3,867
Cash	404,616	3,447	982,974	454,754	197,222	2,083,641
Equity in Pooled Cash and Investments	3,359	54,075	0	0	906	1,033,109
Accounts Receivable	0	1,028,844	0	0	0	(855,256)
Allowance for Uncollectibles	0	(855,256)	0	0	0	290,063
Due from Other Governments	50,309	0	239,702	52	0	901
Due from Other Funds	901	0	0	0	0	0
Property Taxes Receivable	1,815,923	245,582	0	33,467	244,990	2,339,962
Allowance for Uncollectible Property Taxes	(168,528)	(21,498)	0	(2,580)	(23,215)	(215,821)
Notes Receivable - Current	0	0	0	24,650	0	24,650
Total Assets	\$ 2,106,580	\$ 455,194	\$ 1,222,676	\$ 510,343	\$ 420,323	\$ 4,715,116

ASSETS

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

Total Assets

LIABILITIES

Accounts Payable
 Accrued Payroll
 Payroll Deductions Payable
 Due to Other Funds
 Due to State of Tennessee
 Revenue Anticipation Notes Payable
 Total Liabilities

\$	4,977	2,241	0	0	0	7,218
	0	0	45	0	0	45
	11,716	2,850	0	0	297	14,863
	0	0	0	0	901	901
	2,633	842	0	0	522	3,997
	24,650	0	0	0	0	24,650
\$	43,976	5,933	45	0	1,720	51,674

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes
 Deferred Delinquent Property Taxes
 Other Deferred/Unavailable Revenue
 Total Deferred Inflows of Resources

\$	1,460,404	202,432	0	28,919	195,203	1,886,958
	180,879	20,944	0	1,904	25,704	229,431
	12,912	117,070	123,593	0	0	253,575
\$	1,654,195	340,446	123,593	30,823	220,907	2,369,964

FUND BALANCES

Restricted:
 Restricted for General Government
 Restricted for Administration of Justice
 Restricted for Public Safety
 Restricted for Public Health and Welfare
 Restricted for Highways/Public Works
 Restricted for Capital Outlay
 Restricted for Debt Service

\$	11,565	0	0	0	23,984	35,549
	19,584	0	0	0	0	19,584
	0	0	0	0	43,321	43,321
	263	0	0	0	0	263
	0	0	1,099,038	0	0	1,099,038
	4,843	0	0	0	0	4,843
	0	0	0	479,520	0	479,520

(Continued)

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	General Debt Service	Other Governmental Funds	
\$	0	108,815	0	0	130,391	\$ 239,206
	372,154	0	0	0	0	372,154
\$	408,409	108,815	1,099,038	479,520	197,696	\$ 2,293,478
\$	2,106,580	455,194	1,222,676	510,343	420,323	\$ 4,715,116

FUND BALANCES (Cont.)

Committed:
 Committed for Public Health and Welfare
 Unassigned
 Total Fund Balances
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances

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

Exhibit C-2

Van Buren County, Tennessee
Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Position
June 30, 2013

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 2,293,478	
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$ 295,924		
Add: infrastructure net of accumulated depreciation	3,254,865		
Add: buildings and improvements net of accumulated depreciation	808,113		
Add: other capital assets net of accumulated depreciation	<u>658,843</u>	5,017,745	
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: notes payable	\$ (165,000)		
Less: bonds payable	(1,832,771)		
Less: other loans payable	(587,000)		
Add: debt to be contributed by the School Department	2,400,757		
Less: accrued interest on notes	(1,980)		
Less: accrued interest on bonds	(12,092)		
Less: landfill closure/postclosure care costs	(252,018)		
Less: compensated absences payable	<u>(68,544)</u>	(518,648)	
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>483,006</u>
Net position of governmental activities (Exhibit A)			<u>\$ 7,275,581</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, 2013

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	General Debt Service	Other Governmental Funds		
<u>Revenues</u>							
Local Taxes	\$ 1,566,089	\$ 158,554	\$ 0	\$ 74,810	\$ 235,003	\$ 2,034,456	
Licenses and Permits	11,108	0	0	0	0	11,108	
Fines, Forfeitures, and Penalties	41,402	0	0	0	11,226	52,628	
Charges for Current Services	8,468	310,034	0	0	50,863	369,365	
Other Local Revenues	30,703	0	45	0	14,102	44,850	
Fees Received from County Officials	295,565	0	0	0	0	295,565	
State of Tennessee	366,263	0	1,315,259	19,812	0	1,701,334	
Federal Government	307,215	0	0	0	0	307,215	
Other Governments and Citizens Groups	34,494	0	0	230,076	0	264,570	
Total Revenues	\$ 2,661,307	\$ 468,588	\$ 1,315,304	\$ 324,698	\$ 311,194	\$ 5,081,091	
<u>Expenditures</u>							
Current:							
General Government	\$ 439,578	\$ 0	\$ 0	\$ 0	\$ 39,359	\$ 478,937	
Finance	266,112	0	0	0	0	266,112	
Administration of Justice	224,122	0	0	0	0	224,122	
Public Safety	923,948	0	0	0	150,907	1,074,855	
Public Health and Welfare	26,520	449,874	0	0	131,741	608,135	
Social, Cultural, and Recreational Services	80,274	0	0	0	0	80,274	
Agriculture and Natural Resources	72,284	0	0	0	0	72,284	
Other Operations	203,939	0	0	0	3,268	207,207	
Highways	28,804	0	1,386,312	0	0	1,415,116	
Debt Service:							
Principal on Debt	0	0	0	207,259	0	207,259	
Interest on Debt	0	0	0	82,087	0	82,087	
Other Debt Service	0	0	0	7,015	0	7,015	
Capital Projects	463,921	0	0	0	0	463,921	
Total Expenditures	\$ 2,729,502	\$ 449,874	\$ 1,386,312	\$ 296,361	\$ 325,275	\$ 5,187,324	
Excess (Deficiency) of Revenues Over Expenditures	\$ (68,195)	\$ 18,714	\$ (71,008)	\$ 28,337	\$ (14,081)	\$ (106,233)	
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 165,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 165,000	
Total Other Financing Sources (Uses)	\$ 165,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 165,000	
Net Change in Fund Balances Fund Balance, July 1, 2012	\$ 96,805	\$ 18,714	\$ (71,008)	\$ 28,337	\$ (14,081)	\$ 58,767	
Fund Balance, July 1, 2012	311,604	90,101	1,170,046	451,183	211,777	2,234,711	
Fund Balance, June 30, 2013	\$ 408,409	\$ 108,815	\$ 1,099,038	\$ 479,520	\$ 197,696	\$ 2,293,478	

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, 2013

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)		\$ 58,767
<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	\$ 179,486	
Less: current-year depreciation expense	<u>(420,634)</u>	(241,148)
<p>(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.</p>		
Add: gain on disposal of capital assets	\$ 284	
Less: proceeds from the sale of capital assets	<u>(640)</u>	(356)
<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, 2012	\$ (687,032)	
Add: deferred delinquent property taxes and other deferred June 30, 2013	<u>483,006</u>	(204,026)
<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 position. Also, governmental funds report the effect of 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	\$ (165,000)	
Add: principal payments on bonds	54,916	
Add: principal payments on other loans	128,000	
Add: principal payments on capital leases	24,343	
Less: contributions from School Department for debt principal	<u>(147,303)</u>	(105,044)
<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	\$ (13,328)	
Change in compensated absences payable	(11,186)	
Change in landfill closure/postclosure care costs	<u>2,405</u>	<u>(22,109)</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ (513,916)</u>

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

Exhibit C-5

Van Buren County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,566,089	\$ 1,562,388	\$ 1,562,388	\$ 3,701
Licenses and Permits	11,108	9,400	9,400	1,708
Fines, Forfeitures, and Penalties	41,402	38,050	38,050	3,352
Charges for Current Services	8,468	7,000	7,000	1,468
Other Local Revenues	30,703	39,900	39,900	(9,197)
Fees Received from County Officials	295,565	262,000	262,000	33,565
State of Tennessee	366,263	341,693	341,693	24,570
Federal Government	307,215	12,076	279,841	27,374
Other Governments and Citizens Groups	34,494	0	32,744	1,750
Total Revenues	\$ 2,661,307	\$ 2,272,507	\$ 2,573,016	\$ 88,291
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 26,771	\$ 26,064	\$ 28,125	\$ 1,354
Board of Equalization	950	1,500	1,500	550
Beer Board	150	1,000	1,000	850
County Mayor/Executive	133,104	143,377	142,275	9,171
County Attorney	7,380	7,500	7,500	120
Election Commission	103,984	104,117	105,623	1,639
Register of Deeds	68,036	73,339	73,339	5,303
Planning	1,684	4,138	4,138	2,454
County Buildings	97,519	120,140	115,557	18,038
Preservation of Records	0	500	500	500
<u>Finance</u>				
Property Assessor's Office	85,087	91,912	89,851	4,764
County Trustee's Office	92,078	96,620	96,620	4,542
County Clerk's Office	88,947	91,479	91,479	2,532
<u>Administration of Justice</u>				
Circuit Court	102,750	112,272	112,272	9,522
General Sessions Court	35,118	35,251	35,251	133
Chancery Court	70,938	72,939	72,939	2,001
Juvenile Court	10,150	11,500	11,500	1,350
Judicial Commissioners	5,166	6,000	6,000	834
<u>Public Safety</u>				
Sheriff's Department	492,009	521,623	521,703	29,694
Jail	347,067	456,601	456,601	109,534
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	5,413	6,300	6,300	887
Public Safety Grant Programs	16,519	0	16,520	1
Other Public Safety	55,940	62,000	62,000	6,060
<u>Public Health and Welfare</u>				
Local Health Center	13,420	15,600	15,520	2,100
Regional Mental Health Center	600	2,423	2,423	1,823
Appropriation to State	12,500	25,000	25,000	12,500

(Continued)

Exhibit C-5

Van Buren County, Tennessee
Statement 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>Social, Cultural, and Recreational Services</u>				
Adult Activities	\$ 18,244	\$ 18,679	\$ 18,679	\$ 435
Senior Citizens Assistance	16,955	18,685	18,685	1,730
Libraries	31,403	29,495	32,522	1,119
Parks and Fair Boards	1,200	1,200	1,200	0
Other Social, Cultural, and Recreational	12,472	13,038	13,038	566
<u>Agriculture and Natural Resources</u>				
Agriculture Extension Service	35,968	35,939	35,989	21
Soil Conservation	36,316	36,438	36,438	122
<u>Other Operations</u>				
Industrial Development	18,590	31,000	31,000	12,410
Veterans' Services	6,986	3,000	10,000	3,014
Other Charges	152,274	151,208	152,310	36
Miscellaneous	26,089	29,500	29,500	3,411
<u>Highways</u>				
Litter and Trash Collection	28,804	39,200	39,200	10,396
<u>Capital Projects</u>				
Public Safety Projects	168,584	0	168,584	0
Public Utility Projects	295,337	0	295,337	0
Total Expenditures	\$ 2,729,502	\$ 2,503,577	\$ 2,991,018	\$ 261,516
Excess (Deficiency) of Revenues				
Over Expenditures	\$ (68,195)	\$ (231,070)	\$ (418,002)	\$ 349,807
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 165,000	\$ 0	\$ 165,000	\$ 0
Insurance Recovery	0	1,064	1,064	(1,064)
Total Other Financing Sources	\$ 165,000	\$ 1,064	\$ 166,064	\$ (1,064)
Net Change in Fund Balance	\$ 96,805	\$ (230,006)	\$ (251,938)	\$ 348,743
Fund Balance, July 1, 2012	311,604	314,705	314,705	(3,101)
Fund Balance, June 30, 2013	\$ 408,409	\$ 84,699	\$ 62,767	\$ 345,642

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

Exhibit C-6

Van Buren County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Ambulance Service Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 158,554	\$ 156,371	\$ 156,371	\$ 2,183
Charges for Current Services	310,034	330,000	330,000	(19,966)
Other Local Revenues	0	2,000	2,000	(2,000)
Total Revenues	<u>\$ 468,588</u>	<u>\$ 488,371</u>	<u>\$ 488,371</u>	<u>\$ (19,783)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Ambulance/Emergency Medical Services	\$ 449,874	\$ 484,700	\$ 484,700	\$ 34,826
Total Expenditures	<u>\$ 449,874</u>	<u>\$ 484,700</u>	<u>\$ 484,700</u>	<u>\$ 34,826</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 18,714</u>	<u>\$ 3,671</u>	<u>\$ 3,671</u>	<u>\$ 15,043</u>
Net Change in Fund Balance	\$ 18,714	\$ 3,671	\$ 3,671	\$ 15,043
Fund Balance, July 1, 2012	<u>90,101</u>	<u>32,270</u>	<u>32,270</u>	<u>57,831</u>
Fund Balance, June 30, 2013	<u>\$ 108,815</u>	<u>\$ 35,941</u>	<u>\$ 35,941</u>	<u>\$ 72,874</u>

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

Exhibit C-7

Van Buren County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 45	\$ 0	\$ 0	\$ 45
State of Tennessee	1,315,259	1,293,925	1,293,925	21,334
Total Revenues	<u>\$ 1,315,304</u>	<u>\$ 1,293,925</u>	<u>\$ 1,293,925</u>	<u>\$ 21,379</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 184,552	\$ 213,860	\$ 216,860	\$ 32,308
Highway and Bridge Maintenance	726,224	940,047	940,097	213,873
Operation and Maintenance of Equipment	234,297	332,154	324,104	89,807
Quarry Operations	9,728	10,800	11,800	2,072
Other Charges	148,115	156,500	156,500	8,385
Employee Benefits	69,256	112,695	116,695	47,439
Capital Outlay	14,140	188,300	188,300	174,160
Total Expenditures	<u>\$ 1,386,312</u>	<u>\$ 1,954,356</u>	<u>\$ 1,954,356</u>	<u>\$ 568,044</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (71,008)</u>	<u>\$ (660,431)</u>	<u>\$ (660,431)</u>	<u>\$ 589,423</u>
Net Change in Fund Balance	\$ (71,008)	\$ (660,431)	\$ (660,431)	\$ 589,423
Fund Balance, July 1, 2012	1,170,046	1,172,668	1,172,668	(2,622)
Fund Balance, June 30, 2013	<u>\$ 1,099,038</u>	<u>\$ 512,237</u>	<u>\$ 512,237</u>	<u>\$ 586,801</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, 2013

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 329,857
Due from Other Governments	25,019
Cash Shortage	<u>3,000</u>
Total Assets	<u>\$ 354,876</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 25,019
Due to Litigants, Heirs, and Others	<u>332,857</u>
Total Liabilities	<u>\$ 357,876</u>

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

VAN BUREN COUNTY, TENNESSEE
Index of Notes to Financial Statements

Note	Page(s)
I. Summary of Significant Accounting Policies	
A. Reporting Entity	31
B. Government-wide and Fund Financial Statements	32
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	33
D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance	35
1. Deposits and Investments	35
2. Receivables and Payables	36
3. Capital Assets	37
4. Deferred Outflows/Inflows of Resources	38
5. Compensated Absences	38
6. Long-term Obligations	39
7. Net Position and Fund Balance	40
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 Position	41
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	41
III. Stewardship, Compliance, and Accountability	
A. Budgetary Information	42
B. Cash Shortage	43
C. Tax Anticipation Notes Were Not Retired in Compliance With State Statutes	43
IV. Detailed Notes on All Funds	
A. Deposits and Investments	43
B. Capital Assets	44
C. Interfund Receivables, Payables, and Transfers	47
D. Long-term Obligations	48
E. On-Behalf Payments	52
F. Short-term Debt	52
V. Other Information	
A. Risk Management	53
B. Accounting Changes	54
C. Subsequent Event	55
D. Contingent Liabilities	55
E. Changes in Administration	55
F. Landfill Closure/Postclosure Care Costs	56
G. Retirement Commitments	56
H. Other Postemployment Benefits (OPEB)	59
I. Purchasing Laws	62
VI. Other Notes - Discretely Presented Van Buren County Emergency Communications District	62

VAN BUREN COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

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, and its budget and property tax levy are subject to the County Commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

The Van Buren County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Van Buren County, and the Van Buren County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County Commission's approval.

The Industrial Development Board of Van Buren County provides assistance in industrial recruitment in Van Buren County, and the Van Buren County Commission appoints its seven-member board. The board is funded primarily through lease payments collected from industries that lease buildings from

the Industrial Development Board. The county had previously assumed the debt of the Industrial Development Board. The financial statements of the Industrial Development Board of Van Buren County were not audited; however, in our opinion this omission is not material to the component units' opinion unit.

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 Position 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. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2013.

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, deferred outflows of resources, liabilities, deferred inflow of resources, 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.

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

Additionally, Van Buren County reports the following fund type:

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers and local sales taxes received by the state to be forwarded to the various cities in

Van Buren County. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

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

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

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

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

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, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

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 associations; 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 position 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. Investments in the State Treasurer's Investment Pool are reported at fair value. 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. Accordingly, the pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. 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 5.62 percent of total taxes levied.

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 a deferred inflow of resources 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 as a deferred inflow of resources 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. **Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The county had no items that qualified for reporting in this category.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These revenues are from the following sources: current and delinquent property taxes, as well as, other receivables for revenues, which do not meet the availability criteria for governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

5. **Compensated Absences**

Primary Government

The general policy of Van Buren County (with the exception of the Highway Department) permits employees to accumulate earned but unused vacation and sick leave. Vacation and sick leave are 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 December 31 and June 30.

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.

6. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Debt premiums and discounts are deferred and amortized over the life of the new debt using the straight-line method. Debt issuance costs are expensed in the period incurred. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

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

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

7. Net Position and Fund Balance

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

- a. Net investment in capital assets – 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 position – Consists of net position 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 position – All other net position that does not meet the definition of restricted or net investment in capital assets.

As of June 30, 2013, Van Buren County had \$2,400,757 in outstanding debt for the capital purposes for the discretely presented Van Buren County School Department. This debt is a liability of Van Buren County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Van Buren County has incurred a liability significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.

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 by resolution 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 Position

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 Position.

Discretely Presented Van Buren County School Department

Exhibit I-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 Position.

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 position of governmental activities reported in the government-wide Statement of Activities.

Discretely Presented Van Buren County School Department

Exhibit I-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 position of governmental activities reported in the government-wide Statement of Activities.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

In prior years, the budgetary statements for the General Fund and major special revenue funds were presented as required supplementary information in the financial statements of its external financial report. Effective for the year ended June 30, 2013, the budgetary statements are presented as part of the basic financial statements. This change in presentation was done to be consistent in the presentation of the information for both municipal and county governments in Tennessee.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds, except the Constitutional Officers - Fees Fund (special revenue fund), which is not budgeted. All annual appropriations lapse at fiscal year end.

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

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

The county's budgetary basis of accounting is consistent with GAAP, except instances in which encumbrances are treated as budgeted expenditures. The

difference between the budgetary basis and the GAAP basis is presented on the face of each budgetary schedule.

B. Cash Shortage

The Sheriff's Department had a cash shortage of \$3,000 at June 30, 2013. Details of this cash shortage are discussed in the Schedule of Findings and Questioned Costs section of this report.

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

On September 18, 2003, the General Fund borrowed \$65,000 from the General Debt Service Fund to provide cash for operations. This note should have been retired by June 30, 2004. In prior years, the county paid \$48,750 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, 2013, \$16,250 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, 2013.

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 position as Equity in Pooled Cash and Investments. Cash reflected on the balance sheet or statements of net position 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, 2013.

B. Capital Assets

Capital assets activity for the year ended June 30, 2013, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Capital Assets Not Depreciated:				
Land	\$ 130,924	\$ 165,000	\$ 0	\$ 295,924
Total Capital Assets Not Depreciated	<u>\$ 130,924</u>	<u>\$ 165,000</u>	<u>\$ 0</u>	<u>\$ 295,924</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 1,536,888	\$ 0	\$ 0	\$ 1,536,888
Roads and Bridges	6,494,120	0	0	6,494,120
Other Capital Assets	3,459,072	14,486	(17,800)	3,455,758
Total Capital Assets Depreciated	<u>\$ 11,490,080</u>	<u>\$ 14,486</u>	<u>\$ (17,800)</u>	<u>\$ 11,486,766</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 697,265	\$ 31,510	\$ 0	\$ 728,775
Roads and Bridges	3,091,668	147,587	0	3,239,255
Other Capital Assets	2,572,822	241,537	(17,444)	2,796,915
Total Accumulated Depreciation	<u>\$ 6,361,755</u>	<u>\$ 420,634</u>	<u>\$ (17,444)</u>	<u>\$ 6,764,945</u>
Total Capital Assets Depreciated, Net	<u>\$ 5,128,325</u>	<u>\$ (406,148)</u>	<u>\$ (356)</u>	<u>\$ 4,721,821</u>
Governmental Activities Capital Assets, Net	<u>\$ 5,259,249</u>	<u>\$ (241,148)</u>	<u>\$ (356)</u>	<u>\$ 5,017,745</u>

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

Governmental Activities:

General Government	\$ 30,268
Public Safety	95,913
Public Health and Welfare	71,255
Highways/Public Works	<u>223,198</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 420,634</u>

Discretely Presented Van Buren County School Department

Governmental Activities:

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Capital Assets Not Depreciated:				
Land	\$ 269,347	\$ 0	\$ 0	\$ 269,347
Total Capital Assets Not Depreciated	<u>\$ 269,347</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 269,347</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 9,264,018	\$ 0	\$ 0	\$ 9,264,018
Infrastructure	22,760	0	0	22,760
Other Capital Assets	1,046,137	98,521	(49,969)	1,094,689
Total Capital Assets Depreciated	<u>\$ 10,332,915</u>	<u>\$ 98,521</u>	<u>\$ (49,969)</u>	<u>\$ 10,381,467</u>
Less Accumulated Depreciated For:				
Buildings and Improvements	\$ 3,236,885	\$ 231,689	\$ 0	\$ 3,468,574
Infrastructure	14,553	1,127	0	15,680
Other Capital Assets	514,151	68,002	(49,469)	532,684
Total Accumulated Depreciation	<u>\$ 3,765,589</u>	<u>\$ 300,818</u>	<u>\$ (49,469)</u>	<u>\$ 4,016,938</u>
Total Capital Assets Depreciated, Net	<u>\$ 6,567,326</u>	<u>\$ (202,297)</u>	<u>\$ (500)</u>	<u>\$ 6,364,529</u>
Governmental Activities Capital Assets, Net	<u>\$ 6,836,673</u>	<u>\$ (202,297)</u>	<u>\$ (500)</u>	<u>\$ 6,633,876</u>

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

Governmental Activities:

Instruction	\$ 233,722
Support Services	<u>67,096</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 300,818</u></u>

C. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2013, was as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 901
Discretely Presented School Department:		
Nonmajor governmental	General Purpose School	6,778

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.

Due to/from Primary Government and Component Units:

<u>Receivable</u>	<u>Payable</u>	<u>Amount</u>
Primary Government: Governmental Activities	Component Unit: School Department	\$ 2,400,757

The Due to Primary Government is the balance of bonds and other loans issued by the county for the School Department. The School Department has agreed to contribute the funds annually to retire these bonds and other loans. These long-term obligations are reflected in governmental activities on the Statement of Net Position.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2013, consisted of the following amounts:

Discretely Presented Van Buren County School Department

<u>Transfers Out</u>	<u>Transfers In</u>	
	General Purpose School Fund	Nonmajor Governmental Fund
General Purpose School Fund	\$ 0	\$ 100,000
Nonmajor governmental fund	9,068	0
Total	<u>\$ 9,068</u>	<u>\$ 100,000</u>

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

The School Department made a one-time transfer of \$100,000 from the General Purpose School Fund to the School Federal Projects Fund for cash flow purposes.

D. Long-term Obligations

Primary Government

General Obligation Bonds, Notes, and Other Loans

Van Buren County issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented School Department. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and the other loans outstanding were issued for original terms of up to 40 years for the bonds, three years for notes, and 20 years for the other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. The bonds, notes, and other loans included in long-term debt as of June 30, 2013, will be retired from the General Debt Service Fund.

The general obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2013, for governmental activities are as follows:

<u>Type</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Original Amount of Issue</u>	<u>Balance 6-30-13</u>
General Obligation Bonds	4 to 4.5 %	4-25-52	\$ 1,935,560	\$ 1,832,771
Capital Outlay Notes	2.4	12-3-15	165,000	165,000
Other Loans	Variable	5-15-17	2,000,000	587,000

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, 2013, the variable interest rate was .41 percent, and other fees totaled approximately .3 percent (letter of credit) and .08 percent

(remarketing) of the outstanding loan principal. In addition, a trustee fee is charged on this loan at \$85 per month.

The annual requirements to amortize the general obligation bonds, notes, and other loans outstanding as of June 30, 2013, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2014	\$ 39,089	\$ 73,408	\$ 112,497
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
2019-2023	132,289	330,836	463,125
2024-2028	160,948	302,177	463,125
2029-2033	195,819	267,306	463,125
2034-2038	238,243	224,882	463,125
2039-2043	289,860	173,265	463,125
2044-2048	352,658	110,467	463,125
2049-2052	335,208	34,109	369,317
Total	<u>\$ 1,832,771</u>	<u>\$ 1,798,293</u>	<u>\$ 3,631,064</u>

Year Ending June 30	Notes		
	Principal	Interest	Total
2014	\$ 53,701	\$ 3,960	\$ 57,661
2015	54,990	2,671	57,661
2016	56,309	1,352	57,661
Total	<u>\$ 165,000</u>	<u>\$ 7,983</u>	<u>\$ 172,983</u>

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2014	\$ 135,000	\$ 2,361	\$ 3,208	\$ 140,569
2015	143,000	1,804	2,692	147,496
2016	150,000	1,216	2,147	153,363
2017	159,000	598	1,574	161,172
Total	<u>\$ 587,000</u>	<u>\$ 5,979</u>	<u>\$ 9,621</u>	<u>\$ 602,600</u>

There is \$479,520 available in the General Debt Service Fund to service long-term debt. Debt per capita, including the bonds, notes, and other loans totaled \$466, based on the 2010 federal census.

The School Department is currently servicing some of the debt issued on its behalf by the primary government as noted in the table below. This debt is reflected in the government-wide financial statements as Due to the Primary Government in the financial statements of the School Department and as Due from Component Units in the financial statements of the primary government. In the prior year, this debt was reflected as debt of the School Department; however, this debt has been reclassified as debt of the primary government because the primary government is legally obligated to repay the debt.

<u>Description of Indebtedness</u>	<u>Outstanding 6-30-13</u>
<u>OTHER LOANS PAYABLE</u>	
<u>Public Building Authority Loan Agreement</u>	
<u>Contributions through General Purpose School Fund</u>	
School	\$ 587,000
 <u>BONDS PAYABLE</u>	
<u>Contributions through General Purpose School Fund</u>	
General Obligation Bonds	<u>1,813,757</u>
 Total	 <u>\$ 2,400,757</u>

Changes in Long-term Obligations

Long-term obligation activity for the year ended June 30, 2013, was as follows:

Governmental Activities:

	<u>Bonds</u>	<u>Notes</u>	<u>Other Loans</u>
Balance, July 1, 2012	\$ 54,627	\$ 0	\$ 0
Reclassification of School Debt	1,833,060	0	715,000
Additions	0	165,000	0
Reductions	<u>(54,916)</u>	<u>0</u>	<u>(128,000)</u>
 Balance, June 30, 2013	 <u>\$ 1,832,771</u>	 <u>\$ 165,000</u>	 <u>\$ 587,000</u>
 Balance Due Within One Year	 <u>\$ 39,089</u>	 <u>\$ 53,701</u>	 <u>\$ 135,000</u>

Governmental Activities:

	Capital Leases	Compensated Absences	Landfill Postclosure Care Costs
Balance, July 1, 2012	\$ 24,343	\$ 57,358	\$ 254,423
Additions	0	73,536	4,699
Reductions	(24,343)	(62,350)	(7,104)
Balance, June 30, 2013	<u>\$ 0</u>	<u>\$ 68,544</u>	<u>\$ 252,018</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 3,428</u>	<u>\$ 15,712</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2013	\$ 2,905,333
Less: Balance Due Within One Year	<u>(246,930)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 2,658,403</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

Changes in Long-term Obligations

Long-term obligation activity for the discretely presented Van Buren County School Department for the year ended June 30, 2013, was as follows:

Governmental Activities:

	Bond	Other Loan
Balance, July 1, 2012	\$ 1,833,060	\$ 715,000
Reclassification of School Debt	(1,833,060)	(715,000)
Deductions	0	0
Balance, June 30, 2013	<u>\$ 0</u>	<u>\$ 0</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 0</u>

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2012	\$ 16,417	\$ 943,330
Additions	4,321	250,680
Reductions	(985)	(45,966)
Balance, June 30, 2013	<u>\$ 19,753</u>	<u>\$ 1,148,044</u>
Balance Due Within One Year	<u>\$ 19,753</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2013	\$ 1,167,797
Less: Balance Due Within One Year	<u>(19,753)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 1,148,044</u>

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

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Van Buren County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2013, were \$20,661 and \$10,260, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

F. 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. The General Fund has made payments of \$48,750 to the General Debt Service Fund; however, \$16,250 remained unpaid as of June 30, 2013, 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, 2013, 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, 2013, was as follows:

	Balance			Balance
	7-1-12	Issued	Paid	6-30-13
Tax Anticipation Notes	\$ 40,900	\$ 250,000	\$ (266,250)	\$ 24,650

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. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*; Statement No. 61, *The Financial Reporting Entity: Omnibus (an amendment of GASB Statements No. 14 and No. 34)*; Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; and Statement No. 63, *Reporting Deferred Outflows, Deferred Inflows and Net Position* became effective for the year ended June 30, 2013. Van Buren County early implemented Statement No. 65, *Items Previously Reported as Assets and Liabilities* and Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62*, which have an effective date of June 30, 2014.

GASB Statement No. 60 provides accounting and financial reporting guidance related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The standard establishes criteria for determining whether a SCA exists, how to account for SCAs, and requires certain disclosures associated with a SCA.

GASB Statement No. 61 amends Statements No. 14 and No. 34 and modifies certain requirements for inclusion of component units in the financial reporting entity to ensure that the reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude.

Statement No. 61 also clarifies the criteria for blending component units and presenting business-type component units.

GASB Statement No. 62 incorporates into GASB's literature the provisions in Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants' Committee on Accounting Procedure issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements. The option to use subsequent FASB guidance has been removed.

GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources that were introduced and defined by Concepts Statement No. 4, *Elements of Financial Statements*. Previous financial reporting standards did not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. In addition, the previous Statement of Net Assets was renamed to a Statement of Financial Position.

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassifies, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

GASB Statement No. 66 resolves conflicting guidance by removing the provision that limits fund based reporting of an entity's risk financing activities to the General Fund and the internal service fund type. Under Statement No. 66 decisions about fund type classifications are based on the nature of the activity to be reported as required by Statements No. 54 and No. 34. This statement also modifies guidance on operating lease payments, purchased loans, and servicing fees related to mortgage loans.

C. Subsequent Event

On October 2, 2013, the General Debt Service Fund issued a \$250,000 tax anticipation note to the General Fund for temporary operating funds.

D. Contingent Liabilities

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

E. Changes in Administration

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

Sheriff Grayson Beasley died on February 20, 2013. The County Commission appointed Eddie Carter as sheriff effective May 21, 2013.

F. 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 \$252,018 reported as postclosure care liability at June 30, 2013, represents amounts based on what it would cost to perform all postclosure care in 2013. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

G. 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 to the plan. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2013, was 8.82 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, 2013, Van Buren County's annual pension cost of \$254,812 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2011, 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 postretirement 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, 2011, was seven 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
6-30-13	\$254,812	100%	\$0
6-30-12	252,126	100	0
6-30-11	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 SETHEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.tn.gov/treasury/tcrs/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, 2013, was 8.88 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, 2013, 2012, and 2011, were \$310,858, \$308,133, and \$307,916, 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.

H. 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, 2013, the discretely presented Van Buren County School Department contributed \$45,966 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan
	<hr/>
ARC	\$ 253,000
Interest on the NOPEBO	37,733
Adjustment to the ARC	(40,053)
Annual OPEB cost	<hr/> \$ 250,680
Amount of contribution	(45,966)
Increase/decrease in NOPEBO	<hr/> \$ 204,714
Net OPEB obligation, 7-1-12	<hr/> 943,330
	<hr/>
Net OPEB obligation, 6-30-13	<u><u>\$ 1,148,044</u></u>

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
<hr/>				
6-30-11	Local Education Group	\$ 238,316	21%	\$ 741,555
6-30-12	"	248,176	19	943,330
6-30-13	"	250,680	18	1,148,044

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 8.75 percent for fiscal year 2013. The trend rate will decrease to 8.25 percent in fiscal year 2014 and then 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, 2007.

I. Purchasing Laws

Office of County Mayor

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

Office of Road Superintendent

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

Office of Director of Schools

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

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

A. Summary of Significant Accounting Policies

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

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

recognized in the fiscal year in which all eligibility requirements have been satisfied. On an accrual basis, expenses are recognized at the time they are incurred. The district also uses the economic resources measurement focus.

1. Depreciation

Depreciation is computed at rates designed to amortize the cost of the individual assets over their useful lives. Depreciation begins when the capital assets are placed in service. Any capital assets purchased over \$10,000 are capitalized. Depreciation is summarized as follows:

	Method	Estimated Useful Life	2013 Depreciation
Buildings and Improvements	S/L	40 years	\$ 12,073
Furniture and Fixtures	S/L	10 years	2,249
Office Equipment	S/L	5-10 years	550
Communications Equipment	S/L	5-10 years	39,033
Total			<u>\$ 53,905</u>

2. Major Sources of Revenue

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

3. Net Position

Net position presents the difference between assets and liabilities in the Statement of Net Position. Net investment in capital assets is reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are legal limitations imposed on their use by the district legislation or external restrictions by creditors, grantors, laws, or regulations of other governments. If restricted and unrestricted assets are available for the same purpose, then restricted assets will be used before unrestricted assets.

B. Cash and Cash Investments

The *Tennessee Code Annotated (TCA)*, requires Tennessee banks and savings and loan associations to secure a governmental entity’s deposits by pledging government securities as collateral. The market value of pledged securities must equal 105 percent of the entity’s deposits. The entity may waive collateral requirements for deposits that are fully insured up to \$250,000 by

the Federal Deposit Insurance Corporation (FDIC) or Savings Association Insurance Fund (SAIF).

The following is a schedule of bank accounts at June 30, 2013:

Operating Checking - Citizens Bank	<u>\$ 107,036</u>
Total Deposits	<u><u>\$ 107,036</u></u>

At June 30, 2013, the carrying amount of the Van Buren County Emergency Communications District's cash deposits was \$107,036. The district's deposit accounts are covered up to \$250,000 by FDIC. The district is authorized to deposit and invest funds according to the provisions of Section 5-8-301, *TCA*.

C. Bonding

Van Buren County Emergency Communications District has a bond covering certain members of the board at June 30, 2013. The district also has insurance covering liability and buildings and contents. There have been no losses or settlements that exceeded coverage during the past three years.

D. Capital Assets

The following is a schedule of capital assets at June 30, 2013:

Assets	Cost	Accumulated Depreciation	Net
Non-Depreciable:			
Land	\$ 60,000	\$ 0	<u>\$ 60,000</u>
Depreciable:			
Buildings and Improvements	\$ 380,177	\$ 63,932	\$ 316,245
Furniture and Fixtures	22,494	11,230	11,264
Office Equipment	2,750	1,650	1,100
Communications Equipment	343,640	108,743	234,897
Total Depreciable	<u>\$ 749,061</u>	<u>\$ 185,555</u>	<u>\$ 563,506</u>
Total Assets	<u><u>\$ 809,061</u></u>	<u><u>\$ 185,555</u></u>	<u><u>\$ 623,506</u></u>

Assets	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Non-Depreciable:				
Land	\$ 60,000	\$ 0	0	\$ 60,000
Depreciable:				
Buildings and Improvements	\$ 380,177	\$ 0	\$ 0	\$ 380,177
Furniture and Fixtures	22,494	0	0	22,494
Office Equipment	3,590	0	(840)	2,750
Communications Equipment	403,972	134,152	(194,484)	343,640
Total Depreciable	<u>\$ 810,233</u>	<u>\$ 134,152</u>	<u>\$ (195,324)</u>	<u>\$ 749,061</u>
Total Assets	<u>\$ 870,233</u>	<u>\$ 134,152</u>	<u>\$ (195,324)</u>	<u>\$ 809,061</u>

E. Cash and Cash Equivalents

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

F. Accounts Receivable/Due from State

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

Ben Lomand	\$ 3,171
Bledsoe Telephone	<u>992</u>
Subtotal	\$ 4,163
State of Tennessee - ECB Wireless	<u>2,326</u>
Total	<u><u>\$ 6,489</u></u>

G. Compensated Absences

There were no compensated absences for June 30, 2013.

H. Notes Payable

Van Buren County Emergency Communications District purchased the old bank building from Citizens Bank of Spencer, Tennessee, for \$150,000. The district paid \$25,000 down leaving a principal balance of \$125,000. Payments will be made annually totaling \$25,000 a year for five years at an interest rate of 5.472 percent with a balloon payment of \$25,003 on June 30, 2013.

A schedule of changes in notes payable is as follows:

	Balance 6-30-12	Payments	Balance 6-30-13
Building	\$ 20,700	\$ (20,700)	\$ 0
Total	<u>\$ 20,700</u>	<u>\$ (20,700)</u>	<u>\$ 0</u>

I. Calculation of Investment in Capital Assets

Net Book Value	\$ 623,506
Current and Non-current Debt	<u>0</u>
Investment in Capital Assets	<u>\$ 623,506</u>

J. Budgetary Information

The district must file a budget with Van Buren County each year. The budget is prepared on the accrual basis of accounting. Compliance with the legally adopted budget is required at the line item level.

K. Pension Plan

Plan Description

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

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

Funding Policy

Van Buren County Emergency Communications District requires employees to contribute five percent of earnable compensation. The district is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2013, was 5.53 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the district is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2013, Van Buren County Emergency Communications District’s annual pension cost of \$4,422 to TCRS was equal to the district’s required and actual contributions. The required contribution was determined as part of the July 1, 2011, 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), and (d) projected 3.5 percent annual increase in the Social Security wage base.

The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. The district’s unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2011, was 11 years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Year Ended	Pension Cost (APC)	of APC Contributed	Pension Obligation
6-30-13	\$ 4,422	100 %	\$ 0
6-30-12	4,134	100	0
6-30-11	4,303	100	0

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 77.44 percent funded. The actuarial accrued liability for benefits was \$.06 million, and the actuarial value of assets was \$.05 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.01 million. The covered payroll (annual payroll of active employees covered by the plan) was \$.07 million, and the ratio of the UAAL to the covered payroll was 19.39 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.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit E-1

Van Buren County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Van Buren County School Department
June 30, 2013

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Frozen Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAAL 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-2

Van Buren County, Tennessee
Schedule of Funding Progress – Pension Plan
Discretely Presented Van Buren County Emergency Communications District
June 30, 2013

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Frozen 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	\$ 49	\$ 64	\$ 14	77.44 %	\$ 74	19.39 %
7-1-09	25	39	13	65.30	91	14.74
7-1-07	15	30	15	50.00	56	26.79

Exhibit E-3

Van Buren County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plan
Discretely Presented Van Buren County School Department
June 30, 2013

(Dollar amounts in thousands)

Plan	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Projected Unit Credit (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, 2013

BUDGETARY INFORMATION

In prior years, the budgetary statements for the General Fund and major special revenue funds were presented as required supplementary information in the financial statements of its external financial report. Effective for the year ended June 30, 2013, these budgetary statements are presented as part of the basic financial statements. This change in presentation was done to be consistent in the presentation of the information for both municipal and county governments in Tennessee.

**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.

Exhibit F-1

Van Buren County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2013

	Special Revenue Funds						Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Solid Waste/ Sanitation	Local Purpose Tax	Drug Control	Constitu- tional Officers - Fees		
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 420	\$ 420	
Equity in Pooled Cash and Investments	24,335	130,209	35,076	7,602	0	197,222	
Accounts Receivable	0	425	0	0	481	906	
Property Taxes Receivable	0	63,516	181,474	0	0	244,990	
Allowance for Uncollectible Property Taxes	0	(6,019)	(17,196)	0	0	(23,215)	
Total Assets	\$ 24,335	\$ 188,131	\$ 199,354	\$ 7,602	\$ 901	\$ 420,323	
Payroll Deductions Payable	\$ 282	\$ 15	\$ 0	\$ 0	\$ 0	\$ 297	
Due to Other Funds	0	0	0	0	901	901	
Due to State of Tennessee	69	453	0	0	0	522	
Total Liabilities	\$ 351	\$ 468	\$ 0	\$ 0	\$ 901	\$ 1,720	
DEFERRED INFLOWS OF RESOURCES							
Deferred Current Property Taxes	\$ 0	\$ 50,608	\$ 144,595	\$ 0	\$ 0	\$ 195,203	
Deferred Delinquent Property Taxes	0	6,664	19,040	0	0	25,704	
Total Deferred Inflows of Resources	\$ 0	\$ 57,272	\$ 163,635	\$ 0	\$ 0	\$ 220,907	
FUND BALANCES							
Restricted:							
Restricted for General Government	\$ 23,984	\$ 0	\$ 0	\$ 0	\$ 0	\$ 23,984	
Restricted for Public Safety	0	0	35,719	7,602	0	43,321	
Committed:							
Committed for Public Health and Welfare	0	130,391	0	0	0	130,391	
Total Fund Balances	\$ 23,984	\$ 130,391	\$ 35,719	\$ 7,602	\$ 0	\$ 197,696	
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 24,335	\$ 188,131	\$ 199,354	\$ 7,602	\$ 901	\$ 420,323	

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, 2013

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Local Purpose Tax	Drug Control		
<u>Revenues</u>						
Local Taxes	\$ 37,655	\$ 52,081	\$ 145,267	\$ 0	\$ 0	235,003
Fines, Forfeitures, and Penalties	0	0	0	11,226		11,226
Charges for Current Services	0	50,863	0	0	0	50,863
Other Local Revenues	0	11,595	2,507	0	0	14,102
Total Revenues	\$ 37,655	\$ 114,539	\$ 147,774	\$ 11,226	\$ 0	\$ 311,194
<u>Expenditures</u>						
Current:						
General Government	\$ 39,359	\$ 0	\$ 0	\$ 0	\$ 0	39,359
Public Safety	5,829	0	136,999	8,079		150,907
Public Health and Welfare	0	131,741	0	0	0	131,741
Other Operations	378	0	2,765	125		3,268
Total Expenditures	\$ 45,566	\$ 131,741	\$ 139,764	\$ 8,204	\$ 0	\$ 325,275
Excess (Deficiency) of Revenues Over Expenditures	\$ (7,911)	\$ (17,202)	\$ 8,010	\$ 3,022	\$ 0	\$ (14,081)
Net Change in Fund Balances Fund Balance, July 1, 2012	\$ (7,911)	\$ (17,202)	\$ 8,010	\$ 3,022	\$ 0	\$ (14,081)
	31,895	147,593	27,709	4,580		211,777
Fund Balance, June 30, 2013	\$ 23,984	\$ 130,391	\$ 35,719	\$ 7,602	\$ 0	\$ 197,696

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, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 37,655	\$ 50,000	\$ 50,000	\$ (12,345)
Total Revenues	\$ 37,655	\$ 50,000	\$ 50,000	\$ (12,345)
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 39,359	\$ 41,770	\$ 41,770	\$ 2,411
<u>Public Safety</u>				
Jail	5,829	8,000	8,000	2,171
<u>Other Operations</u>				
Other Charges	378	664	664	286
Total Expenditures	\$ 45,566	\$ 50,434	\$ 50,434	\$ 4,868
Excess (Deficiency) of Revenues Over Expenditures	\$ (7,911)	\$ (434)	\$ (434)	\$ (7,477)
Net Change in Fund Balance	\$ (7,911)	\$ (434)	\$ (434)	\$ (7,477)
Fund Balance, July 1, 2012	31,895	31,895	31,895	0
Fund Balance, June 30, 2013	\$ 23,984	\$ 31,461	\$ 31,461	\$ (7,477)

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, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 52,081	\$ 54,347	\$ 54,347	\$ (2,266)
Charges for Current Services	50,863	48,000	48,000	2,863
Other Local Revenues	11,595	15,000	15,000	(3,405)
Total Revenues	<u>\$ 114,539</u>	<u>\$ 117,347</u>	<u>\$ 117,347</u>	<u>\$ (2,808)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Waste Pickup	\$ 18,579	\$ 19,785	\$ 19,785	\$ 1,206
Convenience Centers	106,058	87,350	108,025	1,967
Landfill Operation and Maintenance	7,104	7,600	7,600	496
Total Expenditures	<u>\$ 131,741</u>	<u>\$ 114,735</u>	<u>\$ 135,410</u>	<u>\$ 3,669</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (17,202)</u>	<u>\$ 2,612</u>	<u>\$ (18,063)</u>	<u>\$ 861</u>
Net Change in Fund Balance	\$ (17,202)	\$ 2,612	\$ (18,063)	\$ 861
Fund Balance, July 1, 2012	147,593	147,354	147,354	239
Fund Balance, June 30, 2013	<u>\$ 130,391</u>	<u>\$ 149,966</u>	<u>\$ 129,291</u>	<u>\$ 1,100</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, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 145,267	\$ 147,921	\$ 147,921	\$ (2,654)
Other Local Revenues	2,507	500	500	2,007
Total Revenues	<u>\$ 147,774</u>	<u>\$ 148,421</u>	<u>\$ 148,421</u>	<u>\$ (647)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Fire Prevention and Control	\$ 136,999	\$ 140,000	\$ 140,000	\$ 3,001
<u>Other Operations</u>				
Other Charges	2,765	3,500	3,500	735
Total Expenditures	<u>\$ 139,764</u>	<u>\$ 143,500</u>	<u>\$ 143,500</u>	<u>\$ 3,736</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 8,010</u>	<u>\$ 4,921</u>	<u>\$ 4,921</u>	<u>\$ 3,089</u>
Net Change in Fund Balance	\$ 8,010	\$ 4,921	\$ 4,921	\$ 3,089
Fund Balance, July 1, 2012	<u>27,709</u>	<u>27,185</u>	<u>27,185</u>	<u>524</u>
Fund Balance, June 30, 2013	<u>\$ 35,719</u>	<u>\$ 32,106</u>	<u>\$ 32,106</u>	<u>\$ 3,613</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, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 11,226	\$ 7,500	\$ 7,500	\$ 3,726
Other Local Revenues	0	6,000	6,000	(6,000)
Total Revenues	<u>\$ 11,226</u>	<u>\$ 13,500</u>	<u>\$ 13,500</u>	<u>\$ (2,274)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 8,079	\$ 10,400	\$ 10,400	\$ 2,321
<u>Other Operations</u>				
Other Charges	125	125	125	0
Total Expenditures	<u>\$ 8,204</u>	<u>\$ 10,525</u>	<u>\$ 10,525</u>	<u>\$ 2,321</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 3,022</u>	<u>\$ 2,975</u>	<u>\$ 2,975</u>	<u>\$ 47</u>
Net Change in Fund Balance	\$ 3,022	\$ 2,975	\$ 2,975	\$ 47
Fund Balance, July 1, 2012	<u>4,580</u>	<u>5,130</u>	<u>5,130</u>	<u>(550)</u>
Fund Balance, June 30, 2013	<u>\$ 7,602</u>	<u>\$ 8,105</u>	<u>\$ 8,105</u>	<u>\$ (503)</u>

Major Governmental Funds

General Debt Service Fund

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

Exhibit G

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, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 74,810	\$ 80,985	\$ 80,985	\$ (6,175)
State of Tennessee	19,812	18,908	18,908	904
Other Governments and Citizens Groups	230,076	0	230,078	(2)
Total Revenues	<u>\$ 324,698</u>	<u>\$ 99,893</u>	<u>\$ 329,971</u>	<u>\$ (5,273)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 59,956	\$ 76,000	\$ 76,000	\$ 16,044
Education	147,303	0	147,303	0
<u>Interest on Debt</u>				
General Government	5,248	6,000	6,000	752
Education	76,839	0	76,840	1
<u>Other Debt Service</u>				
General Government	1,081	1,200	1,200	119
Education	5,934	0	5,935	1
Total Expenditures	<u>\$ 296,361</u>	<u>\$ 83,200</u>	<u>\$ 313,278</u>	<u>\$ 16,917</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 28,337</u>	<u>\$ 16,693</u>	<u>\$ 16,693</u>	<u>\$ 11,644</u>
Net Change in Fund Balance	\$ 28,337	\$ 16,693	\$ 16,693	\$ 11,644
Fund Balance, July 1, 2012	<u>451,183</u>	<u>451,131</u>	<u>451,131</u>	<u>52</u>
Fund Balance, June 30, 2013	<u>\$ 479,520</u>	<u>\$ 467,824</u>	<u>\$ 467,824</u>	<u>\$ 11,696</u>

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 H-1

Van Buren County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2013

	<u>Agency Funds</u>		
	Cities -	Constitu-	
	Sales	tional	
	Tax	Officers -	Total
		Agency	
<u>ASSETS</u>			
Cash	\$ 0	\$ 329,857	\$ 329,857
Due from Other Governments	25,019	0	25,019
Cash Shortage	0	3,000	3,000
Total Assets	<u>\$ 25,019</u>	<u>\$ 332,857</u>	<u>\$ 357,876</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 25,019	\$ 0	\$ 25,019
Due to Litigants, Heirs, and Others	0	332,857	332,857
Total Liabilities	<u>\$ 25,019</u>	<u>\$ 332,857</u>	<u>\$ 357,876</u>

Exhibit H-2

Van Buren County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2013

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 120,785	\$ 120,785	\$ 0
Due from Other Governments	20,156	25,019	20,156	25,019
Total Assets	\$ 20,156	\$ 145,804	\$ 140,941	\$ 25,019
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 20,156	\$ 145,804	\$ 140,941	\$ 25,019
Total Liabilities	\$ 20,156	\$ 145,804	\$ 140,941	\$ 25,019
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 433,209	\$ 3,968,683	\$ 4,072,035	\$ 329,857
Cash Shortage	0	3,000	0	3,000
Total Assets	\$ 433,209	\$ 3,968,683	\$ 4,072,035	\$ 329,857
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 433,209	\$ 3,968,683	\$ 4,072,035	\$ 329,857
Total Liabilities	\$ 433,209	\$ 3,968,683	\$ 4,072,035	\$ 329,857
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 433,209	\$ 3,968,683	\$ 4,072,035	\$ 329,857
Equity in Pooled Cash and Investments	0	120,785	120,785	0
Due from Other Governments	20,156	25,019	20,156	25,019
Cash Shortage	0	3,000	0	3,000
Total Assets	\$ 453,365	\$ 4,117,487	\$ 4,212,976	\$ 357,876
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 20,156	\$ 145,804	\$ 140,941	\$ 25,019
Due to Litigants, Heirs, and Others	433,209	3,968,683	4,072,035	329,857
Total Liabilities	\$ 453,365	\$ 4,114,487	\$ 4,212,976	\$ 354,876

Van Buren County School Department

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

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

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

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

Exhibit I-1

Van Buren County, Tennessee
Statement of Activities
Discretely Presented Van Buren County School Department
For the Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 4,111,042	\$ 0	\$ 410,933	\$ (3,700,109)
Support Services	2,591,808	13,316	142,151	(2,436,341)
Operation of Non-Instructional Services	868,575	138,208	468,028	(262,339)
Interest on Long-term Debt	64,619	0	0	(64,619)
Other Debt Service	5,934	0	0	(5,934)
Total Governmental Activities	\$ 7,641,978	\$ 151,524	\$ 1,021,112	\$ (6,469,342)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 633,939
Local Option Sales Taxes				324,919
Hotel/Motel Taxes				101,584
Other Local Taxes				473
Grants and Contributions Not Restricted to Specific Programs				5,190,959
Unrestricted Investment Earnings				430
Miscellaneous				13,169
Total General Revenues				\$ 6,265,473
Change in Net Position				\$ (203,869)
Net Position, July 1, 2012				8,193,981
Net Position, June 30, 2013				\$ 7,990,112

Exhibit I-2

Van Buren County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Van Buren County School Department
June 30, 2013

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	<u>General</u>	<u>Other</u>	<u>Total</u>
	<u>Purpose</u>	<u>Govern-</u>	<u>Governmental</u>
	<u>School</u>	<u>mental</u>	<u>Funds</u>
		<u>Funds</u>	
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 4,351,450	\$ 269,055	\$ 4,620,505
Accounts Receivable	450	108	558
Due from Other Governments	175,585	39,447	215,032
Due from Other Funds	0	6,778	6,778
Property Taxes Receivable	936,500	0	936,500
Allowance for Uncollectible Property Taxes	(85,195)	0	(85,195)
Total Assets	<u>\$ 5,378,790</u>	<u>\$ 315,388</u>	<u>\$ 5,694,178</u>
<u>LIABILITIES</u>			
Due to Other Funds	\$ 6,778	\$ 0	\$ 6,778
Due to State of Tennessee	2,704	207	2,911
Total Liabilities	<u>\$ 9,482</u>	<u>\$ 207</u>	<u>\$ 9,689</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 759,699	\$ 0	\$ 759,699
Deferred Delinquent Property Taxes	88,612	0	88,612
Other Deferred/Unavailable Revenue	37,642	0	37,642
Total Deferred Inflows of Resources	<u>\$ 885,953</u>	<u>\$ 0</u>	<u>\$ 885,953</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 4,886	\$ 215,181	\$ 220,067
Committed:			
Committed for Education	3,320,345	100,000	3,420,345
Unassigned	1,158,124	0	1,158,124
Total Fund Balances	<u>\$ 4,483,355</u>	<u>\$ 315,181</u>	<u>\$ 4,798,536</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 5,378,790</u>	<u>\$ 315,388</u>	<u>\$ 5,694,178</u>

Exhibit I-3

Van Buren County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
Discretely Presented Van Buren County School Department
June 30, 2013

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

Total fund balances - balance sheet - governmental funds (Exhibit H-2)		\$	4,798,536
(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		5,795,444	
Add: infrastructure net of accumulated depreciation		7,080	
Add: other capital assets net of accumulated depreciation		<u>562,005</u>	6,633,876
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: contributions due on primary government debt for bonds	\$	(1,813,757)	
Less: contributions due on primary government debt for other loans		(587,000)	
Less: other postemployment benefits liabilities		(1,148,044)	
Less: compensated absences payable		<u>(19,753)</u>	(3,568,554)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>126,254</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>7,990,112</u></u>

Exhibit I-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, 2013

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	<u>General</u>	<u>Other</u>	<u>Total</u>
	<u>Purpose</u>	<u>Govern-</u>	<u>Governmental</u>
	<u>School</u>	<u>mental</u>	<u>Funds</u>
		<u>Funds</u>	
<u>Revenues</u>			
Local Taxes	\$ 1,107,685	\$ 0	\$ 1,107,685
Licenses and Permits	418	0	418
Charges for Current Services	13,316	138,208	151,524
Other Local Revenues	15,134	476	15,610
State of Tennessee	5,228,585	4,725	5,233,310
Federal Government	21,238	914,584	935,822
Total Revenues	<u>\$ 6,386,376</u>	<u>\$ 1,057,993</u>	<u>\$ 7,444,369</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 3,191,142	\$ 439,787	\$ 3,630,929
Support Services	2,455,525	124,791	2,580,316
Operation of Non-Instructional Services	383,440	485,135	868,575
Capital Outlay	81,278	0	81,278
Debt Service:			
Principal on Debt	147,303	0	147,303
Interest on Debt	76,839	0	76,839
Other Debt Service	5,934	0	5,934
Total Expenditures	<u>\$ 6,341,461</u>	<u>\$ 1,049,713</u>	<u>\$ 7,391,174</u>
Excess (Deficiency) of Revenues			
Over Expenditures	<u>\$ 44,915</u>	<u>\$ 8,280</u>	<u>\$ 53,195</u>
<u>Other Financing Sources (Uses)</u>			
Proceeds from Sale of Capital Assets	\$ 520	\$ 0	\$ 520
Transfers In	9,068	100,000	109,068
Transfers Out	(100,000)	(9,068)	(109,068)
Total Other Financing Sources (Uses)	<u>\$ (90,412)</u>	<u>\$ 90,932</u>	<u>\$ 520</u>
Net Change in Fund Balances	\$ (45,497)	\$ 99,212	\$ 53,715
Fund Balance, July 1, 2012	<u>4,528,852</u>	<u>215,969</u>	<u>4,744,821</u>
Fund Balance, June 30, 2013	<u>\$ 4,483,355</u>	<u>\$ 315,181</u>	<u>\$ 4,798,536</u>

Exhibit I-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, 2013

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

Net change in fund balances - total governmental funds (Exhibit I-4)		\$	53,715
(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	\$	98,521	
Less: current-year depreciation expense		<u>(300,818)</u>	(202,297)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.			
Add: gain on disposal of capital assets	\$	20	
Less: proceeds from the sale of capital assets		<u>(520)</u>	(500)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.			
Less: deferred delinquent property taxes and other deferred June 30, 2012	\$	(132,514)	
Add: deferred delinquent property taxes and other deferred June 30, 2013		<u>126,254</u>	(6,260)
(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 position.			
Add: contributions on notes for primary government	\$	19,303	
Add: contributions on other loans for primary government		<u>128,000</u>	147,303
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in accrued interest payable	\$	12,220	
Change in compensated absences payable		(3,336)	
Change in other postemployment benefits liabilities		<u>(204,714)</u>	(195,830)
Change in net position of governmental activities (Exhibit B)		\$	<u>(203,869)</u>

Exhibit I-6

Van Buren County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Van Buren County School Department
June 30, 2013

	<u>Special Revenue Funds</u>		Total
	School Federal Projects	Central Cafeteria	Nonmajor Governmental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 84,550	\$ 184,505	\$ 269,055
Accounts Receivable	0	108	108
Due from Other Governments	16,969	22,478	39,447
Due from Other Funds	6,778	0	6,778
Total Assets	<u>\$ 108,297</u>	<u>\$ 207,091</u>	<u>\$ 315,388</u>
<u>LIABILITIES</u>			
Due to State of Tennessee	\$ 0	\$ 207	\$ 207
Total Liabilities	<u>\$ 0</u>	<u>\$ 207</u>	<u>\$ 207</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 8,297	\$ 206,884	\$ 215,181
Committed:			
Committed for Education	100,000	0	100,000
Total Fund Balances	<u>\$ 108,297</u>	<u>\$ 206,884</u>	<u>\$ 315,181</u>
Total Liabilities and Fund Balances	<u>\$ 108,297</u>	<u>\$ 207,091</u>	<u>\$ 315,388</u>

Exhibit I-7

Van Buren County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Van Buren County School Department
For the Year Ended June 30, 2013

	<u>Special Revenue Funds</u>		Total
	School	Central	Nonmajor
	Federal	Cafeteria	Governmental
	Projects		Funds
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 138,208	\$ 138,208
Other Local Revenues	0	476	476
State of Tennessee	0	4,725	4,725
Federal Government	568,281	346,303	914,584
Total Revenues	<u>\$ 568,281</u>	<u>\$ 489,712</u>	<u>\$ 1,057,993</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 439,787	\$ 0	\$ 439,787
Support Services	124,791	0	124,791
Operation of Non-Instructional Services	0	485,135	485,135
Total Expenditures	<u>\$ 564,578</u>	<u>\$ 485,135</u>	<u>\$ 1,049,713</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 3,703</u>	<u>\$ 4,577</u>	<u>\$ 8,280</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 100,000	\$ 0	\$ 100,000
Transfers Out	(9,068)	0	(9,068)
Total Other Financing Sources (Uses)	<u>\$ 90,932</u>	<u>\$ 0</u>	<u>\$ 90,932</u>
Net Change in Fund Balances	\$ 94,635	\$ 4,577	\$ 99,212
Fund Balance, July 1, 2012	<u>13,662</u>	<u>202,307</u>	<u>215,969</u>
Fund Balance, June 30, 2013	<u><u>\$ 108,297</u></u>	<u><u>\$ 206,884</u></u>	<u><u>\$ 315,181</u></u>

Exhibit I-8

Van Buren County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Van Buren County School Department
General Purpose School Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,107,685	\$ 1,160,878	\$ 1,160,878	\$ (53,193)
Licenses and Permits	418	200	200	218
Charges for Current Services	13,316	14,000	14,000	(684)
Other Local Revenues	15,134	31,000	31,000	(15,866)
State of Tennessee	5,228,585	5,237,105	5,268,026	(39,441)
Federal Government	21,238	151,300	151,300	(130,062)
Total Revenues	<u>\$ 6,386,376</u>	<u>\$ 6,594,483</u>	<u>\$ 6,625,404</u>	<u>\$ (239,028)</u>
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 2,712,375	\$ 3,076,710	\$ 3,076,710	\$ 364,335
Special Education Program	311,336	387,100	387,100	75,764
Vocational Education Program	143,350	175,000	175,000	31,650
Adult Education Program	24,081	52,500	52,500	28,419
<u>Support Services</u>				
Attendance	67,639	78,300	78,300	10,661
Health Services	140,219	171,100	171,100	30,881
Other Student Support	220,768	283,500	283,500	62,732
Regular Instruction Program	317,248	354,400	354,400	37,152
Special Education Program	102,459	123,650	123,650	21,191
Vocational Education Program	4,084	5,100	5,100	1,016
Adult Programs	3,219	5,280	5,280	2,061
Other Programs	30,921	0	30,921	0
Board of Education	109,973	159,550	159,550	49,577
Director of Schools	115,070	127,200	127,200	12,130
Office of the Principal	260,207	273,200	273,200	12,993
Fiscal Services	119,976	136,700	136,700	16,724
Operation of Plant	517,807	601,650	601,650	83,843
Maintenance of Plant	92,346	145,200	145,200	52,854
Transportation	353,589	431,700	431,700	78,111
<u>Operation of Non-Instructional Services</u>				
Community Services	181,102	290,850	290,850	109,748
Early Childhood Education	202,338	255,900	255,900	53,562
<u>Capital Outlay</u>				
Regular Capital Outlay	81,278	465,000	465,000	383,722
<u>Principal on Debt</u>				
Education	147,303	228,000	228,000	80,697
<u>Interest on Debt</u>				
Education	76,839	115,000	115,000	38,161
<u>Other Debt Service</u>				
Education	5,934	10,000	10,000	4,066
Total Expenditures	<u>\$ 6,341,461</u>	<u>\$ 7,952,590</u>	<u>\$ 7,983,511</u>	<u>\$ 1,642,050</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 44,915</u>	<u>\$ (1,358,107)</u>	<u>\$ (1,358,107)</u>	<u>\$ 1,403,022</u>

(Continued)

Exhibit I-8

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Other Financing Sources (Uses)</u>				
Proceeds from Sale of Capital Assets	\$ 520	\$ 0	\$ 0	\$ 520
Transfers In	9,068	10,000	10,000	(932)
Transfers Out	(100,000)	0	(100,000)	0
Total Other Financing Sources	<u>\$ (90,412)</u>	<u>\$ 10,000</u>	<u>\$ (90,000)</u>	<u>\$ (412)</u>
Net Change in Fund Balance	\$ (45,497)	\$ (1,348,107)	\$ (1,448,107)	\$ 1,402,610
Fund Balance, July 1, 2012	<u>4,528,852</u>	<u>4,118,511</u>	<u>4,118,511</u>	<u>410,341</u>
Fund Balance, June 30, 2013	<u>\$ 4,483,355</u>	<u>\$ 2,770,404</u>	<u>\$ 2,670,404</u>	<u>\$ 1,812,951</u>

Exhibit I-9

Van Buren County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Van Buren County School Department
School Federal Projects Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 568,281	\$ 759,868	\$ 761,209	\$ (192,928)
Total Revenues	\$ 568,281	\$ 759,868	\$ 761,209	\$ (192,928)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 300,919	\$ 314,869	\$ 317,288	\$ 16,369
Special Education Program	131,091	281,755	276,755	145,664
Vocational Education Program	7,777	7,781	7,781	4
<u>Support Services</u>				
Other Student Support	61,069	62,181	62,181	1,112
Regular Instruction Program	32,080	38,950	37,872	5,792
Special Education Program	30,916	38,771	43,844	12,928
Vocational Education Program	726	726	726	0
Total Expenditures	\$ 564,578	\$ 745,033	\$ 746,447	\$ 181,869
Excess (Deficiency) of Revenues Over Expenditures	\$ 3,703	\$ 14,835	\$ 14,762	\$ (11,059)
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 100,000	\$ 0	\$ 100,000	\$ 0
Transfers Out	(9,068)	(14,835)	(14,762)	5,694
Total Other Financing Sources	\$ 90,932	\$ (14,835)	\$ 85,238	\$ 5,694
Net Change in Fund Balance	\$ 94,635	\$ 0	\$ 100,000	\$ (5,365)
Fund Balance, July 1, 2012	13,662	0	0	13,662
Fund Balance, June 30, 2013	\$ 108,297	\$ 0	\$ 100,000	\$ 8,297

Exhibit I-10

Van Buren County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Van Buren County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 138,208	\$ 206,000	\$ 206,000	\$ (67,792)
Other Local Revenues	476	1,000	1,000	(524)
State of Tennessee	4,725	5,000	5,000	(275)
Federal Government	346,303	341,000	362,623	(16,320)
Total Revenues	<u>\$ 489,712</u>	<u>\$ 553,000</u>	<u>\$ 574,623</u>	<u>\$ (84,911)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 485,135	\$ 638,790	\$ 660,413	\$ 175,278
Total Expenditures	<u>\$ 485,135</u>	<u>\$ 638,790</u>	<u>\$ 660,413</u>	<u>\$ 175,278</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 4,577</u>	<u>\$ (85,790)</u>	<u>\$ (85,790)</u>	<u>\$ 90,367</u>
Net Change in Fund Balance	\$ 4,577	\$ (85,790)	\$ (85,790)	\$ 90,367
Fund Balance, July 1, 2012	<u>202,307</u>	<u>177,574</u>	<u>177,574</u>	<u>24,733</u>
Fund Balance, June 30, 2013	<u>\$ 206,884</u>	<u>\$ 91,784</u>	<u>\$ 91,784</u>	<u>\$ 115,100</u>

MISCELLANEOUS SCHEDULES

Exhibit J-1

Van Buren County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, Capital Leases, and Bonds
For the Year Ended June 30, 2013

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-12	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-13
<u>NOTES PAYABLE</u>								
Payable through General Debt Service Fund	\$ 165,000	2.4 %	12-3-12	12-3-15	\$ 0	\$ 165,000	\$ 0	\$ 165,000
Land								
<u>OTHER LOANS PAYABLE</u>								
Public Building Authority Loan Agreement								
Payable by School Department Contributions from the General Purpose School Fund to the General Debt Service Fund	2,000,000	Variable	6-30-1997	5-15-17	\$ 715,000	\$ 0	\$ 128,000	\$ 587,000
School								
<u>CAPITAL LEASES PAYABLE</u>								
Payable through General Debt Service Fund	111,500	4.49	10-9-07	10-25-12	\$ 24,343	\$ 0	\$ 24,343	\$ 0
Roll-off Truck								
<u>BONDS PAYABLE</u>								
Payable through General Debt Service Fund	102,500	4.5	6-26-09	6-26-15	\$ 54,627	\$ 0	\$ 35,613	\$ 19,014
General Obligation Bonds								
Payable by School Department Contributions from the General Purpose School Fund to the General Debt Service Fund	1,833,060	4	4-25-12	4-25-52	1,833,060	0	19,303	1,813,757
General Obligation Bonds								
Total Bonds Payable					\$ 1,887,687	\$ 0	\$ 54,916	\$ 1,832,771

Exhibit J-2

Van Buren County, Tennessee
Schedule of Long-term Debt Requirements by Year

Year Ending June 30	Notes		
	Principal	Interest	Total
2014	\$ 53,701	\$ 3,960	\$ 57,661
2015	54,990	2,671	57,661
2016	56,309	1,352	57,661
Total	\$ 165,000	\$ 7,983	\$ 172,983

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2014	\$ 135,000	\$ 2,361	\$ 3,208	\$ 140,569
2015	143,000	1,804	2,692	147,496
2016	150,000	1,216	2,147	153,363
2017	159,000	598	1,574	161,172
Total	\$ 587,000	\$ 5,979	\$ 9,621	\$ 602,600

(Continued)

Exhibit J-2

Van Buren County, Tennessee
Schedule of Long-term Debt Requirements by Year (Cont.)

Year Ending June 30	Bonds		Total
	Principal	Interest	
2014	\$ 39,089	\$ 73,408	\$ 112,497
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	36,968	92,625
2041	57,883	34,742	92,625
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	79,217	13,408	92,625
2050	82,385	10,240	92,625
2051	85,681	6,944	92,625
2052	87,925	3,517	91,442
Total	\$ 1,832,771	\$ 1,798,293	\$ 3,631,064

Exhibit J-3

Van Buren County, Tennessee
Schedule of Notes Receivable
June 30, 2013

Description/Payee	Debtor	Original Amount of Notes	Date of Maturity	Interest Rate	Balance 6-30-13
Tax Anticipation Notes:					
General Debt Service Fund	General Fund	\$ 65,000	6-30-04	0%	\$ 16,250 (1)
"	"	8,400	6-30-08	0	8,400 (2)
Total Notes Receivable					<u>\$ 24,650</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 2012-13.

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

Exhibit J-4

Van Buren County, Tennessee
Schedule of Transfers
Discretely Presented Van Buren County School Department
For the Year Ended June 30, 2013

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
School Federal Projects	General Purpose School	Indirect costs	\$ 9,068
General Purpose School	School Federal Projects	Cash flow	<u>100,000</u>
Total Transfers Discretely Presented Van Buren County School Department			<u>\$ 109,068</u>

Exhibit J-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, 2013

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 61,491	\$ 25,000	Western Surety Company
Road Superintendent	Section 8-24-102, TCA	58,563	100,000	"
Director of Schools	State Board of Education and Van Buren County Board of Education	81,875 (1)	(2)	
Trustee	Section 8-24-102, TCA	53,239	311,900	Western Surety Company
Assessor of Property:				
Pam Mooneyham (7-1-12 through 8-31-12)	Section 8-24-102, TCA	9,214	10,000	"
Darlene Hale (9-1-12 through 6-30-13)	Section 8-24-102, TCA	44,025	50,000	"
County Clerk	Section 8-24-102, TCA	53,239	25,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, TCA	53,239	30,000	"
Clerk and Master	Section 8-24-102, TCA	53,239	50,000	"
Register of Deeds	Section 8-24-102, TCA	53,239	15,000	"
Sheriff:				
Grayson Beasley (7-1-12 through 2-20-13)	Section 8-24-102, TCA	38,291	25,000	"
Vacant (2-21-13 through 5-20-13)				
Eddie Carter (5-21-13 through 6-30-13)	Section 8-24-102, TCA	6,307	25,000	"
Public Employees Blanket Bond:				
Public Employees Dishonesty - County Employees			150,000	Local Government Insurance Pool
Public Employees Dishonesty - School Employees			150,000	Tennessee Risk Management Trust

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

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

Exhibit J-6

Van Buren County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2013

	Special Revenue Funds										Debt Service	
	General	Courthouse and Jail			Solid Waste/ Sanitation	Ambulance Service	Local Purpose Tax	Drug Control	Highway/ Public Works	Fund		
		Maintenance	Waste/ Sanitation	General						Debt	Service	
<u>Local Taxes</u>												
County Property Taxes												
Current Property Tax	\$ 1,116,347	\$ 0	\$ 41,128	\$ 129,261	\$ 117,511	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,751	\$ 1,415,998	
Trustee's Collections - Prior Year	77,778	0	3,684	8,187	8,188	0	0	0	0	819	98,656	
Circuit/Clerk & Master Collections - Prior Years	72,966	0	2,899	8,254	7,691	0	0	0	0	769	92,579	
Interest and Penalty	38,568	0	1,632	4,255	4,059	0	0	0	0	406	48,920	
Pick-up Taxes	2,612	0	98	300	275	0	0	0	0	27	3,312	
Payments in-Lieu-of Taxes - T.V.A.	4,365	0	0	0	0	0	0	0	0	624	4,989	
Payments in-Lieu-of Taxes - Local Utilities	71,661	0	2,640	8,297	7,543	0	0	0	0	754	90,895	
Payments in-Lieu-of Taxes - Other	61,256	0	0	0	0	0	0	0	0	0	61,256	
<u>County Local Option Taxes</u>												
Local Option Sales Tax	57,781	0	0	0	0	0	0	0	0	0	57,781	
Hotel/Motel Tax	0	0	0	0	0	0	0	0	0	59,660	59,660	
Litigation Tax - General	5,180	0	0	0	0	0	0	0	0	0	5,180	
Litigation Tax - Special Purpose	0	27,424	0	0	0	0	0	0	0	0	27,424	
Litigation Tax - Jail, Workhouse, or Courthouse	0	10,231	0	0	0	0	0	0	0	0	10,231	
Business Tax	23,170	0	0	0	0	0	0	0	0	0	23,170	
<u>Statutory Local Taxes</u>												
Bank Excise Tax	4,958	0	0	0	0	0	0	0	0	0	4,958	
Wholesale Beer Tax	28,159	0	0	0	0	0	0	0	0	0	28,159	
Beer Privilege Tax	951	0	0	0	0	0	0	0	0	0	951	
Interstate Telecommunications Tax	337	0	0	0	0	0	0	0	0	0	337	
Total Local Taxes	\$ 1,566,089	\$ 37,655	\$ 52,081	\$ 158,554	\$ 145,267	\$ 0	\$ 0	\$ 0	\$ 0	\$ 74,810	\$ 2,034,456	
<u>Licenses and Permits</u>												
Licenses												
Cable TV Franchise	\$ 11,108	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,108	
Total Licenses and Permits	\$ 11,108	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,108	
<u>Fines, Forfeitures, and Penalties</u>												
<u>Circuit Court</u>												
Fines	\$ 6,781	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,781	
Officers Costs	2,425	0	0	0	0	0	0	0	0	0	2,425	
Drug Control Fines	0	0	0	0	0	3,190	0	0	0	0	3,190	
Data Entry Fee - Circuit Court	354	0	0	0	0	0	0	0	0	0	354	
<u>General Sessions Court</u>												
Fines	7,129	0	0	0	0	0	0	0	0	0	7,129	
Officers Costs	14,089	0	0	0	0	0	0	0	0	0	14,089	

(Continued)

Exhibit J-6

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

	Special Revenue Funds							Debt Service	
	General	Courtthouse and Jail Maintenance	Solid Waste/ Sanitation	Ambulance Service	Local Purpose Tax	Drug Control	Highway/ Public Works	Fund	
								General	Debt Service
Fines, Forfeitures, and Penalties (Cont.)									
General Sessions Court (Cont.)									
Drug Control Fines	\$ 4,638	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,886	\$ 0	\$ 0	\$ 12,524
Data Entry Fee - General Sessions Court	3,878	0	0	0	0	0	0	0	3,878
Chancery Court									
Data Entry Fee - Chancery Court	1,652	0	0	0	0	0	0	0	1,652
Judicial District Drug Program									
Data Entry Fee - Other Courts	456	0	0	0	0	0	0	0	456
Other Fines, Forfeitures, and Penalties									
Other Fines, Forfeitures, and Penalties	0	0	0	0	0	150	0	0	150
Total Fines, Forfeitures, and Penalties	\$ 41,402	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,226	\$ 0	\$ 0	\$ 52,628
Charges for Current Services									
General Service Charges									
Convenience Waste Centers Collection Charge	\$ 0	\$ 0	\$ 50,863	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 50,863
Patient Charges	0	0	0	310,034	0	0	0	0	310,034
Fees									
Library Fees	635	0	0	0	0	0	0	0	635
Telephone Commissions	4,243	0	0	0	0	0	0	0	4,243
Data Processing Fee - Register	2,670	0	0	0	0	0	0	0	2,670
Sexual Offender Registration Fees - Sheriff	920	0	0	0	0	0	0	0	920
Total Charges for Current Services	\$ 8,468	\$ 0	\$ 50,863	\$ 310,034	\$ 0	\$ 0	\$ 0	\$ 0	\$ 369,365
Other Local Revenues									
Recurring Items									
Investment Income	\$ 20,383	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 20,383
Lease/Rentals	1,932	0	0	0	0	0	0	0	1,932
Sale of Recycled Materials	0	0	11,595	0	0	0	0	0	11,595
Miscellaneous Refunds	5,267	0	0	0	2,507	0	45	0	7,819
Nonrecurring Items									
Contributions and Gifts	2,252	0	0	0	0	0	0	0	2,252
Other Local Revenues	869	0	0	0	0	0	0	0	869
Total Other Local Revenues	\$ 30,703	\$ 0	\$ 11,595	\$ 0	\$ 2,507	\$ 0	\$ 45	\$ 0	\$ 44,850
Fees Received from County Officials									
Fees in-Lieu-of Salary	\$ 48,370	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 48,370
County Clerk									

(Continued)

Exhibit J-6

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

	Special Revenue Funds										Debt Service	
	General	Courtthouse and Jail Maintenance	Solid Waste/ Sanitation	Ambulance Service	Local Purpose Tax	Drug Control	Highway/ Public Works	Fund		Total		
								General	Debt Service			
<u>Fees Received from County Officials (Cont.)</u>												
<u>Fees in-Lieu-of Salary (Cont.)</u>												
	\$	22,406	\$	0	\$	0	\$	0	\$	0	\$	22,406
Circuit Court Clerk		65,302		0		0		0		0		65,302
General Sessions Court Clerk		35,094		0		0		0		0		35,094
Clerk and Master		32,668		0		0		0		0		32,668
Register		3,021		0		0		0		0		3,021
Sheriff		88,704		0		0		0		0		88,704
Trustee		295,565		0		0		0		0		295,565
Total Fees Received from County Officials												
<u>State of Tennessee</u>												
<u>General Government Grants</u>												
Juvenile Services Program	\$	4,500	\$	0	\$	0	\$	0	\$	0	\$	4,500
Other General Government Grants		11,143		0		0		0		0		11,143
Public Safety Grants		4,200		0		0		0		0		4,200
Law Enforcement Training Programs		9,101		0		0		0		0		9,101
Health and Welfare Grants		28,798		0		0		0		0		28,798
Public Works Grants		3,319		0		0		0		0		3,319
Litter Program		18,586		0		0		0		0		18,586
Other State Revenues		20,262		0		0		0		0		20,262
Income Tax		138,682		0		0		0		0		138,682
Beer Tax		110,340		0		0		0		0		110,340
Alcoholic Beverage Tax		0		0		0		1,311,255		0		1,311,255
State Revenue Sharing - T.V.A.		0		0		0		4,004		0		4,004
Contracted Prisoner Boarding		0		0		0		0		0		0
Gasoline and Motor Fuel Tax		0		0		0		0		0		0
Petroleum Special Tax		15,164		0		0		0		0		15,164
Registrar's Salary Supplement		2,168		0		0		0		0		2,168
Other State Grants		366,263		0		0		0		0		366,263
Total State of Tennessee												
<u>Federal Government</u>												
<u>Federal Through State</u>												
Community Development	\$	262,593	\$	0	\$	0	\$	0	\$	0	\$	262,593
Law Enforcement Grants		4,976		0		0		0		0		4,976
Other Federal through State		27,582		0		0		0		0		27,582

(Continued)

Exhibit J-6

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

	Special Revenue Funds						Debt Service		Total
	General	Courthouse and Jail Maintenance	Solid Waste/ Sanitation	Ambulance Service	Local Purpose Tax	Highway/ Public Works	General Debt	Service	
<u>Federal Government (Cont.)</u>									
Direct Federal Revenue	\$ 12,064	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 12,064
Other Direct Federal Revenue	\$ 307,215	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 307,215
Total Federal Government	\$ 319,279	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 319,279
<u>Other Governments and Citizens Groups</u>									
Other Governments	\$ 34,494	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 230,076	\$ 264,570
Contributions	\$ 34,494	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 230,076	\$ 264,570
Total Other Governments and Citizens Groups	\$ 68,988	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 460,152	\$ 529,140
Total	\$ 388,267	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 460,152	\$ 848,419

Exhibit J-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, 2013

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 546,892	\$ 0	\$ 0	\$ 546,892
Trustee's Collections - Prior Year	38,103	0	0	38,103
Circuit/Clerk & Master Collections - Prior Years	37,418	0	0	37,418
Interest and Penalty	16,879	0	0	16,879
Pick-up Taxes	1,280	0	0	1,280
Payments in-Lieu-of Taxes - T.V.A.	5,404	0	0	5,404
Payments in-Lieu-of Taxes - Local Utilities	35,106	0	0	35,106
<u>County Local Option Taxes</u>				
Local Option Sales Tax	324,546	0	0	324,546
Hotel/Motel Tax	101,584	0	0	101,584
<u>Statutory Local Taxes</u>				
Interstate Telecommunications Tax	473	0	0	473
Total Local Taxes	\$ 1,107,685	\$ 0	\$ 0	\$ 1,107,685
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 418	\$ 0	\$ 0	\$ 418
Total Licenses and Permits	\$ 418	\$ 0	\$ 0	\$ 418
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Lunch Payments - Children	\$ 0	\$ 0	\$ 46,269	\$ 46,269
Lunch Payments - Adults	0	0	14,308	14,308
Income from Breakfast	0	0	15,715	15,715
A la carte Sales	0	0	61,916	61,916
Receipts from Individual Schools	13,316	0	0	13,316
Total Charges for Current Services	\$ 13,316	\$ 0	\$ 138,208	\$ 151,524
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 430	\$ 430
Sale of Materials and Supplies	35	0	0	35
Refund of Telecommunication & Internet Fees (E-Rate)	12,055	0	0	12,055
Miscellaneous Refunds	783	0	46	829
<u>Nonrecurring Items</u>				
Damages Recovered from Individuals	250	0	0	250
Contributions and Gifts	1,000	0	0	1,000
<u>Other Local Revenues</u>				
Other Local Revenues	1,011	0	0	1,011
Total Other Local Revenues	\$ 15,134	\$ 0	\$ 476	\$ 15,610
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 30,921	\$ 0	\$ 0	\$ 30,921
<u>State Education Funds</u>				
Basic Education Program	4,539,427	0	0	4,539,427
Early Childhood Education	195,903	0	0	195,903
School Food Service	0	0	4,725	4,725
Other State Education Funds	131,068	0	0	131,068
Career Ladder Program	31,465	0	0	31,465
Career Ladder - Extended Contract	11,100	0	0	11,100
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	171,701	0	0	171,701
Other State Revenues	117,000	0	0	117,000
Total State of Tennessee	\$ 5,228,585	\$ 0	\$ 4,725	\$ 5,233,310

(Continued)

Exhibit J-7

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

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 215,233	\$ 215,233
USDA - Commodities	0	0	21,623	21,623
Breakfast	0	0	104,283	104,283
USDA - Other	0	0	5,164	5,164
Adult Education State Grant Program	15,000	0	0	15,000
Vocational Education - Basic Grants to States	0	14,607	0	14,607
Title I Grants to Local Education Agencies	0	240,989	0	240,989
Special Education - Grants to States	6,238	159,505	0	165,743
Special Education Preschool Grants	0	5,403	0	5,403
Rural Education	0	13,828	0	13,828
Eisenhower Professional Development State Grants	0	43,637	0	43,637
Race-to-the-Top - ARRA	0	60,312	0	60,312
Other Federal through State	0	30,000	0	30,000
Total Federal Government	\$ 21,238	\$ 568,281	\$ 346,303	\$ 935,822
Total	\$ 6,386,376	\$ 568,281	\$ 489,712	\$ 7,444,369

Exhibit J-8

Van Buren County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2013

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	12,838	
Social Security		434	
Unemployment Compensation		168	
Employer Medicare		102	
Audit Services		1,664	
Consultants		1,464	
Contracts with Government Agencies		3,860	
Dues and Memberships		1,050	
Refunds		5,191	
Total County Commission			\$ 26,771

Board of Equalization

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

Beer Board

Board and Committee Members Fees	\$	150	
Total Beer Board			150

County Mayor/Executive

County Official/Administrative Officer	\$	61,491	
Accountants/Bookkeepers		29,756	
Part-time Personnel		7,236	
Social Security		6,106	
State Retirement		8,048	
Unemployment Compensation		334	
Employer Medicare		1,428	
Communication		4,825	
Data Processing Services		5,462	
Dues and Memberships		1,749	
Legal Notices, Recording, and Court Costs		1,609	
Printing, Stationery, and Forms		1,027	
Travel		1,112	
Office Supplies		1,380	
Premiums on Corporate Surety Bonds		100	
Other Charges		486	
Data Processing Equipment		955	
Total County Mayor/Executive			133,104

County Attorney

County Official/Administrative Officer	\$	7,380	
Total County Attorney			7,380

Election Commission

County Official/Administrative Officer	\$	47,915	
Election Commission		10,125	
Election Workers		8,110	
Social Security		2,971	
State Retirement		4,226	
Unemployment Compensation		216	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Employer Medicare	\$	695	
Communication		928	
Data Processing Services		8,052	
Dues and Memberships		150	
Legal Notices, Recording, and Court Costs		5,525	
Maintenance and Repair Services - Equipment		1,119	
Printing, Stationery, and Forms		3,038	
Travel		3,333	
Other Contracted Services		6,299	
Office Supplies		484	
Other Charges		798	
Total Election Commission			\$ 103,984

Register of Deeds

County Official/Administrative Officer	\$	53,239	
Social Security		3,301	
State Retirement		4,696	
Employer Medicare		772	
Communication		608	
Data Processing Services		3,948	
Dues and Memberships		432	
Printing, Stationery, and Forms		648	
Office Supplies		292	
Premiums on Corporate Surety Bonds		100	
Total Register of Deeds			68,036

Planning

Board and Committee Members Fees	\$	1,325	
Contracts with Government Agencies		359	
Total Planning			1,684

County Buildings

Custodial Personnel	\$	13,775	
Social Security		854	
Unemployment Compensation		178	
Employer Medicare		200	
Communication		1,340	
Maintenance and Repair Services - Buildings		32,984	
Travel		672	
Custodial Supplies		1,909	
Electricity		25,922	
Natural Gas		12,886	
Water and Sewer		6,799	
Total County Buildings			97,519

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	53,239	
Part-time Personnel		11,067	
Social Security		3,987	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

State Retirement	\$	4,696	
Unemployment Compensation		580	
Employer Medicare		932	
Audit Services		600	
Communication		1,289	
Data Processing Services		4,819	
Dues and Memberships		1,050	
Legal Notices, Recording, and Court Costs		49	
Travel		1,584	
Office Supplies		583	
Premiums on Corporate Surety Bonds		612	
Total Property Assessor's Office			\$ 85,087

County Trustee's Office

County Official/Administrative Officer	\$	53,239	
Deputy(ies)		12,212	
Social Security		4,058	
State Retirement		4,696	
Unemployment Compensation		209	
Employer Medicare		949	
Communication		1,575	
Data Processing Services		9,804	
Dues and Memberships		422	
Legal Notices, Recording, and Court Costs		130	
Office Supplies		1,460	
Premiums on Corporate Surety Bonds		1,810	
Data Processing Equipment		1,514	
Total County Trustee's Office			92,078

County Clerk's Office

County Official/Administrative Officer	\$	53,239	
Deputy(ies)		18,884	
Social Security		4,472	
State Retirement		6,361	
Unemployment Compensation		238	
Employer Medicare		1,046	
Communication		1,476	
Data Processing Services		2,247	
Dues and Memberships		412	
Printing, Stationery, and Forms		85	
Office Supplies		362	
Premiums on Corporate Surety Bonds		125	
Total County Clerk's Office			88,947

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	53,239	
Secretary(ies)		20,317	
Jury and Witness Expense		6,879	
Social Security		4,560	

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

State Retirement	\$	6,487	
Unemployment Compensation		216	
Employer Medicare		1,067	
Communication		2,224	
Data Processing Services		4,207	
Dues and Memberships		337	
Printing, Stationery, and Forms		1,632	
Office Supplies		1,268	
Premiums on Corporate Surety Bonds		317	
Total Circuit Court			\$ 102,750

General Sessions Court

Judge(s)	\$	30,481	
Other Fringe Benefits		4,121	
Communication		516	
Total General Sessions Court			35,118

Chancery Court

County Official/Administrative Officer	\$	53,239	
Social Security		3,301	
State Retirement		4,696	
Employer Medicare		772	
Communication		1,059	
Data Processing Services		3,956	
Dues and Memberships		337	
Legal Notices, Recording, and Court Costs		309	
Printing, Stationery, and Forms		2,500	
Office Supplies		400	
Premiums on Corporate Surety Bonds		369	
Total Chancery Court			70,938

Juvenile Court

Contracts with Government Agencies	\$	10,000	
Other Charges		150	
Total Juvenile Court			10,150

Judicial Commissioners

County Official/Administrative Officer	\$	4,800	
Premiums on Corporate Surety Bonds		366	
Total Judicial Commissioners			5,166

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	44,598	
Deputy(ies)		255,065	
Accountants/Bookkeepers		23,416	
Salary Supplements		4,200	
Overtime Pay		22,356	
In-Service Training		5,364	
Social Security		21,538	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

State Retirement	\$	30,468	
Unemployment Compensation		2,948	
Employer Medicare		5,069	
Communication		10,117	
Dues and Memberships		1,000	
Legal Notices, Recording, and Court Costs		219	
Maintenance and Repair Services - Vehicles		14,292	
Printing, Stationery, and Forms		303	
Travel		1,005	
Gasoline		41,410	
Office Supplies		1,478	
Uniforms		3,485	
Premiums on Corporate Surety Bonds		312	
Other Charges		2,639	
Communication Equipment		<u>727</u>	
Total Sheriff's Department	\$		492,009

Jail

Guards	\$	187,278	
Overtime Pay		6,376	
Social Security		12,673	
State Retirement		13,065	
Unemployment Compensation		2,556	
Employer Medicare		2,964	
Medical and Dental Services		55,058	
Custodial Supplies		6,019	
Electricity		9,317	
Food Supplies		40,882	
Natural Gas		2,378	
Water and Sewer		8,006	
Other Charges		<u>495</u>	
Total Jail			347,067

Fire Prevention and Control

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

Rescue Squad

Contributions	\$	<u>4,000</u>	
Total Rescue Squad			4,000

Other Emergency Management

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

County Coroner/Medical Examiner

Premiums on Corporate Surety Bonds	\$	292	
Other Charges		<u>5,121</u>	
Total County Coroner/Medical Examiner			5,413

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety (Cont.)

Public Safety Grant Programs

Contracts with Other Public Agencies	\$ 16,519	
Total Public Safety Grant Programs		\$ 16,519

Other Public Safety

Communication	\$ 4,240	
Contributions	51,700	
Total Other Public Safety		55,940

Public Health and Welfare

Local Health Center

Clerical Personnel	\$ 1,814	
Social Security	112	
Unemployment Compensation	43	
Employer Medicare	26	
Communication	1,864	
Travel	664	
Custodial Supplies	590	
Drugs and Medical Supplies	797	
Electricity	5,245	
Natural Gas	1,505	
Office Supplies	125	
Water and Sewer	289	
Other Charges	346	
Total Local Health Center		13,420

Regional Mental Health Center

Contributions	\$ 600	
Total Regional Mental Health Center		600

Appropriation to State

Contracts with Government Agencies	\$ 12,500	
Total Appropriation to State		12,500

Social, Cultural, and Recreational Services

Adult Activities

Supervisor/Director	\$ 12,064	
Social Security	748	
Unemployment Compensation	216	
Employer Medicare	175	
Communication	885	
Custodial Supplies	167	
Electricity	1,816	
Natural Gas	1,693	
Water and Sewer	480	
Total Adult Activities		18,244

Senior Citizens Assistance

Part-time Personnel	\$ 6,579	
Social Security	408	
Unemployment Compensation	158	

(Continued)

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Senior Citizens Assistance (Cont.)

Employer Medicare	\$	95	
Communication		622	
Contributions		7,192	
Medical and Dental Services		800	
Printing, Stationery, and Forms		530	
Office Supplies		571	
Total Senior Citizens Assistance	\$		16,955

Libraries

County Official/Administrative Officer	\$	19,968	
Part-time Personnel		480	
Social Security		1,238	
Unemployment Compensation		216	
Employer Medicare		290	
Communication		1,845	
Data Processing Services		5,327	
Postal Charges		32	
Library Books/Media		1,152	
Office Supplies		855	
Total Libraries			31,403

Parks and Fair Boards

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

Other Social, Cultural, and Recreational

Contributions	\$	12,472	
Total Other Social, Cultural, and Recreational			12,472

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$	15,871	
Secretary(ies)		7,793	
Social Security		1,467	
State Retirement		3,528	
Employer Medicare		343	
Communication		2,266	
Other Charges		2,800	
Other Equipment		1,900	
Total Agriculture Extension Service			35,968

Soil Conservation

Supervisor/Director	\$	32,728	
Social Security		2,029	
Unemployment Compensation		216	
Employer Medicare		475	
Communication		868	
Total Soil Conservation			36,316

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Other Operations

Industrial Development

Contributions	\$	8,000	
Other Charges		10,590	
Total Industrial Development			\$ 18,590

Veterans' Services

Part-time Personnel	\$	4,259	
Social Security		264	
Unemployment Compensation		102	
Employer Medicare		62	
Communication		552	
Travel		1,721	
Office Supplies		26	
Total Veterans' Services			6,986

Other Charges

Pauper Burials	\$	1,102	
Liability Insurance		58,524	
Trustee's Commission		32,864	
Workers' Compensation Insurance		59,784	
Total Other Charges			152,274

Miscellaneous

Postal Charges	\$	13,607	
Duplicating Supplies		11,519	
Other Charges		963	
Total Miscellaneous			26,089

Highways

Litter and Trash Collection

Laborers	\$	10,868	
Social Security		837	
State Retirement		932	
Unemployment Compensation		218	
Employer Medicare		196	
Accounting Services		2,625	
Other Supplies and Materials		4,849	
Other Charges		8,279	
Total Litter and Trash Collection			28,804

Capital Projects

Public Safety Projects

Land	\$	168,584	
Total Public Safety Projects			168,584

Public Utility Projects

Other Capital Outlay	\$	295,337	
Total Public Utility Projects			295,337

Total General Fund			\$ 2,729,502
--------------------	--	--	--------------

(Continued)

Exhibit J-8

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

Courthouse and Jail Maintenance Fund

General Government

County Buildings

Maintenance Personnel	\$	26,520	
Social Security		1,644	
State Retirement		2,339	
Unemployment Compensation		216	
Employer Medicare		385	
Gasoline		1,920	
Building Improvements		6,335	
Total County Buildings			\$ 39,359

Public Safety

Jail

Maintenance and Repair Services - Buildings	\$	5,829	
Total Jail			5,829

Other Operations

Other Charges

Trustee's Commission	\$	378	
Total Other Charges			378

Total Courthouse and Jail Maintenance Fund \$ 45,566

Solid Waste/Sanitation Fund

Public Health and Welfare

Waste Pickup

Truck Drivers	\$	4,718	
Social Security		226	
State Retirement		102	
Unemployment Compensation		50	
Employer Medicare		53	
Maintenance and Repair Services - Equipment		8,865	
Diesel Fuel		4,565	
Total Waste Pickup			\$ 18,579

Convenience Centers

Laborers	\$	51,063	
Social Security		3,164	
Unemployment Compensation		1,161	
Employer Medicare		740	
Communication		531	
Other Contracted Services		15,842	
Electricity		5,753	
Water and Sewer		1,038	
Other Supplies and Materials		1,032	
Trustee's Commission		1,592	
Other Charges		3,467	
Maintenance Equipment		20,675	
Total Convenience Centers			106,058

Landfill Operation and Maintenance

Other Charges	\$	7,104	
Total Landfill Operation and Maintenance			7,104

Total Solid Waste/Sanitation Fund 131,741

(Continued)

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

Ambulance Service Fund

Public Health and Welfare

Ambulance/Emergency Medical Services

Medical Personnel	\$	240,441	
Part-time Personnel		1,306	
Overtime Pay		68,792	
In-Service Training		865	
Social Security		19,250	
State Retirement		22,645	
Unemployment Compensation		3,024	
Employer Medicare		4,502	
Communication		3,687	
Data Processing Services		2,782	
Dues and Memberships		480	
Maintenance and Repair Services - Buildings		203	
Maintenance and Repair Services - Vehicles		6,257	
Printing, Stationery, and Forms		763	
Other Contracted Services		1,903	
Custodial Supplies		886	
Data Processing Supplies		90	
Diesel Fuel		30,470	
Drugs and Medical Supplies		17,079	
Electricity		4,232	
Natural Gas		948	
Office Supplies		980	
Uniforms		780	
Water and Sewer		656	
Other Supplies and Materials		2,400	
Trustee's Commission		6,100	
Vehicle and Equipment Insurance		539	
Other Charges		7,814	
Total Ambulance/Emergency Medical Services			\$ 449,874

Total Ambulance Service Fund \$ 449,874

Local Purpose Tax Fund

Public Safety

Fire Prevention and Control

Contributions	\$	105,000	
Building and Contents Insurance		31,999	
Total Fire Prevention and Control			\$ 136,999

Other Operations

Other Charges

Trustee's Commission	\$	2,765	
Total Other Charges			2,765

Total Local Purpose Tax Fund 139,764

Drug Control Fund

Public Safety

Drug Enforcement

Confidential Drug Enforcement Payments	\$	3,000	
--	----	-------	--

(Continued)

Exhibit J-8

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

Drug Control Fund (Cont.)

Public Safety (Cont.)

Drug Enforcement (Cont.)

Other Supplies and Materials	\$	2,281	
Law Enforcement Equipment		<u>2,798</u>	
Total Drug Enforcement	\$		8,079

Other Operations

Other Charges

Trustee's Commission	\$	<u>125</u>	
Total Other Charges			<u>125</u>

Total Drug Control Fund \$ 8,204

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	58,563	
Assistant(s)		34,500	
Accountants/Bookkeepers		60,025	
Overtime Pay		5,765	
Other Salaries and Wages		5,277	
Social Security		10,173	
Employer Medicare		2,379	
Other Fringe Benefits		222	
Communication		1,962	
Dues and Memberships		2,018	
Maintenance and Repair Services - Office Equipment		710	
Postal Charges		272	
Printing, Stationery, and Forms		388	
Travel		326	
Drugs and Medical Supplies		32	
Electricity		1,488	
Office Supplies		220	
Other Charges		<u>232</u>	
Total Administration	\$		184,552

Highway and Bridge Maintenance

Equipment Operators	\$	84,010	
Truck Drivers		58,536	
Laborers		156,580	
Overtime Pay		10,972	
Other Salaries and Wages		10,353	
Social Security		19,868	
Employer Medicare		4,647	
Other Fringe Benefits		814	
Other Contracted Services		337,660	
Asphalt - Cold Mix		5,582	
Crushed Stone		26,373	
Lubricants		2,199	
Pipe - Metal		4,010	
Road Signs		3,940	
Small Tools		348	

(Continued)

Exhibit J-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Structural Steel	\$	136	
Wood Products		35	
Other Supplies and Materials		161	
Total Highway and Bridge Maintenance			\$ 726,224

Operation and Maintenance of Equipment

Mechanic(s)	\$	52,223	
Nightwatchmen		36,971	
Overtime Pay		2,158	
Other Salaries and Wages		3,292	
Social Security		5,868	
Employer Medicare		1,372	
Other Fringe Benefits		172	
Laundry Service		943	
Maintenance and Repair Services - Equipment		1,117	
Other Contracted Services		1,608	
Diesel Fuel		46,723	
Equipment and Machinery Parts		38,500	
Garage Supplies		1,886	
Gasoline		23,279	
Lubricants		5,141	
Propane Gas		9	
Small Tools		1,278	
Tires and Tubes		10,497	
Water and Sewer		404	
Other Supplies and Materials		806	
Other Charges		50	
Total Operation and Maintenance of Equipment			234,297

Quarry Operations

Communication	\$	1,980	
Operating Lease Payments		4,800	
Electricity		2,948	
Total Quarry Operations			9,728

Other Charges

Contributions	\$	4,754	
Liability Insurance		21,896	
Premiums on Corporate Surety Bonds		350	
Trustee's Commission		13,136	
Workers' Compensation Insurance		107,979	
Total Other Charges			148,115

Employee Benefits

State Retirement	\$	49,415	
Employee and Dependent Insurance		15,590	
Unemployment Compensation		4,251	
Total Employee Benefits			69,256

(Continued)

Exhibit J-8

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

<u>Highway/Public Works Fund (Cont.)</u>			
<u>Highways (Cont.)</u>			
<u>Capital Outlay</u>			
Communication Equipment	\$	4,608	
Highway Equipment		9,233	
Office Equipment		299	
Total Capital Outlay		<u> </u>	\$ 14,140
Total Highway/Public Works Fund			\$ 1,386,312
<u>General Debt Service Fund</u>			
<u>Principal on Debt</u>			
<u>General Government</u>			
Principal on Bonds	\$	35,613	
Principal on Capital Leases		24,343	
Total General Government		<u> </u>	\$ 59,956
<u>Education</u>			
Principal on Bonds	\$	19,303	
Principal on Other Loans		128,000	
Total Education		<u> </u>	147,303
<u>Interest on Debt</u>			
<u>General Government</u>			
Interest on Bonds	\$	4,133	
Interest on Capital Leases		1,115	
Total General Government		<u> </u>	5,248
<u>Education</u>			
Interest on Bonds	\$	73,323	
Interest on Other Loans		3,516	
Total Education		<u> </u>	76,839
<u>Other Debt Service</u>			
<u>General Government</u>			
Trustee's Commission	\$	1,081	
Total General Government		<u> </u>	1,081
<u>Education</u>			
Other Debt Service	\$	5,934	
Total Education		<u> </u>	5,934
Total General Debt Service Fund			<u>296,361</u>
Total Governmental Funds - Primary Government			<u>\$ 5,187,324</u>

Exhibit J-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, 2013

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	1,900,728	
Career Ladder Program		12,960	
Career Ladder Extended Contracts		5,880	
Homebound Teachers		4,700	
Educational Assistants		82,857	
Certified Substitute Teachers		34,032	
Non-certified Substitute Teachers		44,689	
Social Security		120,509	
State Retirement		176,600	
Medical Insurance		100,836	
Unemployment Compensation		1,068	
Employer Medicare		28,182	
Contracts with Other School Systems		525	
Maintenance and Repair Services - Equipment		182	
Instructional Supplies and Materials		19,321	
Textbooks		78,848	
Other Supplies and Materials		1,309	
Other Charges		5,059	
Regular Instruction Equipment		94,090	
Total Regular Instruction Program			\$ 2,712,375

Special Education Program

Teachers	\$	183,337	
Career Ladder Program		2,960	
Homebound Teachers		571	
Educational Assistants		22	
Speech Pathologist		49,155	
Non-certified Substitute Teachers		232	
Social Security		12,095	
State Retirement		20,343	
Medical Insurance		26,082	
Unemployment Compensation		179	
Employer Medicare		2,826	
Contracts with Private Agencies		11,616	
Maintenance and Repair Services - Equipment		150	
Instructional Supplies and Materials		64	
Other Charges		455	
Special Education Equipment		1,249	
Total Special Education Program			311,336

Vocational Education Program

Teachers	\$	118,146	
Career Ladder Program		1,000	
Social Security		7,293	
State Retirement		10,580	
Unemployment Compensation		50	
Employer Medicare		1,706	
Maintenance and Repair Services - Equipment		144	
Tuition		4,320	
Other Charges		111	
Total Vocational Education Program			143,350

(Continued)

Exhibit J-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.)

Adult Education Program

Teachers	\$	17,655	
Social Security		783	
State Retirement		1,568	
Medical Insurance		3,748	
Unemployment Compensation		8	
Employer Medicare		183	
Instructional Supplies and Materials		136	
Total Adult Education Program			\$ 24,081

Support Services

Attendance

Supervisor/Director	\$	56,694	
Career Ladder Program		1,000	
Social Security		3,520	
State Retirement		5,123	
Unemployment Compensation		18	
Employer Medicare		823	
Travel		161	
Other Supplies and Materials		135	
In Service/Staff Development		165	
Total Attendance			67,639

Health Services

Supervisor/Director	\$	34,462	
Medical Personnel		39,074	
Other Salaries and Wages		29,604	
Non-certified Substitute Teachers		41	
Social Security		5,959	
State Retirement		9,077	
Medical Insurance		5,278	
Unemployment Compensation		53	
Employer Medicare		1,394	
Communication		16	
Travel		107	
Drugs and Medical Supplies		1,410	
Other Supplies and Materials		10,314	
In Service/Staff Development		1,654	
Other Charges		1,776	
Total Health Services			140,219

Other Student Support

Career Ladder Program	\$	1,000	
Guidance Personnel		139,918	
Other Salaries and Wages		11,889	
Social Security		8,390	
State Retirement		13,280	
Medical Insurance		10,011	
Unemployment Compensation		70	
Employer Medicare		1,961	

(Continued)

Exhibit J-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.)

Other Student Support (Cont.)

Contracts with Government Agencies	\$	30,000	
Evaluation and Testing		2,848	
Travel		601	
Other Contracted Services		800	
Total Other Student Support			\$ 220,768

Regular Instruction Program

Supervisor/Director	\$	62,848	
Career Ladder Program		5,000	
Career Ladder Extended Contracts		4,000	
Librarians		88,525	
Instructional Computer Personnel		45,644	
Other Salaries and Wages		23,864	
Social Security		13,221	
State Retirement		19,546	
Medical Insurance		5,375	
Unemployment Compensation		87	
Employer Medicare		3,438	
Travel		1,451	
Other Contracted Services		1,200	
Library Books/Media		6,790	
Other Supplies and Materials		287	
In Service/Staff Development		33,044	
Other Charges		452	
Other Equipment		2,476	
Total Regular Instruction Program			317,248

Special Education Program

Supervisor/Director	\$	57,294	
Psychological Personnel		7,022	
Clerical Personnel		400	
Other Salaries and Wages		20,000	
Social Security		4,592	
State Retirement		6,887	
Medical Insurance		2,842	
Unemployment Compensation		47	
Employer Medicare		1,176	
Travel		1,998	
Other Supplies and Materials		201	
Total Special Education Program			102,459

Vocational Education Program

Supervisor/Director	\$	3,274	
Social Security		250	
State Retirement		260	
Unemployment Compensation		30	
Employer Medicare		60	
Travel		210	
Total Vocational Education Program			4,084

(Continued)

Exhibit J-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.)

Adult Programs

Communication	\$	1,508	
In Service/Staff Development		1,603	
Other Charges		108	
Total Adult Programs			\$ 3,219

Other Programs

On-Behalf Payments to OPEB	\$	30,921	
Total Other Programs			30,921

Board of Education

Board and Committee Members Fees	\$	4,700	
Social Security		291	
Medical Insurance		30,421	
Employer Medicare		68	
Audit Services		3,525	
Dues and Memberships		3,259	
Travel		110	
Other Contracted Services		2,074	
Trustee's Commission		29,454	
Workers' Compensation Insurance		36,071	
Total Board of Education			109,973

Director of Schools

County Official/Administrative Officer	\$	80,875	
Career Ladder Program		1,000	
Social Security		4,631	
State Retirement		7,270	
Medical Insurance		5,747	
Unemployment Compensation		18	
Employer Medicare		1,083	
Communication		9,061	
Dues and Memberships		789	
Postal Charges		562	
Travel		1,711	
Office Supplies		1,175	
Other Supplies and Materials		873	
Other Charges		275	
Total Director of Schools			115,070

Office of the Principal

Principals	\$	117,931	
Career Ladder Program		2,000	
Assistant Principals		53,028	
Secretary(ies)		40,163	
Social Security		11,953	
State Retirement		18,901	
Medical Insurance		12,111	
Unemployment Compensation		81	
Employer Medicare		2,795	
Communication		1,244	
Total Office of the Principal			260,207

(Continued)

Exhibit J-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	\$	34,275	
Secretary(ies)		32,075	
Other Salaries and Wages		23,907	
Social Security		5,507	
State Retirement		7,960	
Unemployment Compensation		54	
Employer Medicare		1,288	
Data Processing Services		7,600	
Other Contracted Services		1,278	
Data Processing Supplies		1,283	
Office Supplies		1,834	
Other Charges		69	
Administration Equipment		2,846	
Total Fiscal Services			\$ 119,976

Operation of Plant

Custodial Personnel	\$	151,758	
Social Security		9,348	
State Retirement		12,523	
Unemployment Compensation		169	
Employer Medicare		2,186	
Disposal Fees		11,772	
Other Contracted Services		10,714	
Custodial Supplies		16,252	
Electricity		152,661	
Natural Gas		43,992	
Water and Sewer		24,207	
Other Supplies and Materials		516	
Building and Contents Insurance		77,853	
Other Charges		150	
Plant Operation Equipment		3,706	
Total Operation of Plant			517,807

Maintenance of Plant

Supervisor/Director	\$	34,825	
Other Salaries and Wages		820	
Social Security		2,210	
State Retirement		3,144	
Unemployment Compensation		18	
Employer Medicare		517	
Communication		642	
Maintenance and Repair Services - Buildings		14,216	
Maintenance and Repair Services - Equipment		18,581	
Other Contracted Services		10,132	
Other Supplies and Materials		6,701	
Maintenance Equipment		540	
Total Maintenance of Plant			92,346

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation

Mechanic(s)	\$	32,350	
Bus Drivers		102,772	
Other Salaries and Wages		12,116	
Social Security		9,094	
State Retirement		12,785	
Unemployment Compensation		124	
Employer Medicare		2,127	
Communication		455	
Gasoline		65,033	
Lubricants		981	
Tires and Tubes		11,164	
Vehicle Parts		13,210	
Other Supplies and Materials		1,074	
Other Charges		2,988	
Transportation Equipment		87,316	
Total Transportation	\$		353,589

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	31,224	
Teachers		82,875	
Educational Assistants		9,580	
Cafeteria Personnel		1,808	
Other Salaries and Wages		9,720	
Social Security		7,760	
State Retirement		11,784	
Medical Insurance		6,487	
Unemployment Compensation		43	
Employer Medicare		1,815	
Other Contracted Services		2,500	
Instructional Supplies and Materials		8,462	
Other Supplies and Materials		6,911	
In Service/Staff Development		133	
Total Community Services			181,102

Early Childhood Education

Supervisor/Director	\$	31,224	
Teachers		89,542	
Educational Assistants		38,602	
Social Security		8,898	
State Retirement		14,091	
Medical Insurance		10,691	
Unemployment Compensation		83	
Employer Medicare		2,081	
Communication		438	
Travel		922	
Food Supplies		23	
Instructional Supplies and Materials		882	
Other Supplies and Materials		1,630	

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education (Cont.)

In Service/Staff Development	\$	1,476	
Other Charges		1,755	
Total Early Childhood Education			\$ 202,338

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	11,565	
Furniture and Fixtures		13,892	
Site Development		16,220	
Other Equipment		39,601	
Total Regular Capital Outlay			81,278

Principal on Debt

Education

Debt Service Contribution to Primary Government	\$	147,303	
Total Education			147,303

Interest on Debt

Education

Debt Service Contribution to Primary Government	\$	76,839	
Total Education			76,839

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	5,934	
Total Education			5,934

Total General Purpose School Fund \$ 6,341,461

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	226,824	
Educational Assistants		13,441	
Social Security		14,896	
State Retirement		21,328	
Medical Insurance		2,707	
Employer Medicare		3,484	
Other Charges		550	
Regular Instruction Equipment		17,689	
Total Regular Instruction Program			\$ 300,919

Special Education Program

Teachers	\$	840
Educational Assistants		105,056
Speech Pathologist		393
Social Security		6,999
State Retirement		9,889
Unemployment Compensation		25

(Continued)

Exhibit J-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.)

Employer Medicare	\$	1,639	
Contracts with Private Agencies		1,200	
Instructional Supplies and Materials		1,603	
Other Supplies and Materials		1,527	
Special Education Equipment		1,920	
Total Special Education Program	\$		131,091

Vocational Education Program

Instructional Supplies and Materials	\$	1,500	
Vocational Instruction Equipment		6,277	
Total Vocational Education Program			7,777

Support Services

Other Student Support

Other Salaries and Wages	\$	46,804	
Social Security		3,104	
State Retirement		4,446	
Employer Medicare		727	
Travel		3,700	
Other Contracted Services		1,900	
Other Charges		388	
Total Other Student Support			61,069

Regular Instruction Program

Travel	\$	155	
Other Contracted Services		28,000	
Other Supplies and Materials		2,000	
In Service/Staff Development		1,810	
Other Charges		115	
Total Regular Instruction Program			32,080

Special Education Program

Psychological Personnel	\$	16,000	
Employer Medicare		232	
Postal Charges		100	
Travel		1,682	
Other Contracted Services		7,839	
Other Supplies and Materials		3,613	
In Service/Staff Development		1,450	
Total Special Education Program			30,916

Vocational Education Program

Supervisor/Director	\$	726	
Total Vocational Education Program			726

Total School Federal Projects Fund \$ 564,578

(Continued)

Exhibit J-9

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

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	44,275	
Cafeteria Personnel		141,143	
Social Security		11,352	
State Retirement		15,621	
Unemployment Compensation		207	
Employer Medicare		2,661	
Communication		1,194	
Maintenance and Repair Services - Equipment		2,938	
Other Contracted Services		1,510	
Food Preparation Supplies		11,786	
Food Supplies		220,429	
Office Supplies		1,372	
Uniforms		859	
USDA - Commodities		21,623	
Other Supplies and Materials		602	
Other Charges		154	
Food Service Equipment		7,409	
Total Food Service			\$ 485,135

Total Central Cafeteria Fund \$ 485,135

Total Governmental Funds - Van Buren County School Department \$ 7,391,174

Exhibit J-10

Van Buren County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2013

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 120,785
Total Cash Receipts	<u>\$ 120,785</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 119,577
Trustee's Commission	1,208
Total Cash Disbursements	<u>\$ 120,785</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2012	<u>0</u>
 Cash Balance, June 30, 2013	 <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***

Independent Auditor's Report

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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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, 2013, and the related notes to the financial statements, which collectively comprise Van Buren County's basic financial statements, and have issued our report thereon dated December 10, 2013. Our report includes a reference to other auditors who audited the financial statements of the discretely presented Van Buren County Emergency Communications District as described in our report of Van Buren County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Van Buren County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of Van Buren County's internal control.

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 a 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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies: 2013-002, 2013-003, and 2013-006.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Van Buren County's financial statements are free from 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: 2013-001, 2013-004, 2013-005, and 2013-007.

Van Buren County's Responses to Findings

Van Buren County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Van Buren County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering

Van Buren County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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
Nashville, Tennessee

December 10, 2013

JPW/yu



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 for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Van Buren County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Van Buren County's major federal programs for the year ended June 30, 2013. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Van Buren County's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Van Buren County's compliance.

Opinion on Each Major Federal Program

In our opinion, Van Buren County complied, in all material respects, with the types of compliance 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, 2013.

Report on Internal Control Over Compliance

Management of Van Buren County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Van Buren County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we

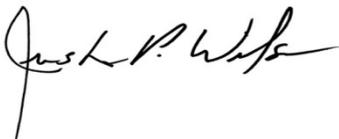
consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

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, 2013, and the related notes to the financial statements, which collectively comprise Van Buren County's basic financial statements. We issued our report thereon dated December 10, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the 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 Schedule of Expenditure of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

December 10, 2013

JPW/yu

Van Buren County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2013

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	\$ 12,064
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	21,623 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	104,283
National School Lunch Program	10.555	N/A	220,397 (3)
Total U.S. Department of Agriculture			<u>\$ 358,367</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii	14.228	GG-12-38395-00	<u>\$ 262,593</u>
U.S. Department of Transportation:			
Passed-through the Governor's Highway Safety Office:			
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	(2)	<u>\$ 4,976</u>
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - State Grant Program	84.002	(2)	\$ 15,000
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	254,386
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	162,925
Special Education - Preschool Grants	84.173	N/A	5,403
Career and Technical Education - Basic Grants to States	84.048	N/A	14,492
Rural Education	84.358	(2)	14,528
Improving Teacher Quality State Grants	84.367	N/A	43,068
State Fiscal Stabilization (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	85,081
Total U.S. Department of Education			<u>\$ 594,883</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>\$ 12,343</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Hazard Mitigation Grant	97.039	(2)	<u>\$ 15,239</u>
Total Expenditures of Federal Awards			<u>\$ 1,248,401</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)	\$ 4,999
ConnectTenn - State Department of Education	N/A	(2)	2,448
Coordinated School Health - State Department of Education	N/A	(2)	85,954
Early Childhood Education - State Department of Education	N/A	(2)	195,903
Family Resource Centers - State Department of Education	N/A	(2)	29,612
Lottery Education Afterschool Programs - State Department of Education	N/A	(2)	117,000
Safe Schools - State Department of Education	N/A	(2)	5,100
Statewide Student Management System - State Department of Education	N/A	(2)	2,030
Litter Program - State Department of Transportation	N/A	(2)	28,798
Library Technology Grant - State Library and Archives	N/A	(2)	2,168
Rural Local Health Services - State Department of Health	N/A	(2)	9,101
TN Agriculture Enhancement Program - State Department of Agriculture	N/A	(2)	11,143
Youth Services Program - State Commission on Children and Youth	N/A	(2)	<u>4,500</u>
 Total State Grants			 <u>\$ 498,756</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 \$242,020.

Van Buren County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2013

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, 2012, which have not been corrected.

OFFICE OF COUNTY MAYOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
12.02(C)	148	The office had deficiencies in purchasing procedures – competitive bids were not solicited for food for the jail

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
12.06	150	Multiple employees operated from the same cash drawer

OFFICE OF SHERIFF

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
12.07	150	Some funds were not deposited within three days of collection
12.08	151	The office had deficiencies in the administration of drug control funds

VAN BUREN COUNTY

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
12.09	152	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 OF DEEDS, AND SHERIFF

Finding Number	Page Number	Subject
12.10	152	Duties were not segregated adequately

VAN BUREN COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2013

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Van Buren County is unmodified.
2. The audit of the financial statements of Van Buren County disclosed significant deficiencies in internal control. None 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 unmodified 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), the Community Development Block Grant/State's Program and Non-Entitlement Grants (CFDA No. 14.228), 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. The sheriff provided written responses on certain findings, which are paraphrased in this report. Other management officials did not provide responses for inclusion in this report.

OFFICE OF COUNTY MAYOR

FINDING 2013-001 **COMPETITIVE BIDS WERE NOT SOLICITED FOR FOOD AND CUSTODIAL SUPPLIES AT THE JAIL AND CAMERAS FOR POLICE VEHICLES**
(Noncompliance Under *Government Auditing Standards*)

As part of our audit procedures for determining whether the purchasing process was operating as designed, we selected a sample of 34 disbursements from a population of 2,077 disbursements. Of the disbursements examined, two of four applicable purchases were not bid. Competitive bids were not solicited for the purchase of food and custodial supplies at the jail (\$29,403) and cameras for police vehicles (\$4,976). 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. This deficiency is the result of a lack of management oversight and management's failure to correct the finding noted in the prior-year audit report. The failure to solicit competitive bids could result in the department paying more than the most competitive price.

RECOMMENDATION

Competitive bids should be solicited for all purchases exceeding \$2,500 as required by private act.

OFFICE OF COUNTY CLERK

FINDING 2013-002 **THE OFFICE DID NOT IMPLEMENT ADEQUATE CONTROLS TO PROTECT ITS INFORMATION RESOURCES**
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

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

RECOMMENDATION

The office should continue to ensure that adequate controls over their information systems and the resources associated with those systems are in place.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

FINDING 2013-003

MULTIPLE EMPLOYEES OPERATED FROM THE SAME CASH DRAWER

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Multiple employees operated from the same cash drawer in the Office of Circuit and General Sessions Courts Clerk. 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

The clerk should assign each employee their own cash drawer.

OFFICE OF SHERIFF

FINDING 2013-004

THE OFFICE HAD A CASH SHORTAGE OF \$3,000 AT JUNE 30, 2013

(Noncompliance Under *Government Auditing Standards*)

The Sheriff's Department had a cash shortage of \$3,000 at June 30, 2013. This shortage was the result of not properly accounting for funds received from the County Mayor's Office for confidential undercover drug operations. Between November 15, 2012, and April 17, 2013, the department received \$3,000 from the county's Drug Control Fund. However, the office was unable to document the use of the confidential funds resulting in the cash shortage. Forms and reports required by the Office of the Comptroller of the Treasury to account for investigative funds could not be located by the Sheriff's Department. These forms and reports are necessary to document the administration of confidential funds and to account for cash transactions related to undercover investigative operations. Furthermore, the confidential undercover drug operation activity was not

reflected on the cash journal or the annual financial report. This deficiency exists due to a lack of management oversight. We have reviewed this cash shortage with the district attorney general.

RECOMMENDATION

County officials should liquidate the cash shortage of \$3,000. The sheriff should ensure that the officers complete all forms and reports required by the Office of the Comptroller of the Treasury to document undercover investigative operations. These forms and reports should be signed by the agents preparing the forms and reports to attest to their accuracy and by supervisors as evidence of review and approval. Undercover drug operation activity should be reported on the cash journal and annual report.

MANAGEMENT'S RESPONSE – CURRENT SHERIFF EDDIE CARTER

Procedures are in place to manage the accountability of the drug fund.

FINDING 2013-005

SOME FUNDS WERE NOT DEPOSITED WITHIN THREE DAYS OF COLLECTION

(Noncompliance Under *Government Auditing Standards*)

As part of our audit procedures for obtaining reasonable assurance that funds were deposited to the bank account within three days of collection as required by Section 5-8-207, *Tennessee Code Annotated*, we judgmentally selected the months of March, April, and May to examine receipts and deposits. The Sheriff's Department did not deposit some funds to the bank account within three days of collection in seven of 23 deposits made during these months. 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.

MANAGEMENT'S RESPONSE – CURRENT SHERIFF EDDIE CARTER

Adjustments have been made to ensure deposits are made properly and in a timely manner.

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

FINDING 2013-006

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 of Deeds, and Sheriff. Officials and employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. Accounting standards provide that internal controls be designed to give reasonable assurance of the reliability in financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions. Also, this deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – SHERIFF

We will use available resources to segregate duties as permitted by financial personnel availability.

VAN BUREN COUNTY

FINDING 2013-007

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.

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, 2013**

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