

**ANNUAL FINANCIAL REPORT**  
**DEKALB COUNTY, TENNESSEE**



**FOR THE YEAR ENDED JUNE 30, 2008**



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**ANNUAL FINANCIAL REPORT**  
**DEKALB COUNTY, TENNESSEE**  
**FOR THE YEAR ENDED JUNE 30, 2008**

*DEPARTMENT OF AUDIT*  
*JOHN G. MORGAN*  
*Comptroller of the Treasury*

*DIVISION OF COUNTY AUDIT*  
*RICHARD V. NORMENT*  
*Assistant to the Comptroller*

*JAMES R. ARNETTE*  
*Director*

*CARL LOWE, CGFM*  
*Audit Manager*

*ANITA SCARLETT, CPA*  
*Auditor 4*

*JAMES D. HODGES, CFE*  
*KELLEY J. McNEAL, CPA, CGFM*  
*State Auditors*

This financial report is available at [www.comptroller.state.tn.us](http://www.comptroller.state.tn.us)

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## DEKALB COUNTY, TENNESSEE

### TABLE OF CONTENTS

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	Exhibit	Page(s)
Audit Highlights		9-10
<u>INTRODUCTORY SECTION</u>		11
DeKalb County Officials		13
<u>FINANCIAL SECTION</u>		15
Independent Auditor's Report		17-19
BASIC FINANCIAL STATEMENTS:		21
Government-wide Financial Statements:		
Statement of Net Assets	A	23-24
Statement of Activities	B	25-26
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C-1	27-28
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	C-2	29
Statement of Revenues, Expenditures, and Changes in Fund Balances	C-3	30-31
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-4	32
Proprietary Fund:		
Statement of Net Assets	D-1	33
Statement of Revenues, Expenses, and Changes in Net Assets	D-2	34
Statement of Cash Flows	D-3	35
Fiduciary Funds:		
Statement of Fiduciary Assets and Liabilities	E	36
Notes to the Financial Statements		37-70
REQUIRED SUPPLEMENTARY INFORMATION:		71
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
General Fund	F-1	73-74
Local Purpose Tax Fund	F-2	75
Highway/Public Works Fund	F-3	76

	Exhibit	Page(s)
Schedule of Funding Progress – Pension Plan	F-4	77
Schedule of Funding Progress – Other Postemployment Benefits Plan	F-5	78
Notes to the Required Supplementary Information		79-80
<b>COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:</b>		81
Nonmajor Governmental Funds:		83
Combining Balance Sheet	G-1	85
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	G-2	86
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
Courthouse and Jail Maintenance Fund	G-3	87
Drug Control Fund	G-4	88
General Capital Projects Fund	G-5	89
Major Governmental Fund:		91
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget:		
General Debt Service Fund	H	93
Fiduciary Funds:		95
Combining Statement of Fiduciary Assets and Liabilities	I-1	97
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	I-2	98
Component Unit:		
Discretely Presented DeKalb County School Department:		99
Statement of Activities	J-1	101
Balance Sheet – Governmental Funds	J-2	102
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	J-3	103
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	J-4	104
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	J-5	105
Combining Balance Sheet – Nonmajor Governmental Funds	J-6	106
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	J-7	107
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Purpose School Fund	J-8	108-109
School Federal Projects Fund	J-9	110
Central Cafeteria Fund	J-10	111

	Exhibit	Page(s)
Miscellaneous Schedules:		113
Schedule of Changes in Long-term Notes and Bonds	K-1	115
Schedule of Long-term Debt Requirements by Year	K-2	116
Schedule of Notes Receivable	K-3	117
Schedule of Transfers	K-4	118
Schedule of Salaries and Official Bonds of Principal Officials – Primary Government and Discretely Presented DeKalb County School Department	K-5	119
Schedule of Detailed Revenues – All Governmental Fund Types	K-6	120-124
Schedule of Detailed Revenues – All Governmental Fund Types – Discretely Presented DeKalb County School Department	K-7	125-126
Schedule of Detailed Expenditures – All Governmental Fund Types	K-8	127-143
Schedule of Detailed Expenditures – All Governmental Fund Types – Discretely Presented DeKalb County School Department	K-9	144-156
Schedule of Detailed Revenues and Expenses – Solid Waste Disposal Fund (Enterprise Fund)	K-10	157-158
Schedule of Detailed Receipts, Disbursements, and Changes in Cash Balance – City Agency Fund	K-11	159
 <u>SINGLE AUDIT SECTION</u>		 161
Auditor’s Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <u>Government Auditing Standards</u>		163-165
Auditor’s Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With <u>OMB Circular A-133</u>		167-169
Schedule of Expenditures of Federal Awards and State Grants		171-172
Schedule of Audit Findings Not Corrected		173-174
Schedule of Findings and Questioned Costs		175-185
Auditee Reporting Responsibilities		187

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***Audit Highlights***  
Annual Financial Report  
DeKalb County, Tennessee  
For the Year Ended June 30, 2008

***Scope***

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

***Results***

Our report on DeKalb County's financial statements was unqualified.

Our audit resulted in 13 findings and recommendations, which we have reviewed with DeKalb County management. Detailed findings, recommendations, and managements' responses are included in the Single Audit section of this report.

***Findings***

The following are summaries of the audit findings:

**DEKALB COUNTY AND DEKALB COUNTY SCHOOL DEPARTMENT**

- ◆ DeKalb County and the DeKalb County School Department do not have the resources to produce financial statements and notes to the financial statements.

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**OFFICE OF COUNTY MAYOR**

- ◆ The Local Purpose Tax and Solid Waste Disposal funds required material audit adjustments for proper financial statement presentation.
- ◆ Expenditures exceeded total appropriations in the Courthouse and Jail Maintenance Fund and the General Debt Service Fund. Expenditures exceeded appropriations approved by the County Commission at the major appropriation category level of control (the legal level of control) in the General and Local Purpose Tax funds.
- ◆ Ambulance Service operations were not reconciled with a contracted billing agency.

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**OFFICE OF ROAD SUPERVISOR**

- ◆ The office did not maintain inventory records of consumable assets, such as fuel and tile.
-

## **OFFICE OF COUNTY CLERK**

- ◆ The office had deficiencies in computer system backup procedures.
  - ◆ The office did not review software audit logs.
- 

## **OFFICE OF CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK**

- ◆ A cash shortage of \$8,501 existed in General Sessions Court at June 30, 2008.
  - ◆ Execution docket trial balances for Circuit and General Sessions Courts did not reconcile with general ledger accounts.
- 

## **OFFICE OF REGISTER**

- ◆ Excess fees were not reported and paid to the county in compliance with state statute.
- 

## **OFFICE OF SHERIFF**

- ◆ The office had numerous accounting deficiencies.
- 

## **OTHER FINDINGS**

- ◆ County officials had not adopted a central system of accounting and budgeting.
- ◆ Duties were not segregated adequately in the Offices of County Mayor; Road Supervisor; Director of Schools; Trustee; County Clerk; Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; Register; and Sheriff.

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## INTRODUCTORY SECTION

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## DeKalb County Officials

June 30, 2008

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### **Officials**

Mike Foster, County Mayor  
Kenny Edge, Road Supervisor  
Mark Willoughby, Director of Schools  
Sean Driver, Trustee  
Timothy Banks, Assessor of Property  
Mike Clayborn, County Clerk  
Katherine Pack, Circuit, General Sessions, and Juvenile Courts Clerk  
Debra Malone, Clerk and Master  
Jeff McMillen, Register  
Patrick Ray, Sheriff

### **Board of County Commissioners**

Mike Foster, Chairman	
Jeff Barnes	Marshall Ferrell
Jeff Barrett	John Green
Jack Barton	Bobby Joines
Wayne Cantrell	Jerry Scott
Randy Caplinger	Chris Smithson
Mason Carter	Larry Summers
Elmer Ellis	Willie Thomas

### **Board of Education**

W.J. Evins, III, Chairman  
Joan Draper  
John Foutch  
Linda Fuston  
Johnny Lattimore  
Kenny Rhody  
Charles Robinson

### **Purchasing Committee**

Mike Foster, Chairman  
Kenny Edge  
John Green  
Bobby Joines  
Larry Summers  
Mark Willoughby

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## FINANCIAL SECTION

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

**INDEPENDENT AUDITOR'S REPORT**

November 25, 2008

DeKalb County Mayor and  
Board of County Commissioners  
DeKalb County, Tennessee

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of DeKalb County, Tennessee, as of and for the year ended June 30, 2008, which collectively comprise DeKalb County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of DeKalb County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented DeKalb County Emergency Communications District, which represent two percent of both the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the DeKalb County Emergency Communications District, is based on the report of the other auditors.

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

In our opinion, based on our audit 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 business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of DeKalb County, Tennessee, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 25, 2008, on our consideration of DeKalb County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

As described in Note V.B., DeKalb County has implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. For the first time, the financial statements include the government-wide financial statements. Also, during the year, DeKalb County implemented the provisions of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions; Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues; and Statement No. 50, Pension Disclosures.

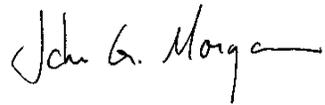
The management of DeKalb County did not prepare a management's discussion and analysis. The management's discussion and analysis section is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States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

The budgetary comparison, pension, and postemployment benefits information on pages 73 through 80 are not required parts of the basic financial statements but they do provide supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise DeKalb 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 DeKalb 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 DeKalb County School Department (a discretely presented component unit), and the miscellaneous schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Very truly yours,

A handwritten signature in black ink that reads "John G. Morgan". The signature is written in a cursive style with a long horizontal flourish at the end.

John G. Morgan  
Comptroller of the Treasury

JGM/sb

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# BASIC FINANCIAL STATEMENTS

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Exhibit A

DeKalb County, Tennessee  
Statement of Net Assets  
June 30, 2008

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	DeKalb County School Department	DeKalb County Emergency Communications District
<u>ASSETS</u>					
Cash	\$ 80,742	\$ 0	\$ 80,742	\$ 0	\$ 201,596
Equity in Pooled Cash and Investments	5,069,514	2,003,912	7,073,426	2,826,959	0
Accounts Receivable	427,651	12,815	440,466	0	2,478
Allowance for Uncollectibles	(247,488)	0	(247,488)	0	0
Due from Other Governments	783,873	35,645	819,518	437,122	7,011
Property Taxes Receivable	3,704,430	890,212	4,594,642	2,317,651	0
Allowance for Uncollectible Property Taxes	(118,579)	(26,308)	(144,887)	(73,084)	0
Prepaid Items	0	0	0	0	6,758
Capital Assets:					
Assets Not Depreciated:					
Land	558,803	428,950	987,753	736,256	0
Construction in Progress	0	252,353	252,353	0	0
Assets Net of Accumulated Depreciation:					
Landfill Facilities and Developments	0	58,712	58,712	0	0
Buildings and Improvements	1,611,634	5,250	1,616,884	9,023,467	27,396
Other Capital Assets	998,411	486,803	1,485,214	1,607,661	77,473
Infrastructure	6,743,548	0	6,743,548	0	0
Total Assets	\$ 19,612,539	\$ 4,148,344	\$ 23,760,883	\$ 16,876,032	\$ 322,712
<u>LIABILITIES</u>					
Payroll Deductions Payable	\$ 8,207	\$ 297	\$ 8,504	\$ 6,118	\$ 429
Accounts Payable	7,545	0	7,545	0	1,991
Accrued Payroll	0	0	0	0	10,449
Accrued Interest Payable	95,343	0	95,343	0	0

(Continued)

Exhibit A

DeKalb County, Tennessee  
Statement of Net Assets (Cont.)

	Primary Government		Total	Component Units	
	Governmental Activities	Business-type Activities		DeKalb County School Department	DeKalb County Emergency Communications District
<b>LIABILITIES (Cont.)</b>					
Deferred Revenue - Current Property Taxes	\$ 3,510,022	\$ 0	\$ 3,510,022	\$ 2,198,585	\$ 0
Other Current Liabilities	139	87	226	0	0
Noncurrent Liabilities:					
Due Within One Year	1,055,484	33,087	1,088,571	0	0
Due in More Than One Year	6,748,439	1,453,994	8,202,433	100,589	0
Total Liabilities	\$ 11,425,179	\$ 1,487,465	\$ 12,912,644	\$ 2,305,292	\$ 12,869
<b>NET ASSETS</b>					
Invested in Capital Assets, Net of Related Debt	\$ 7,023,379	\$ 0	\$ 7,023,379	\$ 0	\$ 0
Invested in Capital Assets	0	1,232,068	1,232,068	11,367,384	104,869
Restricted for:					
Courthouse and Jail Maintenance	72,760	0	72,760	0	0
Local Purpose Tax	902,921	0	902,921	0	0
Drug Control	57,852	0	57,852	0	0
Highway/Public Works	848,697	0	848,697	0	0
School Federal Projects	0	0	0	81,805	0
Central Cafeteria	0	0	0	470,145	0
General Debt Service	947,691	0	947,691	0	0
Capital Projects	683,220	0	683,220	3,945	0
Capital Outlay	0	1,222,854	1,222,854	0	0
Basic Education Program	0	0	0	2,307,208	0
Other Purposes	73,327	0	73,327	79,803	0
Unrestricted	(2,422,487)	205,957	(2,216,530)	260,450	204,974
Total Net Assets	\$ 8,187,360	\$ 2,660,879	\$ 10,848,239	\$ 14,570,740	\$ 309,843

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

Exhibit B

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

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets									
	Program Revenues					Component Units				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total	Governmental Activities	Primary Government Business-type Activities	DeKalb County School Department	DeKalb County Emergency Communications District	Total
Primary Government:										
Governmental Activities:										
General Government	\$ 828,393	\$ 172,764	\$ 23,130	\$ 1,773	\$ (630,726)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Finance	491,758	393,187	10,668	0	(87,903)	0	0	0	0	0
Administration of Justice	536,373	470,883	0	6,581	(58,909)	0	0	0	0	0
Public Safety	2,595,949	564,426	325,009	10,033	(1,696,481)	0	0	0	0	0
Public Health and Welfare	800,639	595,348	134,690	4,000	(66,601)	0	0	0	0	0
Social, Cultural, and Recreational Services	163,555	0	7,951	0	(155,604)	0	0	0	0	0
Agriculture and Natural Resources	98,284	0	0	0	(98,284)	0	0	0	0	0
Other Operations	235,800	0	35,828	0	(199,972)	0	0	0	0	0
Highways/Public Works	2,231,812	0	1,503,364	1,097,607	369,159	0	0	0	369,159	0
Support Services	8,540	0	0	0	(8,540)	0	0	0	(8,540)	0
Education	1,558,161	0	0	0	(1,558,161)	0	0	0	(1,558,161)	0
Interest on Long-term Debt	307,243	0	0	0	(307,243)	0	0	0	(307,243)	0
Other Debt Service	38,626	0	0	0	(38,626)	0	0	0	(38,626)	0
Total Governmental Activities	\$ 9,895,133	\$ 2,196,608	\$ 2,040,640	\$ 1,119,994	\$ (4,537,891)	\$ 0	\$ 0	\$ 0	\$ (4,537,891)	\$ 0
Business-type Activities:										
Landfill	\$ 1,308,401	\$ 163,978	\$ 12,913	\$ 22,645	\$ (1,108,865)	\$ 0	\$ (1,108,865)	\$ 0	\$ (1,108,865)	\$ 0
Total Business-type Activities	\$ 1,308,401	\$ 163,978	\$ 12,913	\$ 22,645	\$ (1,108,865)	\$ 0	\$ (1,108,865)	\$ 0	\$ (1,108,865)	\$ 0
Total Primary Government	\$ 11,203,534	\$ 2,360,586	\$ 2,053,553	\$ 1,142,639	\$ (4,537,891)	\$ (4,537,891)	\$ (5,646,756)	\$ 0	\$ (5,646,756)	\$ 0
Component Units:										
School Department	\$ 19,793,290	\$ 423,040	\$ 2,871,809	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (16,498,441)	\$ 0
Emergency Communications District	425,788	149,827	181,779	10,336	0	0	0	0	0	(83,846)
Total Component Units	\$ 20,219,078	\$ 572,867	\$ 3,053,588	\$ 10,336	\$ 0	\$ 0	\$ 0	\$ 0	\$ (16,498,441)	\$ (83,846)

(Continued)

Exhibit B

DeKalb County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Component Units	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Business-type Activities		DeKalb County School Department	DeKalb County Emergency Communications District
				Governmental Activities	Total		
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes				\$ 2,442,154	\$ 885,538	\$ 2,137,406	\$ 0
Property Taxes Levied for Debt Service				1,085,672	0	0	0
Local Option Sales Taxes				2,486,164	0	1,538,150	0
Business Tax				112,352	0	0	0
Hotel/Motel Tax				80,739	0	0	0
Wholesale Beer Tax				75,744	0	0	0
Other Local Taxes				109,307	0	1,589	0
Grants and Contributions Not Restricted to Specific Programs				1,071,885	0	13,050,569	86,169
Unrestricted Investment Earnings				417,692	60,869	43,842	6,320
Miscellaneous				60,516	0	51,201	1,072
Total General Revenues				\$ 7,942,225	\$ 946,407	\$ 16,822,757	\$ 93,561
Insurance Recovery				\$ 10,520	\$ 0	\$ 17,033	\$ 0
Change in Net Assets				\$ 3,414,854	\$ (162,458)	\$ 341,349	\$ 9,715
Net Assets, July 1, 2007				4,772,506	2,999,688	14,229,391	300,128
Prior-period Adjustment				0	(176,351)	0	0
Net Assets, June 30, 2008				\$ 8,187,360	\$ 2,660,879	\$ 14,570,740	\$ 309,843

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

Exhibit C-1

DeKalb County, Tennessee  
Balance Sheet  
Governmental Funds  
June 30, 2008

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Local Purpose Tax	Highway / Public Works	General Debt Service	Other		
					Governmental Funds	Governmental Funds	
\$	0	0	0	0	0	80,742	\$ 80,742
Equity in Pooled Cash and Investments	1,942,641	703,154	590,247	1,019,640	0	813,832	5,069,514
Accounts Receivable	427,651	0	0	0	0	0	427,651
Allowance for Uncollectibles	(247,488)	0	0	0	0	0	(247,488)
Due from Other Governments	120,979	399,534	263,360	0	0	0	783,873
Due from Other Funds	1,438	0	0	0	0	0	1,438
Property Taxes Receivable	2,638,615	0	121,982	943,833	0	0	3,704,430
Allowance for Uncollectible Property Taxes	(81,442)	0	(3,847)	(33,290)	0	0	(118,579)
Total Assets	\$ 4,802,394	\$ 1,102,688	\$ 971,742	\$ 1,930,183	\$ 894,574	\$ 9,701,581	

ASSETS

Cash	80,742
Equity in Pooled Cash and Investments	5,069,514
Accounts Receivable	427,651
Allowance for Uncollectibles	(247,488)
Due from Other Governments	783,873
Due from Other Funds	1,438
Property Taxes Receivable	3,704,430
Allowance for Uncollectible Property Taxes	(118,579)
Total Assets	9,701,581

LIABILITIES AND FUND BALANCES

Liabilities							
Accounts Payable	7,545	0	0	0	0	0	7,545
Payroll Deductions Payable	8,207	0	0	0	0	0	8,207
Due to Other Funds	0	0	0	0	1,438	0	1,438
Other Current Liabilities	139	0	0	0	0	0	139
Deferred Revenue - Current Property Taxes	2,507,158	0	115,715	887,149	0	0	3,510,022
Deferred Revenue - Delinquent Property Taxes	46,136	0	2,232	21,579	0	0	69,947
Other Deferred Revenues	131,585	199,767	129,034	0	0	0	460,386
Total Liabilities	\$ 2,700,770	\$ 199,767	\$ 246,981	\$ 908,728	\$ 1,438	\$ 4,057,684	
Fund Balances							
Reserved for Alcohol and Drug Treatment	36,091	0	0	0	0	0	36,091
Reserved for Courtroom Security	150	0	0	0	0	0	150
Reserved for Computer System - Register	4,051	0	0	0	0	0	4,051
Reserved for Automation Purposes - Circuit Court	6,149	0	0	0	0	0	6,149
Reserved for Automation Purposes - General Sessions Court	22,997	0	0	0	0	0	22,997
Reserved for Automation Purposes - Juvenile Court	639	0	0	0	0	0	639
Reserved for Automation Purposes - Sheriff	3,250	0	0	0	0	0	3,250
Unreserved, Reported In:							
General Fund	2,028,297	0	0	0	0	0	2,028,297

(Continued)

Exhibit C-1

DeKalb County, Tennessee  
Balance Sheet  
Governmental Funds (Cont.)

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Local Purpose Tax	Highway / Public Works	General Debt Service	Other		
					Governmental Funds	Governmental Funds	
\$	0	902,921	724,761	0	0	209,916	\$ 1,837,598
	0	0	0	1,021,455	0	0	1,021,455
	0	0	0	0	0	683,220	683,220
\$	2,101,624	902,921	724,761	1,021,455	0	893,136	\$ 5,643,897
\$	4,802,394	1,102,688	971,742	1,930,183	0	894,574	\$ 9,701,581

LIABILITIES AND FUND BALANCES (Cont.)

Fund Balances (Cont.)	
Unreserved, Reported In (Cont.):	
Special Revenue Funds	
Debt Service Funds	
Capital Projects Funds	
Total Fund Balances	
Total Liabilities and Fund Balances	

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

Exhibit C-2

DeKalb County, Tennessee  
Reconciliation of the Balance Sheet of Governmental  
Funds to the Statement of Net Assets  
June 30, 2008

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$	5,643,897
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	558,803	
Add: infrastructure net of accumulated depreciation		6,743,548	
Add: buildings and improvements net of accumulated depreciation		1,611,634	
Add: other capital assets net of accumulated depreciation		<u>998,411</u>	9,912,396
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: bonds payable	\$	(5,755,000)	
Less: notes payable		(2,036,774)	
Less: compensated absences payable		(7,330)	
Less: accrued interest on bonds, notes, other loans, and capital leases		(95,343)	
Less: other postemployment benefits liability		<u>(4,819)</u>	(7,899,266)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>530,333</u>
Net assets of governmental activities (Exhibit A)			<u>\$ 8,187,360</u>

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

Exhibit C-3

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Local Purpose Tax	Highway/Public Works	General Debt Service	Other	Governmental Funds	
<b>Revenues</b>							
Local Taxes	\$ 2,958,237	\$ 2,089,631	\$ 138,301	\$ 1,133,468	\$ 255,421	\$ 6,575,058	
Licenses and Permits	18,971	0	0	0	0	18,971	
Fines, Forfeitures, and Penalties	132,705	0	0	0	31,920	164,625	
Charges for Current Services	522,885	0	0	0	171,645	694,530	
Other Local Revenues	119,982	0	12,603	308	460,450	593,343	
Fees Received from County Officials	660,726	0	0	0	0	660,726	
State of Tennessee	693,766	0	1,512,615	0	315,424	2,521,805	
Federal Government	405,309	0	0	0	0	405,309	
Other Governments and Citizens Groups	105,302	0	290,375	0	0	395,677	
<b>Total Revenues</b>	<b>\$ 5,617,883</b>	<b>\$ 2,089,631</b>	<b>\$ 1,953,894</b>	<b>\$ 1,133,776</b>	<b>\$ 1,234,860</b>	<b>\$ 12,030,044</b>	
<b>Expenditures</b>							
Current:							
General Government	\$ 770,496	\$ 0	\$ 0	\$ 0	\$ 194,450	\$ 964,946	
Finance	337,909	0	0	0	100,207	438,116	
Administration of Justice	505,765	0	0	0	3,787	509,552	
Public Safety	2,371,605	0	0	0	55,565	2,427,170	
Public Health and Welfare	763,758	0	0	0	0	763,758	
Social, Cultural, and Recreational Services	145,376	0	0	0	0	145,376	
Agriculture and Natural Resources	83,107	0	0	0	0	83,107	
Other Operations	394,153	0	0	0	336	394,489	
Highways	0	0	1,799,183	0	0	1,799,183	
Support Services	0	0	0	0	8,540	8,540	
Debt Service:							
Principal on Debt	0	0	0	912,613	0	912,613	
Interest on Debt	0	0	0	322,312	0	322,312	
Other Debt Service	0	0	0	38,626	0	38,626	
Capital Projects	0	1,558,161	0	0	0	1,558,161	
<b>Total Expenditures</b>	<b>\$ 5,372,169</b>	<b>\$ 1,558,161</b>	<b>\$ 1,799,183</b>	<b>\$ 1,273,551</b>	<b>\$ 847,791</b>	<b>\$ 10,850,855</b>	
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ 245,714</b>	<b>\$ 531,470</b>	<b>\$ 154,711</b>	<b>\$ (139,775)</b>	<b>\$ 387,069</b>	<b>\$ 1,179,189</b>	

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Local Purpose Tax	Highway/ Public Works	General Debt Service	Other	Governmental Funds	
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 10,520	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,520
Transfers In	0	0	0	591,094	0	0	591,094
Transfers Out	0	(591,094)	0	0	0	0	(591,094)
Total Other Financing Sources (Uses)	\$ 10,520	\$ (591,094)	\$ 0	\$ 591,094	\$ 0	\$ 0	\$ 10,520
Net Change in Fund Balances	\$ 256,234	\$ (59,624)	\$ 154,711	\$ 451,319	\$ 387,069	\$ 1,189,709	\$ 1,189,709
Fund Balance, July 1, 2007	1,845,390	962,545	570,050	570,136	506,067	4,454,188	4,454,188
Fund Balance, June 30, 2008	\$ 2,101,624	\$ 902,921	\$ 724,761	\$ 1,021,455	\$ 893,136	\$ 5,643,897	\$ 5,643,897

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

Exhibit C-4

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

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ 1,189,709
<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	\$ 852,192	
Less: current year depreciation expense	<u>(938,407)</u>	(86,215)
<p>(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net assets:</p>		
Add: assets donated and capitalized		1,097,607
<p>(3) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2008	\$ 530,333	
Less: deferred delinquent property taxes and other deferred June 30, 2007	<u>(358,517)</u>	171,816
<p>(4) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:</p>		
Add: principal payments on notes	\$ 557,613	
Add: principal payments on bonds	<u>475,000</u>	1,032,613
<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 governmental funds.</p>		
Change in accrued interest payable on notes	\$ 6,479	
Change in accrued interest payable on bonds	8,590	
Change in compensated absences payable	(926)	
Change in other postemployment benefits liability	<u>(4,819)</u>	<u>9,324</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 3,414,854</u>

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

Exhibit D-1

DeKalb County, Tennessee  
Statement of Net Assets  
Proprietary Fund  
June 30, 2008

	Business-type Activities
	<u>Major Fund</u>
	Solid Waste <u>Disposal Fund</u>
<u>ASSETS</u>	
Current Assets:	
Equity in Pooled Cash and Investments	\$ 2,003,912
Accounts Receivable	12,815
Due from Other Governments	35,645
Property Taxes Receivable	890,212
Allowance for Uncollectible Property Taxes	(26,308)
Total Current Assets	<u>\$ 2,916,276</u>
Noncurrent Assets:	
Capital Assets (Net of Accumulated Depreciation):	
Land	\$ 428,950
Landfill Facilities and Development	58,712
Buildings and Improvements	5,250
Other Capital Assets	486,803
Construction in Progress	252,353
Total Noncurrent Assets	<u>\$ 1,232,068</u>
Total Assets	<u>\$ 4,148,344</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Payroll Deductions Payable	\$ 297
Other Current Liabilities	87
Accrued Liability for Landfill Closure/Postclosure Care Costs	33,087
Total Current Liabilities	<u>\$ 33,471</u>
Noncurrent Liabilities:	
Accrued Liability for Landfill Closure/Postclosure Care Costs	\$ 1,453,994
Total Noncurrent Liabilities	<u>\$ 1,453,994</u>
Total Liabilities	<u>\$ 1,487,465</u>
<u>NET ASSETS</u>	
Invested in Capital Assets	\$ 1,232,068
Restricted for Capital Outlay	1,222,854
Unrestricted	<u>205,957</u>
Total Net Assets	<u>\$ 2,660,879</u>

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

Exhibit D-2

DeKalb County, Tennessee  
Statement of Revenues, Expenses, and  
Changes in Net Assets  
Proprietary Fund  
For the Year Ended June 30, 2008

	Business-type Activities
	<u>Major Fund</u>
	<u>Solid Waste</u>
	<u>Disposal Fund</u>
<u>Operating Revenues</u>	
Charges for Current Services	\$ 159,481
Other Local Revenues	4,497
Total Operating Revenues	<u>\$ 163,978</u>
<u>Operating Expenses</u>	
Waste Pickup	\$ 42,295
Convenience Centers	181,154
Landfill Operation and Maintenance	829,076
Depreciation	192,682
Other Waste Disposal	62,430
Total Operating Expenses	<u>\$ 1,307,637</u>
Operating Income (Loss)	<u>\$ (1,143,659)</u>
<u>Nonoperating Revenues (Expenses)</u>	
Local Taxes	\$ 885,538
Investment Income	60,869
Grants	35,558
Interest on Capital Lease	(764)
Total Nonoperating Revenues (Expenses)	<u>\$ 981,201</u>
Change in Net Assets	\$ (162,458)
Net Assets, July 1, 2007	2,999,688
Prior-period Adjustment	<u>(176,351)</u>
Net Assets, June 30, 2008	<u>\$ 2,660,879</u>

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

Exhibit D-3

DeKalb County, Tennessee  
Statement of Cash Flows  
Proprietary Fund  
For the Year Ended June 30, 2008

	Business-type Activities
	<u>Major Fund</u>
	<u>Solid Waste Disposal Fund</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 245,348
Payments to Suppliers	(538,353)
Payments to Employees	(439,155)
Other Payments	(16,941)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (749,101)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Local Taxes	\$ 743,134
Grants Received	17,332
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 760,466</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Acquisition of Capital Assets	\$ (301,675)
Principal Paid on Capital Lease	(19,886)
Interest Paid on Capital Lease	(764)
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (322,325)</u>
<u>Cash Flows from Investing Activities</u>	
Interest on Investments	<u>\$ 60,869</u>
Net Increase (Decrease) in Cash	\$ (250,091)
Cash, July 1, 2007	<u>2,254,003</u>
Cash, June 30, 2008	<u><u>\$ 2,003,912</u></u>
<u>Reconciliation of Operating Loss to Net Cash Provided By (Used In)</u>	
<u>Operating Activities</u>	
Operating Income (Loss)	\$ (1,143,659)
Adjustment to Reconcile Net Operating Loss to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	192,682
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	7,368
(Increase) Decrease in Due From Other Governments	74,002
Increase (Decrease) in Accounts Payable	384
Increase (Decrease) in Landfill Closure/Postclosure Care Costs	<u>120,122</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ (749,101)</u></u>

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

Exhibit E

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

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,689,128
Accounts Receivable	991
Due from Other Governments	172,249
Notes Receivable - Long-term	80,511
Cash Shortage	<u>8,501</u>
Total Assets	<u>\$ 1,951,380</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 172,249
Due to Litigants, Heirs, and Others	<u>1,779,131</u>
Total Liabilities	<u>\$ 1,951,380</u>

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

**DEKALB COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2008**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

DeKalb 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 DeKalb County:

**A. Reporting Entity**

DeKalb County is a public municipal corporation governed by an elected 14-member board. As required by GAAP, these financial statements present DeKalb County (the primary government) and its component units. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

**Blended Component Units** – There are no legally separate component units of DeKalb County that meet the criteria for being reported as part of the primary government by the blending method.

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

The DeKalb County School Department operates the public school system in the county, and the voters of DeKalb County elect its board. The School Department is fiscally dependent on the county because it may not issue debt without county approval, and its budget and property tax levy are subject to the County Commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

The DeKalb County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of DeKalb County, and the 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 DeKalb County provides assistance in industrial recruitment in DeKalb County, and the DeKalb County Commission appoints its eight-member board. The authority acted as a decision-making board and did not have any financial activity during the year.

The DeKalb 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. The Industrial Development Board did not have any financial activity during the year; therefore, there were no financial statements to report. Complete financial statements of the DeKalb County Emergency Communications District can be obtained from its administrative office at the following address:

DeKalb County Emergency Communications District  
P.O. Box 346  
Smithville, TN 37166

**B. Government-wide and Fund Financial Statements**

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

DeKalb County issues all debt for the discretely presented DeKalb County School Department.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. The fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and the individual major enterprise fund 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 proprietary fund and 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 DeKalb County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. DeKalb County reports only one proprietary fund, an enterprise fund. An emphasis is placed on major funds within the governmental and proprietary categories.

Separate financial statements are provided for governmental funds, the proprietary fund, and fiduciary funds. Major individual governmental funds and the major individual enterprise fund 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. DeKalb 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.

Proprietary fund and 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

DeKalb 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.

**Local Purpose Tax Fund** – This fund accounts for local sales tax collections. These collections are eventually disbursed to other county funds for operations.

**Highway/Public Works Fund** – This fund accounts for transactions of the county’s Highway Department.

**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.

DeKalb County reports the following major enterprise fund:

**Solid Waste Disposal Fund** – This fund accounts for transactions of the county-owned landfill.

Additionally, DeKalb County reports the following fund types:

**Capital Projects Fund** – The General Capital Projects Fund is used to account for general capital expenditures of the county.

**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 DeKalb

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 DeKalb 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 DeKalb County School Department reports the following fund types:

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

**Capital Projects Fund** – The Education Capital Projects Fund is used to account for the receipt of debt issued by DeKalb County and contributed to the School Department for building construction and renovations.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. DeKalb County has elected not to follow subsequent private-sector guidance.

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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. The county has one proprietary fund, an enterprise fund used to account for transactions at the county's landfill. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the county's enterprise fund are property taxes and charges for services. Operating expenses for the enterprise fund include waste collection, landfill operation, administrative expenses, and employee benefits.

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

**D. Assets, Liabilities, and Net Assets or Equity**

**1. Deposits and Investments**

For purposes of the statement of cash flows, cash includes cash on deposit with the county trustee and cash with clerks, register, and sheriff.

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; the county's own legally issued bonds or notes; the State Treasurer's Investment Pool; and repurchase agreements.

The county trustee maintains a cash and internal investment pool that is used by all DeKalb County and DeKalb County School Department funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Capital Projects Fund. DeKalb County and the DeKalb County School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

**2. Receivables and Payables**

Activity between funds for unremitted current collections outstanding at the end of the fiscal year is referred to as due to/from other funds.

All ambulance service and property taxes receivable are shown with an allowance for uncollectibles. Ambulance receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to 1.65 percent of total taxes levied.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

Property taxes receivable are recognized as of the date an enforceable legal claim to the taxable property arises. This date is January 1 and is referred to as the lien date. However, revenues from property taxes are recognized in the period for which the taxes are levied, which is the ensuing fiscal year. Since the receivable is recognized before the period of revenue recognition, the entire amount of the receivable, less an estimated allowance for uncollectible taxes is reported as deferred revenue as of June 30.

Property taxes receivable are also reported as of June 30 for the taxes that are levied, collected, and reported as revenue during the current fiscal year. These property taxes receivable are presented on the balance sheet with offsetting deferred revenue to reflect amounts not available as of June 30. Property taxes collected within 30 days of year-end are considered available and accrued. The allowance for uncollectible taxes represents the estimated amount of the receivable that will be filed in court for collection. Delinquent taxes filed in court for collection are not included in taxes receivable since they are neither measurable nor available.

Property taxes are levied as of the first Monday in October. Taxes become delinquent and begin accumulating interest and penalty the following March 1. Suit must be filed in Chancery Court between the following February 1 to April 1 for any remaining unpaid taxes. Additional costs attach to delinquent taxes after a court suit has been filed.

### **3. Capital Assets**

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

#### **Primary Government**

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	25
Other Capital Assets	5 - 10
Infrastructure:	
Roads	8-20
Bridges	30

**Discretely Presented DeKalb County School Department**

Capital assets, which include property, plant, and equipment, are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the School Department as assets with an initial, individual cost of \$15,000 or more and an estimated useful life of more than five 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, and equipment of the School Department are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	20-40
Other Capital Assets	5-15

4. **Compensated Absences**

**Primary Government**

It is the county's policy, except for the Highway Department, not to allow for the accumulation of unused vacation and sick days beyond year end. The Highway Department's policy permits employees to accumulate earned but unused vacation benefits up to 20 days. 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.

Vested or accumulated vacation leave is accrued when incurred in proprietary funds using the accrual basis of accounting. DeKalb County's proprietary fund did not have accrued leave because the county's policy does not allow for the accumulation of unused vacation and sick days beyond year end.

**Discretely Presented DeKalb County School Department**

It is the discretely presented DeKalb County School Department's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the School Department does not have a policy to pay any amounts when employees separate from service with the government. Vacation leave does not accumulate beyond year end.

5. **Long-term Obligations**

In the government-wide financial statements and the proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net assets.

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, landfill closure/postclosure care costs, and other postemployment benefits, are recognized to the extent that the liabilities have matured (come due for payment) each period.

**6. Net Assets and Fund Equity**

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

- a. Invested in capital assets, net of related debt – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

As of June 30, 2008, DeKalb County had \$4,902,757 in outstanding debt for capital purposes for the discretely presented DeKalb County School Department. This debt is a liability of DeKalb County, but the capital assets acquired are reported in the financial statements of the School Department. However, the county maintains a Local Purpose Tax Fund for the School Department's share of local option sales tax. This fund had a balance of \$902,921 at June 30, 2008. Therefore, DeKalb County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

**7. Prior-period Adjustment**

Capital assets of the Solid Waste Disposal Fund were restated (\$176,351) from the prior-year because of a change in the county's capital assets policy.

**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets**

**Primary Government**

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

**Discretely Presented DeKalb County School Department**

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

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

**Primary Government**

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

**Discretely Presented DeKalb County School Department**

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

### III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

#### A. Budgetary Information

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

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

The budgetary level of control is at the major category level established by the State Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, County Mayor/Executive, 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 GAAP basis is presented on the face of each budgetary schedule.

#### B. Cash Shortage

The Office of General Sessions Court Clerk had a cash shortage of \$8,501 as of June 30, 2008. Details of this cash shortage are discussed in the Schedule of Findings and Questioned Costs section of this report.

#### C. Expenditures and Other Uses Exceeded Appropriations

Expenditures and other uses exceeded appropriations approved by the County Commission in the major appropriation categories (the legal level of control) of the following funds:

<u>Fund/Major Category</u>	<u>Amount Overspent</u>
General:	
County Mayor/Executive	\$ 315
County Buildings	332
Drug Court	28,983
Other Economic and Community Development	20,782
Other Charges	2,393
Drug Control:	
Other Operations	128
Local Purpose Tax Fund:	
Transfers Out	188,059

In addition, expenditures exceeded the total appropriations approved by the County Commission in the Courthouse and Jail Maintenance Fund by \$1,989 and the General Debt Service Fund by \$5,126.

Such overexpenditures are a violation of state statutes. These overexpenditures were funded by available fund balances.

#### IV. DETAILED NOTES ON ALL FUNDS

##### A. Deposits and Investments

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

##### Deposits

**Legal Provisions.** All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in

the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

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

### **Investments**

**Legal Provisions.** Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state director of Local Finance and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the market value of the securities on the day of purchase. The county had no pooled and nonpooled investments as of June 30, 2008.

### **B. Notes Receivable**

In a prior year, the county sold its hospital to a private corporation. On May 10, 1971, the Chancellor ordered that a portion of the proceeds of this sale be used to provide loans to "...deserving young men and women, who are preparing themselves for the practice of medicine, or the practice of nursing..." These proceeds were deposited with the clerk and master and were earmarked for loans to students in medical-related fields. Notes receivable of \$80,511 in the Constitutional Officers - Agency Fund represents the total of these student loans outstanding at June 30, 2008. These loans are repayable to the county over a ten-year period after the student leaves school with an interest rate two percent below the prime interest rate as published in the Wall Street Journal.

### **C. Capital Assets**

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

**Primary Government**

**Governmental Activities:**

	Balance 7-1-07	Increases	Balance 6-30-08
Capital Assets Not Depreciated:			
Land	\$ 318,803	\$ 240,000	\$ 558,803
Total Capital Assets Not Depreciated	<u>\$ 318,803</u>	<u>\$ 240,000</u>	<u>\$ 558,803</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 3,246,071	\$ 292,106	\$ 3,538,177
Roads and Bridges	16,028,549	1,314,960	17,343,509
Other Capital Assets	2,134,981	102,733	2,237,714
Total Capital Assets Depreciated	<u>\$ 21,409,601</u>	<u>\$ 1,709,799</u>	<u>\$ 23,119,400</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 1,808,253	\$ 118,290	\$ 1,926,543
Roads and Bridges	9,926,805	673,156	10,599,961
Other Capital Assets	1,092,342	146,961	1,239,303
Total Accumulated Depreciation	<u>\$ 12,827,400</u>	<u>\$ 938,407</u>	<u>\$ 13,765,807</u>
Total Capital Assets Depreciated, Net	<u>\$ 8,582,201</u>	<u>\$ 771,392</u>	<u>\$ 9,353,593</u>
Governmental Activities Capital Assets, Net	<u>\$ 8,901,004</u>	<u>\$ 1,011,392</u>	<u>\$ 9,912,396</u>

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

**Governmental Activities:**

General Government	\$ 18,863
Public Safety	114,781
Public Health and Welfare	36,881
Social, Cultural, and Recreational Services	18,179
Highways/Public Works	<u>749,703</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 938,407</u>

**Business-type Activities:**

	Balance 7-1-07	Increases	Decreases	Balance 6-30-08
Capital Assets Not Depreciated:				
Land	\$ 361,271	\$ 67,679	\$ 0	\$ 428,950
Construction in Progress	250,207	2,146	0	252,353
Total Capital Assets Not Depreciated	<u>\$ 611,478</u>	<u>\$ 69,825</u>	<u>\$ 0</u>	<u>\$ 681,303</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 35,000	\$ 0	\$ (5,000)	\$ 30,000
Machinery and Equipment	664,184	258,726	0	922,910
Landfill Facilities and Development	1,206,115	0	0	1,206,115
Total Capital Assets Depreciated	<u>\$ 1,905,299</u>	<u>\$ 258,726</u>	<u>\$ (5,000)</u>	<u>\$ 2,159,025</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 25,375	\$ 1,500	\$ (2,125)	\$ 24,750
Machinery and Equipment	406,267	57,245	(27,405)	436,107
Landfill Facilities and Development	785,709	361,694	0	1,147,403
Total Accumulated Depreciation	<u>\$ 1,217,351</u>	<u>\$ 420,439</u>	<u>\$ (29,530)</u>	<u>\$ 1,608,260</u>
Total Capital Assets Depreciated, Net	<u>\$ 687,948</u>	<u>\$ (161,713)</u>	<u>\$ 24,530</u>	<u>\$ 550,765</u>
Business-type Activities Capital Assets, Net	<u>\$ 1,299,426</u>	<u>\$ (91,888)</u>	<u>\$ 24,530</u>	<u>\$ 1,232,068</u>

Depreciation expense of \$192,682 was recorded by the Solid Waste Disposal Fund.

**Discretely Presented DeKalb County School Department**

**Governmental Activities:**

	Balance 7-1-07	Increases	Balance 6-30-08
Capital Assets Not Depreciated:			
Land	\$ 736,256	\$ 0	\$ 736,256
Total Capital Assets Not Depreciated	<u>\$ 736,256</u>	<u>\$ 0</u>	<u>\$ 736,256</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 14,486,201	\$ 0	\$ 14,486,201
Other Capital Assets	2,317,347	236,009	2,553,356
Total Capital Assets Depreciated	<u>\$ 16,803,548</u>	<u>\$ 236,009</u>	<u>\$ 17,039,557</u>
Less Accumulated Depreciated For:			
Buildings and Improvements	\$ 5,138,824	\$ 323,910	\$ 5,462,734
Other Capital Assets	790,797	154,898	945,695
Total Accumulated Depreciation	<u>\$ 5,929,621</u>	<u>\$ 478,808</u>	<u>\$ 6,408,429</u>
Total Capital Assets Depreciated, Net	<u>\$ 10,873,927</u>	<u>\$ (242,799)</u>	<u>\$ 10,631,128</u>
Governmental Activities Capital Assets, Net	<u>\$ 11,610,183</u>	<u>\$ (242,799)</u>	<u>\$ 11,367,384</u>

Depreciation expense was charged to functions of the discretely presented DeKalb County School Department as follows:

**Governmental Activities:**

Instruction	\$ 317,230
Support Services	<u>161,578</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 478,808</u></u>

**D. Interfund Receivables and Payables**

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

**Due to/from Other Funds:**

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 1,438

This balance resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur and payments between funds are made.

**Interfund Transfers:**

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

**Primary Government**

	<u>Transfer In</u>
	General
	Debt
	Service
<u>Transfer Out</u>	<u>Fund</u>
Local Purpose Tax Fund	\$ 591,094

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

**E. Long-term Debt**

**Primary Government**

**General Obligation Bonds and Notes**

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

General obligation bonds and capital outlay notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds and capital outlay notes were issued for original terms of up to 16 years for bonds and up to ten years for notes. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds included in long-term debt as of June 30, 2008, will be retired from the General Debt

Service Fund. Capital outlay notes included in long-term debt as of June 30, 2008, will be retired from the General Debt Service Fund and the Highway/Public Works Fund.

General obligation bonds and capital outlay notes outstanding as of June 30, 2008, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-08
General Obligation Bonds -			
Refunding	.1 to 5.5 %	\$ 7,930,000	\$ 5,755,000
Capital Outlay Notes -			
Refunding	2 to 3	670,000	100,000
Capital Outlay Notes	3.1 to 3.99	3,025,250	1,936,774

The annual requirements to amortize all general obligation bonds and notes as of June 30, 2008, including interest payments, are presented in the following tables:

Year Ending June 30	Notes		
	Principal	Interest	Total
2009	\$ 550,484	\$ 73,880	\$ 624,364
2010	468,271	53,833	522,104
2011	392,616	37,696	430,312
2012	408,039	22,672	430,711
2013	154,568	7,057	161,625
2014	62,796	1,490	64,286
Total	\$ 2,036,774	\$ 196,628	\$ 2,233,402

Year Ending June 30	Bonds		
	Principal	Interest	Total
2009	\$ 505,000	\$ 202,625	\$ 707,625
2010	525,000	174,850	699,850
2011	545,000	145,975	690,975
2012	570,000	116,000	686,000
2013	600,000	84,650	684,650
2014-2018	2,560,000	116,900	2,676,900
2019	450,000	450	450,450
Total	\$ 5,755,000	\$ 841,450	\$ 6,596,450

There is \$1,021,455 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$330, based on the 2000 federal census. Debt per capita, including bonds and notes totaled \$447, based on the 2000 federal census.

Changes in Long-term Liabilities

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

Governmental Activities:

	<u>Bonds</u>	<u>Notes</u>
Balance, July 1, 2007	\$ 6,230,000	\$ 2,594,387
Additions	0	0
Deductions	<u>(475,000)</u>	<u>(557,613)</u>
Balance, June 30, 2008	<u>\$ 5,755,000</u>	<u>\$ 2,036,774</u>
Balance Due Within One Year	<u>\$ 505,000</u>	<u>\$ 550,484</u>

	<u>Compensated Absences</u>	<u>Post- employment Benefits</u>
Balance, July 1, 2007	\$ 6,404	\$ 0
Additions	11,309	10,398
Deductions	<u>(10,383)</u>	<u>(5,579)</u>
Balance, June 30, 2008	<u>\$ 7,330</u>	<u>\$ 4,819</u>
Balance Due Within One Year	<u>\$ 7,330</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2008	\$ 7,803,923
Less: Balance Due Within One Year	<u>(1,055,484)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 6,748,439</u>

**DeKalb County Solid Waste Disposal Fund (Enterprise Fund)**

**Changes in Long-term Liabilities**

Long-term liability activity for the Solid Waste Disposal Fund (enterprise fund) for the year ended June 30, 2008, was as follows:

Business-type Activities:

	Closure/ Postclosure Care Costs	Capital Lease
Balance, July 1, 2007	\$ 1,366,959	\$ 19,886
Additions	153,209	0
Deductions	(33,087)	(19,886)
Balance, June 30, 2008	<u>\$ 1,487,081</u>	<u>\$ 0</u>
Balance Due Within One Year	<u>\$ 33,087</u>	<u>\$ 0</u>

**Discretely Presented DeKalb County School Department**

**Changes in Long-term Liabilities**

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

Governmental Activities:

	Other Post- employment Benefits
Balance, July 1, 2007	\$ 0
Additions	201,208
Deductions	(100,619)
Balance, June 30, 2008	<u>\$ 100,589</u>
Balance Due Within One Year	<u>\$ 0</u>

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the DeKalb County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2008, were \$67,242 and \$16,850, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

**V. OTHER INFORMATION**

**A. Risk Management**

**Primary Government**

The county is exposed to various risks related to general liability, property, casualty, and workers' compensation. The county participates in the Local Government Property and Casualty Fund (LGPCF) and the Local Government Workers' Compensation Fund (LWCF) as opposed to purchasing commercial insurance for these risks. The LGPCF and LWCF 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 insurance coverage. These pools are to be self-sustaining through member premiums. The LGPCF reinsures through commercial insurance companies for claims exceeding \$100,000 for each insured event.

The county, except for the Ambulance Service, participates in the Local Government Group Insurance (LGGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local governments and quasi-governmental entities that was established for the primary purpose of providing services for or on behalf of state and local governments. In accordance with Section 8-27-207, Tennessee Code Annotated, all local governments and quasi-governmental entities described above are eligible to participate. The LGGIF is included in the Comprehensive Annual Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. The state statute provides for the LGGIF to be self-sustaining through member premiums. The county provides commercial health insurance to the Ambulance Service employees.

## **Discretely Presented DeKalb County School Department**

The discretely presented DeKalb 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 TN-RMT provides for it to be self-sustaining through member premiums.

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

### **B. Accounting Changes**

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

GASB Statement No. 45 establishes reporting requirements for Other Postemployment Benefits (OPEB). OPEB includes postemployment healthcare, as well as other forms of postemployment benefits (for example, life insurance) when provided separately from a pension plan. This statement establishes standards for the measurement, recognition, and display of OPEB expenses/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the county's financial statements. In previous years, DeKalb County and the DeKalb County School Department had only recognized the current year cost (expense) of these benefits. GASB Statement No. 45 was implemented prospectively with a zero net OPEB obligation at transition.

GASB Statement No. 48 establishes criteria to ascertain whether certain transactions are sales or collateralized borrowings and provides guidance on how to account for sales or pledges of receivables or future revenues. This

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

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

**C. Contingent Liabilities**

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

**D. Landfill Closure/Postclosure Care Costs**

State and federal laws and regulations require the county to place a final cover on its landfill sites when it stops accepting waste and to perform certain maintenance and monitoring functions at the sites for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfills stop accepting waste, the Solid Waste Disposal Fund 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. The \$1,487,081 reported as landfill closure and postclosure care liability at June 30, 2008, represents the total postclosure care costs for the Midway Landfill, which closed in 1992 (\$113,749); the Felts Landfill Cell B, which was closed during the 2000-01 year (\$300,869); and a portion of the Felts Cell D, which was opened during the 2001-02 year (\$1,072,463). The Solid Waste Disposal Fund will recognize the remaining estimated cost of closure and postclosure care of \$459,627 for the Felts Landfill Cell D as this cell is filled over the next three years. These amounts are based on what it would cost to perform all closure and postclosure care in 2008. The county expects to close the Felts Landfill Cell D in 2011. Actual cost may vary from the estimate due to inflation, changes in technology, or changes in regulations.

## **E. Retirement Commitments**

### **Employees**

#### **Plan Description**

Employees of DeKalb 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 DeKalb County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

#### **Funding Policy**

DeKalb County requires employees to contribute five percent of earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2008, was 5.18 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for DeKalb County is established and may be amended by the TCRS Board of Trustees.

#### **Annual Pension Cost**

For the year ended June 30, 2008, DeKalb County's annual pension cost of \$278,340 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the

July 1, 2005, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), and (c) projected 3.5 percent annual increase in the Social Security wage base. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. DeKalb County's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2005, was 13 years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008.

### Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-08	\$278,340	100%	\$0
6-30-07	258,640	100	0
6-30-06	153,177	100	0

### Funded Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 88.09 percent funded. The actuarial accrued liability for benefits was \$7.37 million, and the actuarial value of assets was \$6.49 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$0.88 million. The covered payroll (annual payroll of active employees covered by the plan) was \$4.59 million, and the ratio of the UAAL to the covered payroll was 19.12 percent.

The schedules of funding progress, presented as required supplementary information following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the Actuarial Accrued Liability for benefits.

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

## **School Teachers**

### **Plan Description**

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

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

### **Funding Policy**

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the DeKalb County School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2008, was 6.24 percent of annual covered payroll. The employer contribution requirement for the DeKalb County School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2008, 2007, and 2006, were \$597,739, \$543,865, and \$469,799, respectively, equal to the required contributions for each year.

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

Plan Description

DeKalb County and the DeKalb County School Department participate in the state-administered Local Government Group Insurance Plan and the Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-207, Tennessee Code Annotated (TCA), for local governments and Section 8-27-302, TCA, for teachers. Prior to reaching the age of 65, all members have the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare supplement plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tennessee.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plan is self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employer in the plan develops a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants, however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare supplement plan. The required contribution rate for retirees ranges from ten to 55 percent based on the years of service. During the year ended June 30, 2008, the county and the discretely presented DeKalb County School Department contributed \$5,579 and \$100,619, respectively, for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Government Group Plan	Local Education Group Plan
ARC	\$ 10,398	\$ 201,208
Interest on the NPO	0	0
Adjustment to the ARC	0	0
Annual OPEB cost	\$ 10,398	\$ 201,208
Amount of contribution	(5,579)	(100,619)
Increase/decrease in NPO	\$ 4,819	\$ 100,589
Net OPEB obligation, 7-1-07	0	0
Net OPEB obligation, 6-30-08	\$ 4,819	\$ 100,589

Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-08	Local Government Group	\$ 10,398	54 %	\$ 4,819
6-30-08	Local Education Group	201,208	48	100,589

\* Data not available for two preceding years.

Funded Status and Funding Progress

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

	Local Government Group Plan	Local Education Group Plan
Actuarial valuation date	6-30-07	6-30-07
Actuarial accrued liability (AAL)	\$ 69,533	\$ 1,930,205
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 69,533	\$ 1,930,205
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 1,224,213	\$ 8,123,731
UAAL as a % of covered payroll	6%	24%

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

#### Actuarial Methods and Assumptions

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

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

### **G. Purchasing Laws**

#### Offices of County Mayor and Road Supervisor

Purchasing procedures for the funds administered by the county mayor and road supervisor are governed by provisions of Chapter 63, Private Acts of 1979, as amended. Purchasing procedures for the Highway Department are also governed by Section 54-7-113, Tennessee Code Annotated (TCA), (Uniform Road Law). Chapter 63, Private Acts of 1979, as amended, provides for the establishment of a Purchasing Committee and designates the county mayor as purchasing agent for purchases approved by the committee. All purchases of materials, supplies, equipment, or services estimated to exceed \$5,000 (\$10,000 for the Highway Department) are required to be made by the Purchasing Committee on the basis of competitive bids solicited through newspaper advertisement. Other purchases may be made by the department heads. Requisitions and purchase orders are required for all purchases.

Office of Director of Schools

Purchasing procedures for the discretely presented DeKalb County School Department are governed by provisions of Chapter 63, Private Acts of 1979, as amended, and by Section 49-2-203, TCA. Chapter 63, Private Acts of 1979, as amended, provides for the establishment of a Purchasing Committee and designates the county mayor as purchasing agent for purchases approved by the committee. All purchases of materials, supplies, equipment, or services estimated to exceed \$10,000 are required to be made by the Purchasing Committee on the basis of competitive bids solicited through newspaper advertisement. Other purchases may be made by the department heads. Requisitions and purchase orders are required for all purchases.

**VI. OTHER NOTES – DEKALB COUNTY EMERGENCY COMMUNICATIONS DISTRICT**

**A. Summary of Significant Accounting Policies**

The DeKalb County Emergency Communication District was established for the purpose of providing an enhanced level of 911 services to the DeKalb 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 DeKalb County. The DeKalb County Emergency Communications District is run by a board of directors, which is appointed by DeKalb County. The district must file a budget with DeKalb County each year. Any bond issued by the district is subject to approval by DeKalb County.

The district uses the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units and by the Financial Accounting Standards Board. As allowed in Section P80 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, the board has elected not to apply to its proprietary activities Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedures issued after November 30, 1989.

**1. Depreciation**

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

	Method	Estimated Useful Life	2008 Depreciation
Buildings and Improvements	S/L	10-40 years	\$ 2,379
Furniture and Fixtures	S/L	5-10 years	546
Office Equipment	S/L	5-10 years	4,153
Communications Equipment	S/L	5-10 years	28,831
Vehicles	S/L	5 years	704
Total			<u>\$ 36,613</u>

**2. Major Source of Revenue**

The major source of operating revenue is emergency telephone and wireless surcharges. Nonoperating revenue consists of a grant given by the State Emergency Communications Board to help the district employ dispatchers, interest, other refunds, and reimbursements.

**B. Cash and Investments**

The Tennessee Government Code 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 \$100,000 by the Federal Deposit Insurance Corporation or Savings Association Insurance Fund.

The following is a schedule of bank accounts at June 30, 2008:

Checking - First Bank	\$ 43,332
CD - First Bank	56,838
CD - DeKalb Community Bank	<u>101,426</u>
Total Deposits	<u>\$ 201,596</u>

At June 30, 2008, the carrying amount of the DeKalb County Emergency Communications District's cash deposits was \$201,596.26. The district's deposit accounts are covered up to \$100,000 by the Federal Deposit Insurance

Corporation. Any amounts over \$100,000 are still covered since First Bank and DeKalb Community Bank (a branch of Wilson Bank & Trust) are members of the Government Collateralization Pool. The district is authorized to deposit and invest funds according to the provisions of Section 5-8-301 of Tennessee Code Annotated. [Acts 1992, ch. 891, section 10].

**C. Bonding**

DeKalb County Emergency Communications District has a workers' compensation policy covering employees of the district at June 30, 2008. Other risk areas include theft, property damage, and public liability, which are covered by the policy of the county. 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, 2008:

Assets	Balance 7-1-07	Additions	Balance 6-30-08
Communication Equipment	\$ 243,985	\$ 8,431	\$ 252,416
Furniture and Fixtures	17,214	0	17,214
Buildings and Improvements	45,351	0	45,351
Vehicles	3,518	0	3,518
Office Equipment	53,544	0	53,544
<b>Total</b>	<b>\$ 363,612</b>	<b>\$ 8,431</b>	<b>\$ 372,043</b>

Assets	Accumulated Depreciation 7-1-07	Current Year Depreciation	Accumulated Depreciation 6-30-08
Communication Equipment	\$ 160,016	\$ 28,832	\$ 188,848
Furniture and Fixtures	9,666	546	10,212
Buildings and Improvements	15,576	2,379	17,955
Vehicles	1,349	703	2,052
Office Equipment	43,954	4,153	48,107
<b>Total</b>	<b>\$ 230,561</b>	<b>\$ 36,613</b>	<b>\$ 267,174</b>

**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 other government agencies include the following:

Ben Lomand	\$	291
Twin Lakes		422
Freedom Communications		<u>5</u>
Subtotal	\$	718
State of Tennessee ECB		<u>7,011</u>
Total	\$	<u><u>7,729</u></u>

**G. Compensated Absences**

There were no compensated absences for June 30, 2008.

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

Net Book Value	\$	104,869
Current and Non-current Debt		<u>0</u>
Invested in Capital Assets	\$	<u><u>104,869</u></u>

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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Exhibit F-1

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,958,237	\$ 3,021,643	\$ 3,021,643	\$ (63,406)
Licenses and Permits	18,971	17,400	17,400	1,571
Fines, Forfeitures, and Penalties	132,705	101,134	112,087	20,618
Charges for Current Services	522,885	861,216	861,216	(338,331)
Other Local Revenues	119,982	39,050	79,589	40,393
Fees Received from County Officials	660,726	537,138	537,138	123,588
State of Tennessee	693,766	455,500	626,782	66,984
Federal Government	405,309	37,000	404,901	408
Other Governments and Citizens Groups	105,302	220,000	220,000	(114,698)
Total Revenues	<u>\$ 5,617,883</u>	<u>\$ 5,290,081</u>	<u>\$ 5,880,756</u>	<u>\$ (262,873)</u>
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 33,942	\$ 31,500	\$ 34,462	\$ 520
Board of Equalization	3,404	3,500	3,500	96
Beer Board	2,400	2,600	2,600	200
County Mayor/Executive	141,196	126,177	140,881	(315)
County Attorney	28,111	28,600	28,711	600
Election Commission	126,580	110,485	147,584	21,004
Register of Deeds	46,022	115,122	141,791	95,769
Planning	12,570	12,850	12,850	280
County Buildings	146,514	130,500	146,182	(332)
Other General Administration	229,757	246,070	238,685	8,928
<u>Finance</u>				
Property Assessor's Office	157,986	151,327	173,164	15,178
County Trustee's Office	32,578	127,122	141,581	109,003
County Clerk's Office	147,345	136,872	155,341	7,996
<u>Administration of Justice</u>				
Circuit Court	162,954	149,510	169,645	6,691
General Sessions Court	103,813	91,400	105,294	1,481
Drug Court	67,878	15,000	38,895	(28,983)
Chancery Court	98,748	89,972	105,316	6,568
Juvenile Court	47,400	35,099	49,045	1,645
Judicial Commissioners	24,972	22,165	25,095	123
<u>Public Safety</u>				
Sheriff's Department	922,523	821,950	952,847	30,324
Special Patrols	37,213	33,250	37,272	59
Traffic Control	1,815	2,000	2,000	185
Correctional Incentive Program Improvements	738,626	693,242	764,036	25,410
Fire Prevention and Control	444,616	120,100	462,273	17,657
Civil Defense	947	2,000	2,000	1,053
Other Emergency Management	182,390	317,135	317,135	134,745
County Coroner/Medical Examiner	31,975	27,000	32,875	900

(Continued)

Exhibit F-1

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Safety (Cont.)</u>				
Other Public Safety	\$ 11,500	\$ 11,500	\$ 15,500	\$ 4,000
<u>Public Health and Welfare</u>				
Local Health Center	101,195	48,766	149,283	48,088
Rabies and Animal Control	6,341	7,000	7,000	659
Ambulance/Emergency Medical Services	648,542	1,206,420	1,206,420	557,878
Regional Mental Health Center	7,180	7,180	7,180	0
General Welfare Assistance	500	2,750	2,750	2,250
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	24,369	18,250	24,961	592
Libraries	121,007	123,550	134,735	13,728
<u>Agriculture and Natural Resources</u>				
Agriculture Extension Service	58,998	60,195	61,545	2,547
Soil Conservation	24,109	21,250	24,109	0
<u>Other Operations</u>				
Industrial Development	20	5,000	3,650	3,630
Housing and Urban Development	35,828	0	35,828	0
Other Economic and Community Development	40,995	17,000	20,213	(20,782)
Veterans' Services	5,532	5,150	5,590	58
Other Charges	65,874	63,481	63,481	(2,393)
Contributions to Other Agencies	26,557	38,526	38,526	11,969
Employee Benefits	56,032	420,000	75,441	19,409
Miscellaneous	163,315	150,312	163,630	315
Total Expenditures	\$ 5,372,169	\$ 5,848,878	\$ 6,470,902	\$ 1,098,733
Excess (Deficiency) of Revenues				
Over Expenditures	\$ 245,714	\$ (558,797)	\$ (590,146)	\$ 835,860
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 10,520	\$ 0	\$ 12,478	\$ (1,958)
Total Other Financing Sources (Uses)	\$ 10,520	\$ 0	\$ 12,478	\$ (1,958)
Net Change in Fund Balance				
Fund Balance, July 1, 2007	\$ 1,845,390	\$ 1,786,041	\$ 1,786,041	\$ 59,349
Fund Balance, June 30, 2008				
	\$ 2,101,624	\$ 1,227,244	\$ 1,208,373	\$ 893,251

Exhibit F-2

DeKalb County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Local Purpose Tax Fund  
For the Year Ended June 30, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,089,631	\$ 1,962,775	\$ 1,962,775	\$ 126,856
Total Revenues	\$ 2,089,631	\$ 1,962,775	\$ 1,962,775	\$ 126,856
<u>Expenditures</u>				
<u>Capital Projects</u>				
Other General Government Projects	\$ 1,558,161	\$ 1,559,741	\$ 1,559,741	\$ 1,580
Total Expenditures	\$ 1,558,161	\$ 1,559,741	\$ 1,559,741	\$ 1,580
Excess (Deficiency) of Revenues Over Expenditures	\$ 531,470	\$ 403,034	\$ 403,034	\$ 128,436
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (591,094)	\$ (403,035)	\$ (403,035)	\$ (188,059)
Total Other Financing Sources (Uses)	\$ (591,094)	\$ (403,035)	\$ (403,035)	\$ (188,059)
Net Change in Fund Balance	\$ (59,624)	\$ (1)	\$ (1)	\$ (59,623)
Fund Balance, July 1, 2007	962,545	817,674	817,674	144,871
Fund Balance, June 30, 2008	\$ 902,921	\$ 817,673	\$ 817,673	\$ 85,248

Exhibit F-3

DeKalb County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Highway/Public Works Fund  
For the Year Ended June 30, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 138,301	\$ 139,646	\$ 139,646	\$ (1,345)
Other Local Revenues	12,603	5,000	5,000	7,603
State of Tennessee	1,512,615	1,714,000	1,714,000	(201,385)
Other Governments and Citizens Groups	290,375	0	290,375	0
Total Revenues	<u>\$ 1,953,894</u>	<u>\$ 1,858,646</u>	<u>\$ 2,149,021</u>	<u>\$ (195,127)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 133,588	\$ 154,794	\$ 156,294	\$ 22,706
Highway and Bridge Maintenance	732,302	654,668	945,043	212,741
Operation and Maintenance of Equipment	295,362	339,523	339,523	44,161
Quarry Operations	187,852	225,583	225,583	37,731
Other Charges	103,501	110,000	110,000	6,499
Employee Benefits	195,238	220,000	220,000	24,762
Capital Outlay	151,340	356,300	356,300	204,960
Total Expenditures	<u>\$ 1,799,183</u>	<u>\$ 2,060,868</u>	<u>\$ 2,352,743</u>	<u>\$ 553,560</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 154,711</u>	<u>\$ (202,222)</u>	<u>\$ (203,722)</u>	<u>\$ 358,433</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 0	\$ 1,000	\$ 1,000	\$ (1,000)
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ (1,000)</u>
Net Change in Fund Balance	\$ 154,711	\$ (201,222)	\$ (202,722)	\$ 357,433
Fund Balance, July 1, 2007	<u>570,050</u>	<u>357,789</u>	<u>357,789</u>	<u>212,261</u>
Fund Balance, June 30, 2008	<u>\$ 724,761</u>	<u>\$ 156,567</u>	<u>\$ 155,067</u>	<u>\$ 569,694</u>

Exhibit F-4

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

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-07	\$ 6,493	\$ 7,371	\$ 878	88.09 %	\$ 4,591	19.12 %

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

Exhibit F-5

DeKalb County, Tennessee  
Schedule of Funding Progress - Other Postemployment Benefits Plans  
DeKalb County and the Discretely Presented DeKalb County School Department  
June 30, 2008

(Dollar amounts in thousands)

Actuarial Valuation Date *	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll ((b-a)/c)
	(a)	(b)	(b)-(a)	(a/b)	(c)	
Local Government Group Plan	6-30-07 \$ 0	\$ 70	70	0 %	\$ 1,224	6 %
Local Education Group Plan	6-30-07 0	1,970	1,970	0	8,124	24

\*Data not available for two preceding years.

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

**A. BUDGETARY INFORMATION**

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

The budgetary level of control is at the major category level established by the State Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, County Mayor/Executive, 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 generally accepted accounting principles (GAAP), except instances in which encumbrances are treated as budgeted expenditures. The difference between the budgetary basis and the GAAP basis is presented on the face of each budgetary schedule.

**B. EXPENDITURES AND OTHER USES EXCEEDED APPROPRIATIONS**

Expenditures and other uses exceeded appropriations approved by the County Commission in the following funds' major appropriation categories (the legal level of control):

Fund/Major Category	Amount Overspent
General Fund:	
County Mayor/Executive	\$ 315
County Buildings	332
Drug Court	28,983
Other Economic and Community Development	20,782
Other Charges	2,393
Local Purpose Tax Fund:	
Transfers Out	188,059

Such overexpenditures are a violation of state statutes. These overexpenditures were funded by expenditures being less than appropriations in other categories of the General Fund and from greater than anticipated revenues and available fund balance in the Local Purpose Tax Fund.

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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

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Courthouse and Jail Maintenance Fund – The Courthouse and Jail Maintenance Fund is used to account for a special tax levied by private act on litigation.

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.

## Capital Projects Fund

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Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital projects.

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General Capital Projects Fund – The General Capital Projects Fund is used to account for general capital expenditures of the county.

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Exhibit G-1

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

	Special Revenue Funds				Capital Projects Fund		Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Drug Control	Constitutional Officers - Fees	Total	General Capital Projects		
\$	0	0	80,742	80,742	0	0	80,742
	72,760	57,852	0	130,612	683,220		813,832
\$	72,760	57,852	80,742	211,354	683,220		894,574

ASSETS

Cash  
 Equity in Pooled Cash and Investments  
 Total Assets

LIABILITIES AND FUND BALANCES

Liabilities							
Due to Other Funds	0	0	1,438	1,438	0	0	1,438
Total Liabilities	0	0	1,438	1,438	0	0	1,438
<u>Fund Balances</u>							
Unreserved	72,760	57,852	79,304	209,916	683,220		893,136
Total Fund Balances	72,760	57,852	79,304	209,916	683,220		893,136
Total Liabilities and Fund Balances	72,760	57,852	80,742	211,354	683,220		894,574

Exhibit G-2

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

	Special Revenue Funds					Capital Projects Fund		Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Drug Control	Constitutional Officers - Fees	Total	Capital Projects Fund			
					General	Capital Projects		
<u>Revenues</u>								
Local Taxes	\$ 71,822	\$ 0	\$ 0	\$ 71,822	\$ 183,599	\$ 0	\$ 255,421	
Fines, Forfeitures, and Penalties	0	31,920	0	31,920	0	0	31,920	
Charges for Current Services	0	0	171,645	171,645	0	0	171,645	
Other Local Revenues	2,260	8,980	0	11,240	449,210	0	460,450	
State of Tennessee	0	0	0	0	315,424	0	315,424	
Total Revenues	\$ 74,082	\$ 40,900	\$ 171,645	\$ 286,627	\$ 948,233	\$ 0	\$ 1,234,860	
<u>Expenditures</u>								
Current:								
General Government	\$ 97,639	\$ 0	\$ 96,811	\$ 194,450	\$ 0	\$ 0	\$ 194,450	
Finance	0	0	100,207	100,207	0	0	100,207	
Administration of Justice	0	0	3,787	3,787	0	0	3,787	
Public Safety	0	55,565	0	55,565	0	0	55,565	
Other Operations	0	336	0	336	0	0	336	
Support Services	0	8,540	0	8,540	0	0	8,540	
Capital Projects	0	0	0	0	484,906	0	484,906	
Total Expenditures	\$ 97,639	\$ 64,441	\$ 200,805	\$ 362,885	\$ 484,906	\$ 0	\$ 847,791	
Excess (Deficiency) of Revenues Over Expenditures	\$ (23,557)	\$ (23,541)	\$ (29,160)	\$ (76,258)	\$ 463,327	\$ 0	\$ 387,069	
Net Change in Fund Balances	\$ (23,557)	\$ (23,541)	\$ (29,160)	\$ (76,258)	\$ 463,327	\$ 0	\$ 387,069	
Fund Balance, July 1, 2007	96,317	81,393	108,464	286,174	219,893	0	506,067	
Fund Balance, June 30, 2008	\$ 72,760	\$ 57,852	\$ 79,304	\$ 209,916	\$ 683,220	\$ 0	\$ 893,136	

Exhibit G-3

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 71,822	\$ 65,700	\$ 65,700	\$ 6,122
Other Local Revenues	2,260	0	0	2,260
Total Revenues	<u>\$ 74,082</u>	<u>\$ 65,700</u>	<u>\$ 65,700</u>	<u>\$ 8,382</u>
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 97,639	\$ 80,425	\$ 95,650	\$ (1,989)
Total Expenditures	<u>\$ 97,639</u>	<u>\$ 80,425</u>	<u>\$ 95,650</u>	<u>\$ (1,989)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (23,557)</u>	<u>\$ (14,725)</u>	<u>\$ (29,950)</u>	<u>\$ 6,393</u>
Net Change in Fund Balance	\$ (23,557)	\$ (14,725)	\$ (29,950)	\$ 6,393
Fund Balance, July 1, 2007	<u>96,317</u>	<u>102,559</u>	<u>102,559</u>	<u>(6,242)</u>
Fund Balance, June 30, 2008	<u><u>\$ 72,760</u></u>	<u><u>\$ 87,834</u></u>	<u><u>\$ 72,609</u></u>	<u><u>\$ 151</u></u>

Exhibit G-4

DeKalb County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Drug Control Fund  
For the Year Ended June 30, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 31,920	\$ 22,895	\$ 58,676	\$ (26,756)
Other Local Revenues	8,980	1,650	10,280	(1,300)
Total Revenues	<u>\$ 40,900</u>	<u>\$ 24,545</u>	<u>\$ 68,956</u>	<u>\$ (28,056)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Sheriff's Department	\$ 43,565	\$ 3,700	\$ 44,571	\$ 1,006
Drug Enforcement	12,000	12,000	12,000	0
<u>Other Operations</u>				
Other Charges	336	208	208	(128)
<u>Support Services</u>				
Other Student Support	8,540	5,000	8,540	0
Total Expenditures	<u>\$ 64,441</u>	<u>\$ 20,908</u>	<u>\$ 65,319</u>	<u>\$ 878</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (23,541)</u>	<u>\$ 3,637</u>	<u>\$ 3,637</u>	<u>\$ (27,178)</u>
Net Change in Fund Balance	\$ (23,541)	\$ 3,637	\$ 3,637	\$ (27,178)
Fund Balance, July 1, 2007	<u>81,393</u>	<u>81,533</u>	<u>81,533</u>	<u>(140)</u>
Fund Balance, June 30, 2008	<u>\$ 57,852</u>	<u>\$ 85,170</u>	<u>\$ 85,170</u>	<u>\$ (27,318)</u>

Exhibit G-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 183,599	\$ 132,300	\$ 132,300	\$ 51,299
Other Local Revenues	449,210	460,000	460,000	(10,790)
State of Tennessee	315,424	245,000	245,000	70,424
Total Revenues	<u>\$ 948,233</u>	<u>\$ 837,300</u>	<u>\$ 837,300</u>	<u>\$ 110,933</u>
<u>Expenditures</u>				
<u>Capital Projects</u>				
General Administration Projects	\$ 444,906	\$ 704,210	\$ 704,210	\$ 259,304
Public Safety Projects	40,000	80,000	80,000	40,000
Total Expenditures	<u>\$ 484,906</u>	<u>\$ 784,210</u>	<u>\$ 784,210</u>	<u>\$ 299,304</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 463,327</u>	<u>\$ 53,090</u>	<u>\$ 53,090</u>	<u>\$ 410,237</u>
Net Change in Fund Balance	\$ 463,327	\$ 53,090	\$ 53,090	\$ 410,237
Fund Balance, July 1, 2007	219,893	223,233	223,233	(3,340)
Fund Balance, June 30, 2008	<u>\$ 683,220</u>	<u>\$ 276,323</u>	<u>\$ 276,323</u>	<u>\$ 406,897</u>

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# **Major Governmental Fund**

## **General Debt Service Fund**

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The General Debt Service Fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs.

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Exhibit H

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,133,468	\$ 870,754	\$ 870,754	\$ 262,714
Other Local Revenues	308	0	0	308
Total Revenues	<u>\$ 1,133,776</u>	<u>\$ 870,754</u>	<u>\$ 870,754</u>	<u>\$ 263,022</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 522,916	\$ 443,012	\$ 522,916	\$ 0
Education	389,697	460,547	389,697	0
<u>Interest on Debt</u>				
General Government	120,916	108,963	120,916	0
Education	201,396	218,193	201,396	0
<u>Other Debt Service</u>				
General Government	38,126	32,500	32,500	(5,626)
Education	500	1,000	1,000	500
Total Expenditures	<u>\$ 1,273,551</u>	<u>\$ 1,264,215</u>	<u>\$ 1,268,425</u>	<u>\$ (5,126)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (139,775)</u>	<u>\$ (393,461)</u>	<u>\$ (397,671)</u>	<u>\$ 257,896</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 591,094	\$ 403,035	\$ 403,035	\$ 188,059
Total Other Financing Sources (Uses)	<u>\$ 591,094</u>	<u>\$ 403,035</u>	<u>\$ 403,035</u>	<u>\$ 188,059</u>
Net Change in Fund Balance	\$ 451,319	\$ 9,574	\$ 5,364	\$ 445,955
Fund Balance, July 1, 2007	<u>570,136</u>	<u>898,177</u>	<u>898,177</u>	<u>(328,041)</u>
Fund Balance, June 30, 2008	<u>\$ 1,021,455</u>	<u>\$ 907,751</u>	<u>\$ 903,541</u>	<u>\$ 117,914</u>

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# Fiduciary Funds

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

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

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

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Exhibit I-1

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

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,689,128	\$ 1,689,128
Accounts Receivable	0	991	991
Due from Other Governments	172,249	0	172,249
Notes Receivable - Long-term	0	80,511	80,511
Cash Shortage	0	8,501	8,501
Total Assets	<u>\$ 172,249</u>	<u>\$ 1,779,131</u>	<u>\$ 1,951,380</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 172,249	\$ 0	\$ 172,249
Due to Litigants, Heirs, and Others	0	1,779,131	1,779,131
Total Liabilities	<u>\$ 172,249</u>	<u>\$ 1,779,131</u>	<u>\$ 1,951,380</u>

Exhibit I-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 858,941	\$ 858,941	\$ 0
Due from Other Governments	94,683	172,249	94,683	172,249
Total Assets	\$ 94,683	\$ 1,031,190	\$ 953,624	\$ 172,249
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 94,683	\$ 1,031,190	\$ 953,624	\$ 172,249
Total Liabilities	\$ 94,683	\$ 1,031,190	\$ 953,624	\$ 172,249
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 625,200	\$ 6,913,969	\$ 5,850,041	\$ 1,689,128
Accounts Receivable	0	991	0	991
Notes Receivable - Long-term	48,031	35,580	3,100	80,511
Cash Shortage	0	8,501	0	8,501
Total Assets	\$ 673,231	\$ 6,959,041	\$ 5,853,141	\$ 1,770,630
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 673,231	\$ 6,959,041	\$ 5,853,141	\$ 1,779,131
Total Liabilities	\$ 673,231	\$ 6,959,041	\$ 5,853,141	\$ 1,779,131
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 858,941	\$ 858,941	\$ 0
Cash	625,200	6,913,969	5,850,041	1,689,128
Accounts Receivable	0	991	0	991
Due from Other Governments	94,683	172,249	94,683	172,249
Notes Receivable - Long-term	48,031	35,580	3,100	80,511
Cash Shortage	0	8,501	0	8,501
Total Assets	\$ 767,914	\$ 7,990,231	\$ 6,806,765	\$ 1,951,380
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 94,683	\$ 1,031,190	\$ 953,624	\$ 172,249
Due to Litigants, Heirs, and Others	673,231	6,959,041	5,853,141	1,779,131
Total Liabilities	\$ 767,914	\$ 7,990,231	\$ 6,806,765	\$ 1,951,380

# DeKalb County School Department

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

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

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

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

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

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Exhibit J-1

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

Functions/Programs	Program Revenues		Net Expense (Revenue) and Changes in Net Assets
	Charges for Services	Operating Grants and Contributions	
Component Unit:			
Governmental Activities:			
Instruction	\$ 11,755,886	\$ 0	\$ (9,730,183)
Support Services	6,245,675	3,528	(6,242,147)
Operation of Non-Instructional Services	1,791,729	419,512	(526,111)
Total Governmental Activities	\$ 19,793,290	\$ 423,040	\$ (16,498,441)
General Revenues:			
Taxes:			
Property Taxes Levied for General Purposes			\$ 2,137,406
Local Option Sales Taxes			1,538,150
Other Local Taxes			1,589
Grants and Contributions Not Restricted to Specific Programs			13,050,569
Unrestricted Investment Earnings			43,842
Miscellaneous			51,201
Total General Revenues			\$ 16,822,757
Insurance Recovery			\$ 17,033
Change in Net Assets			\$ 341,349
Net Assets, July 1, 2007			14,229,391
Net Assets, June 30, 2008			\$ 14,570,740

Exhibit J-2

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

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
	General Purpose School	Other Govern- mental Funds	Govern- mental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 2,318,272	\$ 508,687	\$ 2,826,959
Due from Other Governments	383,952	53,170	437,122
Property Taxes Receivable	2,317,651	0	2,317,651
Allowance for Uncollectible Property Taxes	(73,084)	0	(73,084)
Total Assets	<u>\$ 4,946,791</u>	<u>\$ 561,857</u>	<u>\$ 5,508,648</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 156	\$ 5,962	\$ 6,118
Deferred Revenue - Current Property Taxes	2,198,585	0	2,198,585
Deferred Revenue - Delinquent Property Taxes	42,415	0	42,415
Total Liabilities	<u>\$ 2,241,156</u>	<u>\$ 5,962</u>	<u>\$ 2,247,118</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 4,800	\$ 325	\$ 5,125
Reserved for Career Ladder - Extended Contract	8,327	0	8,327
Reserved for Career Ladder Program	8,199	0	8,199
Reserved for Technology	58,477	0	58,477
Reserved for Basic Education Program	2,307,208	0	2,307,208
Reserved for Title I Grants to Local Education Agencies	0	78,347	78,347
Reserved for Special Education - Grants to States	0	2,785	2,785
Other Federal Reserves	0	348	348
Unreserved, Reported In:			
General Fund	318,624	0	318,624
Special Revenue Funds	0	470,145	470,145
Capital Projects Funds	0	3,945	3,945
Total Fund Balances	<u>\$ 2,705,635</u>	<u>\$ 555,895</u>	<u>\$ 3,261,530</u>
Total Liabilities and Fund Balances	<u>\$ 4,946,791</u>	<u>\$ 561,857</u>	<u>\$ 5,508,648</u>

Exhibit J-3

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

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

Total fund balances - balance sheet - governmental funds (Exhibit J-2)		\$ 3,261,530
<p>(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.</p>		
Add: land	\$ 736,256	
Add: buildings and improvements net of accumulated depreciation	9,023,467	
Add: other capital assets net of accumulated depreciation	<u>1,607,661</u>	11,367,384
<p>(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.</p>		
Less: other postemployment benefits liability		(100,589)
<p>(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.</p>		
		<u>42,415</u>
Net assets of governmental activities (Exhibit A)		<u><u>\$ 14,570,740</u></u>

Exhibit J-4

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

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 2,245,663	\$ 0	\$ 2,245,663
Licenses and Permits	1,108	0	1,108
Charges for Current Services	3,528	419,512	423,040
Other Local Revenues	86,150	15,906	102,056
State of Tennessee	13,151,403	0	13,151,403
Federal Government	175,031	2,432,623	2,607,654
Other Governments and Citizens Groups	1,538,150	0	1,538,150
Total Revenues	<u>\$ 17,201,033</u>	<u>\$ 2,868,041</u>	<u>\$ 20,069,074</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 10,069,321	\$ 1,201,348	\$ 11,270,669
Support Services	5,642,100	474,048	6,116,148
Operation of Non-Instructional Services	559,525	1,168,023	1,727,548
Capital Outlay	271,356	0	271,356
Total Expenditures	<u>\$ 16,542,302</u>	<u>\$ 2,843,419</u>	<u>\$ 19,385,721</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 658,731</u>	<u>\$ 24,622</u>	<u>\$ 683,353</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 17,033	\$ 0	\$ 17,033
Total Other Financing Sources (Uses)	<u>\$ 17,033</u>	<u>\$ 0</u>	<u>\$ 17,033</u>
Net Change in Fund Balances	\$ 675,764	\$ 24,622	\$ 700,386
Fund Balance, July 1, 2007	<u>2,029,871</u>	<u>531,273</u>	<u>2,561,144</u>
Fund Balance, June 30, 2008	<u>\$ 2,705,635</u>	<u>\$ 555,895</u>	<u>\$ 3,261,530</u>

Exhibit J-5

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

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

Net change in fund balances - total governmental funds (Exhibit J-4)		\$ 700,386
(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	\$ 236,009	
Less: current year depreciation expense	<u>(478,808)</u>	(242,799)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes/other deferred June 30, 2008	\$ 42,415	
Less: deferred delinquent property taxes/other deferred June 30, 2007	<u>(58,064)</u>	(15,649)
(3) 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 other postemployment benefits liability		<u>(100,589)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 341,349</u>

Exhibit J-6

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

	Special Revenue Funds			Capital Projects Fund		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total	Education Capital Projects		
	\$	34,597 \$	470,145 \$	504,742 \$	3,945 \$	
	53,170	0	53,170	0	53,170	
\$	87,767 \$	470,145 \$	557,912 \$	3,945 \$	561,857	

ASSETS

Equity in Pooled Cash and Investments  
 Due from Other Governments

Total Assets

LIABILITIES AND FUND BALANCES

Liabilities

Accounts Payable  
 Total Liabilities

Fund Balances

Reserved for Encumbrances  
 Reserved for Title I Grants to Local Education Agencies  
 Reserved for Special Education - Grants to States  
 Other Federal Reserves  
 Unreserved  
 Total Fund Balances

Total Liabilities and Fund Balances

\$	5,962 \$	0 \$	5,962 \$	0 \$	5,962
\$	5,962 \$	0 \$	5,962 \$	0 \$	5,962
\$	325 \$	0 \$	325 \$	0 \$	325
	78,347	0	78,347	0	78,347
	2,785	0	2,785	0	2,785
	348	0	348	0	348
	0	470,145	470,145	3,945	474,090
\$	81,805 \$	470,145 \$	551,950 \$	3,945 \$	555,895
\$	87,767 \$	470,145 \$	557,912 \$	3,945 \$	561,857

Exhibit J-7

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

	Special Revenue Funds			Total	Capital Projects Fund		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria			Education Capital Projects		
<u>Revenues</u>							
Charges for Current Services	\$ 0	\$ 419,512	\$ 419,512	\$ 0	\$ 0	\$ 419,512	
Other Local Revenues	0	15,906	15,906	0	0	15,906	
Federal Government	1,666,708	765,915	2,432,623	0	0	2,432,623	
Total Revenues	\$ 1,666,708	\$ 1,201,333	\$ 2,868,041	\$ 0	\$ 0	\$ 2,868,041	
<u>Expenditures</u>							
Current:							
Instruction	\$ 1,201,348	0	\$ 1,201,348	\$ 0	\$ 0	\$ 1,201,348	
Support Services	474,048	0	474,048	0	0	474,048	
Operation of Non-Instructional Services	0	1,168,023	1,168,023	0	0	1,168,023	
Total Expenditures	\$ 1,675,396	\$ 1,168,023	\$ 2,843,419	\$ 0	\$ 0	\$ 2,843,419	
Excess (Deficiency) of Revenues Over Expenditures	\$ (8,688)	\$ 33,310	\$ 24,622	\$ 0	\$ 0	\$ 24,622	
Net Change in Fund Balances	\$ (8,688)	\$ 33,310	\$ 24,622	\$ 0	\$ 0	\$ 24,622	
Fund Balance, July 1, 2007	90,493	436,835	527,328	3,945		531,273	
Fund Balance, June 30, 2008	\$ 81,805	\$ 470,145	\$ 551,950	\$ 3,945	\$ 3,945	\$ 555,895	

Exhibit J-8

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 2,245,663	\$ 0	\$ 2,245,663	\$ 3,694,657	\$ 2,156,507	\$ 89,156
Licenses and Permits	1,108	0	1,108	1,200	1,200	(92)
Charges for Current Services	3,528	0	3,528	18,000	18,000	(14,472)
Other Local Revenues	86,150	0	86,150	85,000	85,000	1,150
State of Tennessee	13,151,403	0	13,151,403	12,423,369	12,687,917	463,486
Federal Government	175,031	0	175,031	183,000	183,000	(7,969)
Other Governments and Citizens Groups	1,538,150	0	1,538,150	0	1,538,150	0
Total Revenues	\$ 17,201,033	\$ 0	\$ 17,201,033	\$ 16,405,226	\$ 16,669,774	\$ 531,259
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 7,943,514	\$ 0	\$ 7,943,514	\$ 8,199,500	\$ 8,199,500	\$ 255,986
Alternative Instruction Program	92,311	0	92,311	94,110	94,110	1,799
Special Education Program	1,479,448	0	1,479,448	1,549,800	1,549,800	70,352
Vocational Education Program	554,048	0	554,048	599,500	599,500	45,452
<u>Support Services</u>						
Attendance	110,293	0	110,293	113,820	113,820	3,527
Health Services	223,538	4,800	228,338	199,330	230,119	1,781
Other Student Support	352,803	0	352,803	386,710	386,710	33,907
Regular Instruction Program	668,178	0	668,178	737,210	737,210	69,032
Special Education Program	137,899	0	137,899	137,940	137,940	41
Vocational Education Program	9,310	0	9,310	9,310	9,310	0
Other Programs	84,092	0	84,092	0	84,092	0
Board of Education	254,077	0	254,077	277,146	277,146	23,069
Director of Schools	153,865	0	153,865	157,230	157,230	3,365
Office of the Principal	931,414	0	931,414	964,800	964,800	33,386

(Continued)

Exhibit J-8

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Support Services (Cont.)</u>						
Fiscal Services	\$ 150,779	\$ 0	\$ 150,779	\$ 175,150	\$ 175,150	\$ 24,371
Operation of Plant	1,065,901	0	1,065,901	1,169,500	1,169,500	103,599
Maintenance of Plant	276,802	0	276,802	289,080	289,080	12,278
Transportation	1,223,149	0	1,223,149	1,215,740	1,245,740	22,591
<u>Operation of Non-Instructional Services</u>						
Food Service	64,637	0	64,637	71,270	71,270	6,633
Community Services	100,786	0	100,786	96,880	112,000	11,214
Early Childhood Education	394,102	0	394,102	315,000	449,547	55,445
Capital Outlay						
Regular Capital Outlay	271,356	0	271,356	300,000	300,000	28,644
Total Expenditures	\$ 16,542,302	\$ 4,800	\$ 16,547,102	\$ 17,059,026	\$ 17,353,574	\$ 806,472
<u>Excess (Deficiency) of Revenues</u> <u>Over Expenditures</u>	\$ 658,731	\$ (4,800)	\$ 653,931	\$ (683,800)	\$ (683,800)	\$ 1,337,731
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 17,033	\$ 0	\$ 17,033	\$ 0	\$ 0	\$ 17,033
Total Other Financing Sources (Uses)	\$ 17,033	\$ 0	\$ 17,033	\$ 0	\$ 0	\$ 17,033
<u>Net Change in Fund Balance</u> <u>Fund Balance, July 1, 2007</u>	\$ 675,764	\$ (4,800)	\$ 670,964	\$ (653,800)	\$ (683,800)	\$ 1,354,764
	2,029,871	0	2,029,871	1,573,225	1,573,225	456,646
<u>Fund Balance, June 30, 2008</u>	\$ 2,705,635	\$ (4,800)	\$ 2,700,835	\$ 919,425	\$ 889,425	\$ 1,811,410

Exhibit J-9

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Federal Government	\$ 1,666,708 \$	0 \$	1,666,708 \$	2,191,005 \$	2,144,008 \$	(47,300)
Total Revenues	\$ 1,666,708 \$	0 \$	1,666,708 \$	2,191,005 \$	2,144,008 \$	(47,300)
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 709,686 \$	0 \$	709,686 \$	1,000,946 \$	1,000,047 \$	290,361
Special Education Program	407,822	0	407,822	499,971	429,184	21,362
Vocational Education Program	83,840	0	83,840	82,930	84,654	814
<u>Support Services</u>						
Health Services	74,498	0	74,498	63,342	74,499	1
Other Student Support	6,183	0	6,183	6,800	6,348	165
Regular Instruction Program	184,118	325	184,443	301,999	302,898	118,455
Special Education Program	196,805	0	196,805	218,730	226,327	29,522
Vocational Education Program	744	0	744	1,000	744	0
Transportation	11,700	0	11,700	16,000	12,520	820
Total Expenditures	\$ 1,675,396 \$	325 \$	1,675,721 \$	2,191,718 \$	2,137,221 \$	461,500
Excess (Deficiency) of Revenues Over Expenditures	\$ (8,688) \$	(325) \$	(9,013) \$	(713) \$	6,787 \$	(15,800)
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 0 \$	0 \$	0 \$	67,000 \$	59,500 \$	(59,500)
Transfers Out	0	0	0	(67,072)	(67,072)	67,072
Total Other Financing Sources (Uses)	\$ 0 \$	0 \$	0 \$	(72) \$	(7,572) \$	7,572
Net Change in Fund Balance Fund Balance, July 1, 2007	\$ (8,688) \$	(325) \$	(9,013) \$	(785) \$	(785) \$	(8,228)
Fund Balance, June 30, 2008	\$ 81,805 \$	(325) \$	81,480 \$	0 \$	0 \$	81,480

Exhibit J-10

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 419,512	\$ 441,000	\$ 441,000	\$ (21,488)
Other Local Revenues	15,906	8,900	8,900	7,006
State of Tennessee	0	157,000	0	0
Federal Government	765,915	548,000	705,000	60,915
Total Revenues	<u>\$ 1,201,333</u>	<u>\$ 1,154,900</u>	<u>\$ 1,154,900</u>	<u>\$ 46,433</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,168,023	\$ 1,154,900	\$ 1,224,899	\$ 56,876
Total Expenditures	<u>\$ 1,168,023</u>	<u>\$ 1,154,900</u>	<u>\$ 1,224,899</u>	<u>\$ 56,876</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 33,310</u>	<u>\$ 0</u>	<u>\$ (69,999)</u>	<u>\$ 103,309</u>
Net Change in Fund Balance	\$ 33,310	\$ 0	\$ (69,999)	\$ 103,309
Fund Balance, July 1, 2007	<u>436,835</u>	<u>467,782</u>	<u>467,782</u>	<u>(30,947)</u>
Fund Balance, June 30, 2008	<u>\$ 470,145</u>	<u>\$ 467,782</u>	<u>\$ 397,783</u>	<u>\$ 72,362</u>

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## MISCELLANEOUS SCHEDULES

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Exhibit K-1

DeKalb County, Tennessee  
Schedule of Changes in Long-term Notes and Bonds  
For the Year Ended June 30, 2008

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-07	Paid and/or Matured	
						During Period	Outstanding 6-30-08
<b><u>NOTES PAYABLE</u></b>							
<u>Payable through General Debt Service Fund</u>							
Land and Equipment	\$ 520,000	3.1 %	8-18-03	8-15-13	\$ 380,549	\$ 49,441	\$ 331,108
Improvement and Equipment	400,000	3.47	8-25-04	9-1-09	248,276	79,904	168,372
School Roofs	610,000	3.87	7-18-05	7-18-12	532,454	79,697	452,757
Landfill Tract	270,250	3.99	1-18-06	6-18-12	193,108	38,571	154,537
Landfill Project	1,225,000	3.95	1-11-07	5-1-12	1,020,000	190,000	830,000
Total Payable through General Debt Service Fund					\$ 2,374,387	\$ 437,613	\$ 1,936,774
<u>Payable through Highway/Public Works Fund</u>							
Refunding	670,000	2 to 3	4-1-03	4-1-09	\$ 220,000	\$ 120,000	\$ 100,000
Total Notes Payable					\$ 2,594,387	\$ 557,613	\$ 2,036,774
<b><u>BONDS PAYABLE</u></b>							
<u>Payable through General Debt Service Fund</u>							
Refunding Bonds, Series 2003	7,930,000	.1 to 5.5	4-24-03	3-1-19	\$ 6,230,000	\$ 475,000	\$ 5,755,000
Total Bonds Payable					\$ 6,230,000	\$ 475,000	\$ 5,755,000

Exhibit K-2

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

Year Ending June 30	Note Principal	Note Interest	Total Note Requirements
2009	\$ 550,484	\$ 73,880	\$ 624,364
2010	468,271	53,833	522,104
2011	392,616	37,696	430,312
2012	408,039	22,672	430,711
2013	154,568	7,057	161,625
2014	62,796	1,490	64,286
Total	<u>\$ 2,036,774</u>	<u>\$ 196,628</u>	<u>\$ 2,233,402</u>

Year Ending June 30	Bond Principal	Bond Interest	Total Bond Requirements
2009	\$ 505,000	\$ 202,625	\$ 707,625
2010	525,000	174,850	699,850
2011	545,000	145,975	690,975
2012	570,000	116,000	686,000
2013	600,000	84,650	684,650
2014	600,000	59,450	659,450
2015	620,000	38,450	658,450
2016	440,000	16,750	456,750
2017	450,000	1,350	451,350
2018	450,000	900	450,900
2019	450,000	450	450,450
Total	<u>\$ 5,755,000</u>	<u>\$ 841,450</u>	<u>\$ 6,596,450</u>

Exhibit K-3

DeKalb County, Tennessee  
Schedule of Notes Receivable  
For the Year Ended June 30, 2008

Description	Original Amount of Loan	Date of Issue	Date of Maturity	Interest Rate	Balance 6-30-08
<u>Constitutional Officers - Agency Fund</u>					
Sliger	\$ 5,265	1-4-1995	(1)	(2)	\$ 4,470
Snow	12,000	7-13-04	(1)	(2)	12,000
T. Cantrell	5,000	8-5-04	(1)	(2)	5,000
C. Cantrell	5,239	12-27-04	(1)	(2)	5,239
Evans	15,540	3-10-05	(1)	(2)	15,540
N. Cantrell	15,762	1-10-06	(1)	(2)	15,762
Johnson	12,500	12-19-07	(1)	(2)	12,500
Sutherly	4,000	2-21-07	(1)	(2)	4,000
Snipes	6,000	1-3-08	(1)	(2)	6,000
Total					<u>\$ 80,511</u>

(1) Ten years after borrower graduates school.

(2) Two percent below prime interest rate as published in the Wall Street Journal.

Exhibit K-4

DeKalb County, Tennessee  
Schedule of Transfers  
For the Year Ended June 30, 2008

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Local Purpose Tax	General Debt Service	School debt	\$ 591,094
Total Transfers			<u>\$ 591,094</u>

Exhibit K-5

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

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u> , and Chairman of Roads, Chapter 156, Private Acts of 1943, as amended	\$ 63,977 (1)	\$ 50,000	State Farm Fire and Casualty Company
Highway Supervisor	Section 8-24-102, <u>TCA</u> , and DeKalb County Commission	60,360 (2)	100,000	Western Surety Company
Director of Schools	State Board of Education and DeKalb County Board of Education	85,803 (3)	100,000	"
Trustee	Section 8-24-102, <u>TCA</u>	54,872	462,700	"
Assessor of Property	Section 8-24-102, <u>TCA</u>	54,872	20,000	"
County Clerk	Section 8-24-102, <u>TCA</u>	54,872	50,000	"
Circuit Court Clerk	Section 8-24-102, <u>TCA</u>	54,872	50,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u> , and Chancery Court Judge	54,872 (4)	75,000	"
Register	Section 8-24-102, <u>TCA</u>	54,872	25,000	"
Sheriff	Section 8-24-102, <u>TCA</u>	60,360 (5)	25,000	Western Surety Company
Employee Blanket Bond Coverage:				
Public Employee Dishonesty - County Departments			150,000	Local Government Insurance Pool
Public Employee Dishonesty - School Department			150,000	Tennessee Risk Management Trust

- (1) Includes a \$600 payment for serving as chairman of roads.
- (2) Does not include additional compensation of \$1,500 for maintaining E-911 road signs.
- (3) Includes chief executive officer training supplement of \$1,000.
- (4) Does not include special commissioner fees of \$544.
- (5) Does not include \$1,200 for law enforcement training supplement for two years.

Exhibit K-6

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

	Special Revenue Funds										Total	
	General	Courthouse and Jail Maintenance	Local Purpose Tax	Drug Control	Constitu- tional Officers - Fees	Highway/ Public Works	General Debt Service	Capital Projects	Debt Service Fund			Capital Projects Fund
									Debt Service	Capital Projects		
<u>Local Taxes</u>												
<u>County Property Taxes</u>												
Current Property Tax	\$ 2,182,552	\$ 0	\$ 0	\$ 0	\$ 0	\$ 105,598	\$ 1,020,869	\$ 0	\$ 0	\$ 3,309,019		
Trustee's Collections - Prior Year	68,999	0	0	0	0	2,111	25,134	0	0	96,244		
Circuit/Clerk & Master Collections - Prior Years	66,877	0	0	0	0	2,624	32,198	0	0	101,699		
Interest and Penalty	12,298	0	0	0	0	528	5,445	0	0	18,271		
Pick-up Taxes	7,513	0	0	0	0	364	3,514	0	0	11,391		
Payments in-Lieu-of Taxes - T.V.A.	107	0	0	0	0	0	0	0	0	107		
Payments in-Lieu-of Taxes - Local Utilities	99,003	0	0	0	0	4,790	46,308	0	0	150,101		
Payments in-Lieu-of Taxes - Other	1,863	0	0	0	0	0	0	50,290	0	52,153		
<u>County Local Option Taxes</u>												
Local Option Sales Tax	310,735	0	2,089,631	0	0	0	0	0	0	2,400,366		
Hotel/Motel Tax	80,739	0	0	0	0	0	0	0	0	80,739		
Litigation Tax - General	476	67,451	0	0	0	0	0	0	0	67,927		
Litigation Tax - Special Purpose	16,105	4,371	0	0	0	0	0	0	0	20,476		
Business Tax	110,970	0	0	0	0	1,382	0	0	0	112,352		
Mineral Severance Tax	0	0	0	0	0	20,904	0	0	0	20,904		
<u>Statutory Local Taxes</u>												
Bank Excise Tax	0	0	0	0	0	0	0	57,565	0	57,565		
Wholesale Beer Tax	0	0	0	0	0	0	0	75,744	0	75,744		
<b>Total Local Taxes</b>	<b>\$ 2,958,237</b>	<b>\$ 71,822</b>	<b>\$ 2,089,631</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 138,301</b>	<b>\$ 1,133,468</b>	<b>\$ 183,599</b>	<b>\$ 0</b>	<b>\$ 6,575,058</b>		
<u>Licenses and Permits</u>												
<u>Licenses</u>												
Cable TV Franchise	\$ 14,973	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 14,973		
<u>Permits</u>												
Beer Permits	3,998	0	0	0	0	0	0	0	0	3,998		
<b>Total Licenses and Permits</b>	<b>\$ 18,971</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 18,971</b>		
<u>Fines, Forfeitures, and Penalties</u>												
<u>Circuit Court</u>												
Fines	\$ 10,663	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,663		
Officers Costs	2,538	0	0	0	0	0	0	0	0	2,538		
Drug Control Fines	0	0	0	1,073	0	0	0	0	0	1,073		

(Continued)

Exhibit K-6

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

	Special Revenue Funds											Total
	General	Courthouse and Jail Maintenance	Local Purpose Tax	Drug Control	Constitu- tional Officers - Fees	Highway/ Public Works	Debt Service		Capital Projects			
							Fund	Service	Fund	Projects		
<b>Fines, Forfeitures, and Penalties (Cont.)</b>												
<u>Circuit Court (Cont.)</u>												
Drug Court Fees	\$ 1,343	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,343
Jail Fees	810	0	0	0	0	0	0	0	0	0	0	810
DUI Treatment Fines	744	0	0	0	0	0	0	0	0	0	0	744
Data Entry Fee - Circuit Court	497	0	0	0	0	0	0	0	0	0	0	497
Courtroom Security Fee	46	0	0	0	0	0	0	0	0	0	0	46
<u>General Sessions Court</u>												
Fines	37,669	0	0	0	0	0	0	0	0	0	0	37,669
Officers Costs	27,193	0	0	0	0	0	0	0	0	0	0	27,193
Game and Fish Fines	995	0	0	0	0	0	0	0	0	0	0	995
Drug Control Fines	0	0	0	3,387	0	0	0	0	0	0	0	3,387
Drug Court Fees	8,172	0	0	0	0	0	0	0	0	0	0	8,172
DUI Treatment Fines	4,081	0	0	0	0	0	0	0	0	0	0	4,081
Data Entry Fee - General Sessions Court	852	0	0	0	0	0	0	0	0	0	0	852
Courtroom Security Fee	463	0	0	0	0	0	0	0	0	0	0	463
<u>Juvenile Court</u>												
Fines	4,434	0	0	0	0	0	0	0	0	0	0	4,434
Officers Costs	2,936	0	0	0	0	0	0	0	0	0	0	2,936
Data Entry Fee - Juvenile Court	588	0	0	0	0	0	0	0	0	0	0	588
Courtroom Security Fee	13	0	0	0	0	0	0	0	0	0	0	13
<u>Chancery Court</u>												
Officers Costs	203	0	0	0	0	0	0	0	0	0	0	203
Data Entry Fee - Chancery Court	456	0	0	0	0	0	0	0	0	0	0	456
Courtroom Security Fee	30	0	0	0	0	0	0	0	0	0	0	30
<u>Other Courts - In-county</u>												
Fines	14,296	0	0	0	0	0	0	0	0	0	0	14,296
<u>Judicial District Drug Program</u>												
Drug Task Force Forfeitures and Seizures	10,953	0	0	27,460	0	0	0	0	0	0	0	38,413
<u>Other Fines, Forfeitures, and Penalties</u>												
Proceeds from Confiscated Property	2,730	0	0	0	0	0	0	0	0	0	0	2,730
<b>Total Fines, Forfeitures, and Penalties</b>	<b>\$ 132,705</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 31,920</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 164,625</b>

(Continued)

Exhibit K-6

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

	Special Revenue Funds							Debt Service Fund	Capital Projects Fund	Total
	General	Courthouse and Jail Maintenance	Local Purpose Tax	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service			
<u>Charges for Current Services</u>										
<u>General Service Charges</u>										
Patient Charges	\$ 491,281	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 491,281
Fees										
Engineer Review Fees	2,999	0	0	0	0	0	0	0	0	2,999
Telephone Commissions	17,673	0	0	0	0	0	0	0	0	17,673
Vending Machine Collections	616	0	0	0	0	0	0	0	0	616
Constitutional Officers' Fees and Commissions	0	0	0	0	171,645	0	0	0	0	171,645
Data Processing Fee - Registrar	8,866	0	0	0	0	0	0	0	0	8,866
Data Processing Fee - Sheriff	80	0	0	0	0	0	0	0	0	80
Sexual Offender Registration Fees - Sheriff	1,370	0	0	0	0	0	0	0	0	1,370
Total Charges for Current Services	\$ 522,885	\$ 0	\$ 0	\$ 0	\$ 171,645	\$ 0	\$ 0	\$ 0	\$ 0	\$ 694,530
<u>Other Local Revenues</u>										
<u>Recurring Items</u>										
Investment Income	0	0	0	0	0	0	0	308	417,384	417,692
Lease/Rentals	23,869	0	0	0	0	0	0	0	0	23,869
Commissary Sales	10,572	0	0	0	0	0	0	0	0	10,572
Miscellaneous Refunds	21,076	2,260	0	3,450	0	5,603	0	0	0	32,389
<u>Nonrecurring Items</u>										
Sale of Equipment	15,597	0	0	5,530	0	7,000	0	0	0	28,127
Sale of Property	48,680	0	0	0	0	0	0	0	31,826	80,506
Damages Recovered from Individuals	100	0	0	0	0	0	0	0	0	100
Contributions and Gifts	88	0	0	0	0	0	0	0	0	88
Total Other Local Revenues	\$ 119,982	\$ 2,260	\$ 0	\$ 8,980	\$ 0	\$ 12,603	\$ 0	\$ 308	\$ 449,210	\$ 593,343
<u>Fees Received from County Officials</u>										
<u>Excess Fees</u>										
Registrar	\$ 59,084	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 59,084
Trustee	134,769	0	0	0	0	0	0	0	0	134,769
<u>Fees in-Lieu-of Salary</u>										
County Clerk	145,132	0	0	0	0	0	0	0	0	145,132
Circuit Court Clerk	48,024	0	0	0	0	0	0	0	0	48,024

(Continued)

Exhibit K-6

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

	Special Revenue Funds										Total
	General	Courthouse and Jail Maintenance	Local Purpose Tax	Drug Control	Constitutional Officers - Fees	Highway / Public Works	Debt Service Fund	Capital Projects Fund	Capital Projects Fund		
									General	Capital Projects	
<u>Fees Received from County Officials (Cont.)</u>											
<u>Fees in-Lieu-of Salary (Cont.)</u>											
General Sessions Court Clerk	\$ 157,083	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 157,083
Clerk and Master	91,688	0	0	0	0	0	0	0	0	0	91,688
Juvenile Court Clerk	12,193	0	0	0	0	0	0	0	0	0	12,193
Sheriff	12,753	0	0	0	0	0	0	0	0	0	12,753
Total Fees Received from County Officials	\$ 660,726	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 660,726
<u>State of Tennessee</u>											
General Government Grants	\$ 6,750	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,750
Juvenile Services Program	5,951	0	0	0	0	0	0	0	0	0	5,951
Aging Programs	8,001	0	0	0	0	0	0	0	0	0	8,001
State Reappraisal Grant											
Public Safety Grants											
Drug Control Grants	37,191	0	0	0	0	0	0	0	0	0	37,191
Other Public Safety Grants	23,000	0	0	0	0	0	0	0	0	0	23,000
Health and Welfare Grants											
Health Department Programs	2,998	0	0	0	0	0	0	0	0	0	2,998
Other Health and Welfare Grants	100,000	0	0	0	0	0	0	0	0	0	100,000
Public Works Grants											
Litter Program	31,692	0	0	0	0	0	0	0	0	0	31,692
Other State Revenues											
Flood Control	159,516	0	0	0	0	0	0	0	0	0	159,516
Income Tax	34,852	0	0	0	0	0	0	0	0	0	34,852
Beer Tax	19,312	0	0	0	0	0	0	0	0	0	19,312
Alcoholic Beverage Tax	29,390	0	0	0	0	0	0	0	0	0	29,390
Mixed Drink Tax	214	0	0	0	0	0	0	0	0	0	214
State Revenue Sharing - T.V.A.	0	0	0	0	0	0	0	0	315,424	0	315,424
Contracted Prisoner Boarding	191,465	0	0	0	0	0	0	0	0	0	191,465
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,498,622	0	0	0	0	1,498,622
Petroleum Special Tax	0	0	0	0	0	13,993	0	0	0	0	13,993
Reappraisal Program Reimbursement	2,667	0	0	0	0	0	0	0	0	0	2,667
Registrar's Salary Supplement	16,380	0	0	0	0	0	0	0	0	0	16,380
Other State Grants	24,387	0	0	0	0	0	0	0	0	0	24,387
Total State of Tennessee	\$ 693,766	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,512,615	\$ 0	\$ 0	\$ 315,424	\$ 0	\$ 2,521,805

(Continued)

Exhibit K-6

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

	Special Revenue Funds							Debt Service Fund	Capital Projects Fund	Total
	General	Courthouse and Jail Maintenance	Local Purpose Tax	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service			
<u>Federal Government</u>										
<u>Federal Through State</u>										
Other Federal through State	\$ 35,828	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 35,828
<u>Direct Federal Revenue</u>										
Police Service (Lake Area)	37,408	0	0	0	0	0	0	0	0	37,408
Other Direct Federal Revenue	332,073	0	0	0	0	0	0	0	0	332,073
Total Federal Government	\$ 405,309	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 405,309
<u>Other Governments and Citizens Groups</u>										
<u>Other Governments</u>										
Paving and Maintenance	0	0	0	0	0	0	0	0	0	0
Contributions	105,302	0	0	0	0	0	0	0	0	105,302
Total Other Governments and Citizens Groups	\$ 105,302	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 105,302
Total	\$ 5,617,883	\$ 74,082	\$ 2,089,631	\$ 40,900	\$ 171,645	\$ 1,953,894	\$ 1,133,776	\$ 948,233	\$ 12,030,044	

Exhibit K-7

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

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 2,006,584	\$ 0	\$ 0	\$ 2,006,584
Trustee's Collections - Prior Year	63,269	0	0	63,269
Circuit/Clerk & Master Collections - Prior Years	63,488	0	0	63,488
Interest and Penalty	12,807	0	0	12,807
Pick-up Taxes	6,907	0	0	6,907
Payments in-Lieu-of Taxes - Local Utilities	91,019	0	0	91,019
<u>Statutory Local Taxes</u>				
Interstate Telecommunications Tax	1,589	0	0	1,589
<b>Total Local Taxes</b>	<b>\$ 2,245,663</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 2,245,663</b>
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 1,108	\$ 0	\$ 0	\$ 1,108
<b>Total Licenses and Permits</b>	<b>\$ 1,108</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,108</b>
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Lunch Payments - Children	\$ 0	\$ 0	\$ 235,761	\$ 235,761
Lunch Payments - Adults	0	0	38,773	38,773
Income from Breakfast	0	0	39,368	39,368
A la carte Sales	0	0	105,610	105,610
TBI Criminal Background Fees	3,528	0	0	3,528
<b>Total Charges for Current Services</b>	<b>\$ 3,528</b>	<b>\$ 0</b>	<b>\$ 419,512</b>	<b>\$ 423,040</b>
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 13,115	\$ 13,115
Refund of Telecommunication and Internet Fees (E-Rate)	30,727	0	0	30,727
Miscellaneous Refunds	48,410	0	2,791	51,201
<u>Nonrecurring Items</u>				
Sale of Equipment	6,063	0	0	6,063
Contributions and Gifts	950	0	0	950
<b>Total Other Local Revenues</b>	<b>\$ 86,150</b>	<b>\$ 0</b>	<b>\$ 15,906</b>	<b>\$ 102,056</b>
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 84,092	\$ 0	\$ 0	\$ 84,092
<u>State Education Funds</u>				
Basic Education Program	12,133,268	0	0	12,133,268
Early Childhood Education	397,580	0	0	397,580
School Food Service	16,010	0	0	16,010
Driver Education	9,295	0	0	9,295
Other State Education Funds	257,282	0	0	257,282
Career Ladder Program	125,548	0	0	125,548
Career Ladder - Extended Contract	105,302	0	0	105,302
<u>Other State Revenues</u>				
Other State Revenues	23,026	0	0	23,026
<b>Total State of Tennessee</b>	<b>\$ 13,151,403</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 13,151,403</b>

(Continued)

Exhibit K-7

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

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 574,604	\$ 574,604
Breakfast	0	0	191,311	191,311
Vocational Education - Basic Grants to States	0	57,944	0	57,944
Other Vocational	9,328	7,990	0	17,318
Title I Grants to Local Education Agencies	0	672,925	0	672,925
Innovative Education Program Strategies	0	2,653	0	2,653
Special Education - Grants to States	0	649,896	0	649,896
Special Education Preschool Grants	0	36,234	0	36,234
English Language Acquisition Grants	0	19,249	0	19,249
Safe and Drug-Free Schools - State Grants	0	7,663	0	7,663
Eisenhower Professional Development State Grants	0	154,915	0	154,915
Job Training Partnership Act	23,120	0	0	23,120
Other Federal through State	0	57,239	0	57,239
<u>Direct Federal Revenue</u>				
Public Law 874 - Maintenance and Operation	142,583	0	0	142,583
Total Federal Government	\$ 175,031	\$ 1,666,708	\$ 765,915	\$ 2,607,654
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 1,538,150	\$ 0	\$ 0	\$ 1,538,150
Total Other Governments and Citizens Groups	\$ 1,538,150	\$ 0	\$ 0	\$ 1,538,150
Total	\$ 17,201,033	\$ 1,666,708	\$ 1,201,333	\$ 20,069,074

Exhibit K-8

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

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	20,555	
Social Security		1,302	
State Retirement		1,088	
Unemployment Compensation		378	
Employer Medicare		305	
Audit Services		4,120	
Legal Notices, Recording, and Court Costs		5,924	
Other Charges		270	
Total County Commission			\$ 33,942

Board of Equalization

Board and Committee Members Fees	\$	3,404	
Total Board of Equalization			3,404

Beer Board

Board and Committee Members Fees	\$	2,400	
Total Beer Board			2,400

County Mayor/Executive

County Official/Administrative Officer	\$	63,377	
Assistant(s)		43,498	
Part-time Personnel		7,400	
Longevity Pay		300	
Social Security		6,862	
State Retirement		5,733	
Unemployment Compensation		504	
Employer Medicare		1,605	
Data Processing Services		5,052	
Travel		1,372	
Office Supplies		4,277	
Other Charges		1,216	
Total County Mayor/Executive			141,196

County Attorney

County Official/Administrative Officer	\$	17,500	
Dues and Memberships		100	
Legal Services		10,160	
Travel		351	
Total County Attorney			28,111

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Election Commission

County Official/Administrative Officer	\$	49,385	
Part-time Personnel		813	
Longevity Pay		400	
Other Salaries and Wages		21,000	
Election Commission		3,100	
Election Workers		14,275	
Social Security		4,711	
State Retirement		3,936	
Employee and Dependent Insurance		4,944	
Unemployment Compensation		1,323	
Employer Medicare		1,102	
Advertising		1,934	
Printing, Stationery, and Forms		2,021	
Office Supplies		1,238	
Other Charges		16,398	
Total Election Commission			\$ 126,580

Register of Deeds

Longevity Pay	\$	750	
Social Security		6,237	
State Retirement		5,211	
Employee and Dependent Insurance		4,944	
Unemployment Compensation		378	
Employer Medicare		1,459	
Data Processing Services		700	
Other Contracted Services		2,400	
Office Supplies		1,925	
Other Supplies and Materials		3,460	
Data Processing Equipment		10,118	
Other Equipment		8,440	
Total Register of Deeds			46,022

Planning

Board and Committee Members Fees	\$	3,320	
Other Contracted Services		9,250	
Total Planning			12,570

County Buildings

Custodial Personnel	\$	33,032	
Longevity Pay		300	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Social Security	\$	2,130	
State Retirement		1,779	
Unemployment Compensation		378	
Employer Medicare		498	
Maintenance and Repair Services - Buildings		39,675	
Utilities		64,845	
Building and Contents Insurance		3,877	
Total County Buildings			\$ 146,514

Other General Administration

Other Salaries and Wages	\$	4,200	
Social Security		260	
State Retirement		218	
Unemployment Compensation		76	
Employer Medicare		61	
Communication		42,425	
Contributions		2,111	
Dues and Memberships		6,632	
Operating Lease Payments		15,687	
Postal Charges		22,602	
Office Supplies		2,782	
Periodicals		490	
Premiums on Corporate Surety Bonds		4,827	
Workers' Compensation Insurance		125,965	
Other Charges		1,421	
Total Other General Administration			229,757

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	54,872	
Assistant(s)		16,961	
Secretary(ies)		21,000	
Longevity Pay		400	
Other Salaries and Wages		26,555	
Social Security		7,859	
State Retirement		6,566	
Employee and Dependent Insurance		4,944	
Unemployment Compensation		630	
Employer Medicare		1,838	
Travel		2,257	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Other Contracted Services	\$	12,566	
Office Supplies		1,538	
Total Property Assessor's Office			\$ 157,986

County Trustee's Office

Social Security	\$	6,805	
State Retirement		5,685	
Unemployment Compensation		378	
Employer Medicare		1,591	
Data Processing Services		15,568	
Legal Notices, Recording, and Court Costs		339	
Office Supplies		2,212	
Total County Trustee's Office			32,578

County Clerk's Office

County Official/Administrative Officer	\$	54,872	
Deputy(ies)		59,769	
Social Security		7,487	
State Retirement		6,255	
Employee and Dependent Insurance		2,472	
Unemployment Compensation		504	
Employer Medicare		1,751	
Contracts with Private Agencies		10,664	
Office Supplies		3,004	
Other Charges		567	
Total County Clerk's Office			147,345

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	54,872	
Deputy(ies)		63,338	
Jury and Witness Fees		10,094	
Social Security		7,487	
State Retirement		6,255	
Employee and Dependent Insurance		2,472	
Unemployment Compensation		828	
Employer Medicare		1,751	
Data Processing Services		9,666	
Office Supplies		4,849	
Other Charges		1,342	
Total Circuit Court			162,954

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court

Judge(s)	\$	77,150	
Secretary(ies)		7,750	
Social Security		5,398	
State Retirement		4,510	
Employee and Dependent Insurance		2,472	
Unemployment Compensation		252	
Employer Medicare		1,262	
Travel		1,567	
Office Supplies		1,516	
Other Charges		1,936	
Total General Sessions Court			\$ 103,813

Drug Court

Other Contracted Services	\$	52,638	
Other Charges		15,240	
Total Drug Court			67,878

Chancery Court

County Official/Administrative Officer	\$	54,872	
Secretary(ies)		21,000	
Longevity Pay		300	
Social Security		4,904	
State Retirement		4,097	
Employee and Dependent Insurance		4,944	
Unemployment Compensation		252	
Employer Medicare		1,147	
Data Processing Services		4,608	
Office Supplies		2,112	
Other Charges		512	
Total Chancery Court			98,748

Juvenile Court

Youth Service Officer(s)	\$	25,699	
Longevity Pay		350	
Social Security		1,618	
State Retirement		1,352	
Employee and Dependent Insurance		2,472	
Unemployment Compensation		126	
Employer Medicare		378	
Contracts with Other Public Agencies		15,033	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court (Cont.)

Other Charges	\$ 372	
Total Juvenile Court		\$ 47,400

Judicial Commissioners

County Official/Administrative Officer	\$ 22,042	
Social Security	1,355	
State Retirement	1,132	
Unemployment Compensation	126	
Employer Medicare	317	
Total Judicial Commissioners		24,972

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$ 61,560	
Assistant(s)	21,160	
Deputy(ies)	348,945	
Secretary(ies)	21,000	
Part-time Personnel	35,793	
Longevity Pay	900	
Overtime Pay	40,322	
In-Service Training	6,235	
Social Security	32,049	
State Retirement	26,776	
Unemployment Compensation	1,890	
Employer Medicare	7,495	
Communication	16,733	
Contracts with Private Agencies	800	
Contributions	1,200	
Maintenance and Repair Services - Vehicles	53,994	
Travel	3,551	
Gasoline	67,139	
Law Enforcement Supplies	4,333	
Office Supplies	7,833	
Tires and Tubes	9,833	
Uniforms	14,905	
Utilities	49,457	
Other Supplies and Materials	52,582	
Motor Vehicles	36,038	
Total Sheriff's Department		922,523

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Special Patrols

Guards	\$	21,000	
Longevity Pay		450	
Other Salaries and Wages		4,361	
Social Security		1,593	
State Retirement		1,331	
Unemployment Compensation		135	
Employer Medicare		373	
Gasoline		2,457	
Instructional Supplies and Materials		4,296	
Other Charges		1,217	
Total Special Patrols			\$ 37,213

Traffic Control

Other Salaries and Wages	\$	1,815	
Total Traffic Control			1,815

Correctional Incentive Program Improvements

Cafeteria Personnel	\$	20,000	
Longevity Pay		850	
Other Salaries and Wages		365,351	
Social Security		24,056	
State Retirement		20,098	
Employee and Dependent Insurance		18,746	
Unemployment Compensation		2,268	
Employer Medicare		5,626	
Contracts with Private Agencies		96,142	
Medical and Dental Services		20,574	
Food Supplies		142,184	
Other Supplies and Materials		6,906	
Other Charges		15,825	
Total Correctional Incentive Program Improvements			738,626

Fire Prevention and Control

In-Service Training	\$	5,738	
Forest Resource Services		1,500	
Maintenance and Repair Services - Equipment		4,269	
Equipment and Machinery Parts		14,750	
Gasoline		9,103	
Instructional Supplies and Materials		500	
Utilities		14,895	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Fire Prevention and Control (Cont.)

Other Supplies and Materials	\$	8,004	
Liability Insurance		2,762	
Other Charges		1,500	
Communication Equipment		2,832	
Law Enforcement Equipment		114,733	
Other Equipment		244,114	
Other Construction		19,916	
Total Fire Prevention and Control	\$		444,616

Civil Defense

Other Charges	\$	947	
Total Civil Defense			947

Other Emergency Management

County Official/Administrative Officer	\$	15,755	
Dispatchers/Radio Operators		157,603	
Part-time Personnel		6,053	
Liability Insurance		2,944	
Other Charges		35	
Total Other Emergency Management			182,390

County Coroner/Medical Examiner

Evaluation and Testing	\$	22,375	
Medical and Dental Services		9,600	
Total County Coroner/Medical Examiner			31,975

Other Public Safety

Contributions	\$	11,500	
Total Other Public Safety			11,500

Public Health and Welfare

Local Health Center

Social Workers	\$	2,592	
Custodial Personnel		3,120	
Social Security		298	
Unemployment Compensation		149	
Employer Medicare		70	
Communication		2,778	
Contracts with Government Agencies		11,208	
Maintenance and Repair Services - Equipment		946	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Travel	\$	771	
Custodial Supplies		998	
Drugs and Medical Supplies		991	
Office Supplies		2,000	
Utilities		15,555	
Other Charges		59,719	
Total Local Health Center			\$ 101,195

Rabies and Animal Control

Contracts with Other Public Agencies	\$	6,141	
Maintenance and Repair Services - Buildings		200	
Total Rabies and Animal Control			6,341

Ambulance/Emergency Medical Services

County Official/Administrative Officer	\$	32,019	
Medical Personnel		311,343	
Secretary(ies)		1,216	
Part-time Personnel		33,544	
In-Service Training		1,165	
Social Security		27,000	
Medical Insurance		11,516	
Advertising		19	
Communication		7,248	
Freight Expenses		263	
Operating Lease Payments		7,050	
Licenses		3,050	
Maintenance and Repair Services - Buildings		2,010	
Maintenance and Repair Services - Vehicles		35,429	
Postal Charges		273	
Printing, Stationery, and Forms		760	
Travel		217	
Disposal Fees		122	
Other Contracted Services		51,595	
Custodial Supplies		2,195	
Diesel Fuel		26,609	
Drugs and Medical Supplies		10,893	
Gasoline		3,340	
Office Supplies		1,167	
Uniforms		166	
Utilities		5,364	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Other Supplies and Materials	\$	3,270	
Liability Insurance		5,000	
Workers' Compensation Insurance		60,701	
Other Charges		2,913	
Office Equipment		1,085	
Total Ambulance/Emergency Medical Services			\$ 648,542

Regional Mental Health Center

Contributions	\$	7,180	
Total Regional Mental Health Center			7,180

General Welfare Assistance

Other Contracted Services	\$	500	
Total General Welfare Assistance			500

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Clerical Personnel	\$	14,923	
Longevity Pay		250	
Social Security		949	
State Retirement		793	
Employee and Dependent Insurance		2,472	
Unemployment Compensation		275	
Employer Medicare		222	
Travel		538	
Other Supplies and Materials		3,420	
Other Charges		527	
Total Senior Citizens Assistance			24,369

Libraries

Librarians	\$	23,001	
Clerical Personnel		25,887	
Part-time Personnel		22,904	
Longevity Pay		350	
Social Security		4,979	
State Retirement		4,160	
Unemployment Compensation		882	
Employer Medicare		1,164	
Communication		6,877	
Library Books/Media		8,598	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Periodicals	\$	1,494	
Utilities		9,527	
Other Supplies and Materials		4,526	
Other Charges		5,239	
Other Equipment		1,419	
Total Libraries			\$ 121,007

Agriculture and Natural Resources

Agriculture Extension Service

Assistant(s)	\$	25,042	
Supervisor/Director		11,283	
Clerical Personnel		7,532	
Other Fringe Benefits		6,141	
Rentals		9,000	
Total Agriculture Extension Service			58,998

Soil Conservation

Secretary(ies)	\$	21,000	
Longevity Pay		250	
Social Security		1,321	
State Retirement		1,103	
Unemployment Compensation		126	
Employer Medicare		309	
Total Soil Conservation			24,109

Other Operations

Industrial Development

Other Charges	\$	20	
Total Industrial Development			20

Housing and Urban Development

Other Contracted Services	\$	35,828	
Total Housing and Urban Development			35,828

Other Economic and Community Development

Contributions	\$	7,500	
Engineering Services		11,742	
Travel		433	
Other Charges		4,457	
Other Construction		16,863	
Total Other Economic and Community Development			40,995

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services

Supervisor/Director	\$	4,592	
Social Security		288	
Unemployment Compensation		85	
Employer Medicare		67	
Travel		500	
Total Veterans' Services			\$ 5,532

Other Charges

Trustee's Commission	\$	65,874	
Total Other Charges			65,874

Contributions to Other Agencies

Contributions	\$	26,557	
Total Contributions to Other Agencies			26,557

Employee Benefits

Social Security	\$	5,327	
State Retirement		9,151	
Employee and Dependent Insurance		37,499	
Unemployment Compensation		4,055	
Total Employee Benefits			56,032

Miscellaneous

Laborers	\$	27,508	
Other Salaries and Wages		1,524	
Pauper Burials		1,775	
Road Signs		6,774	
Liability Insurance		121,190	
Other Charges		4,544	
Total Miscellaneous			163,315

Total General Fund \$ 5,372,169

Courthouse and Jail Maintenance Fund

General Government

County Buildings

Maintenance and Repair Services - Buildings	\$	69,042	
Custodial Supplies		23,478	
Trustee's Commission		693	
Building Improvements		4,426	
Total County Buildings			\$ 97,639

Total Courthouse and Jail Maintenance Fund 97,639

(Continued)

Exhibit K-8

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

<u>Local Purpose Tax Fund</u>			
<u>Capital Projects</u>			
<u>Other General Government Projects</u>			
Contributions	\$	1,538,150	
Trustee's Commission		<u>20,011</u>	
Total Other General Government Projects			\$ <u>1,558,161</u>
Total Local Purpose Tax Fund			\$ 1,558,161
<u>Drug Control Fund</u>			
<u>Public Safety</u>			
<u>Sheriff's Department</u>			
Travel	\$	875	
Other Charges		<u>42,690</u>	
Total Sheriff's Department			\$ 43,565
<u>Drug Enforcement</u>			
Confidential Drug Enforcement Payments	\$	<u>12,000</u>	
Total Drug Enforcement			12,000
<u>Other Operations</u>			
<u>Other Charges</u>			
Trustee's Commission	\$	<u>336</u>	
Total Other Charges			336
<u>Support Services</u>			
<u>Other Student Support</u>			
Other Supplies and Materials	\$	<u>8,540</u>	
Total Other Student Support			<u>8,540</u>
Total Drug Control Fund			64,441
<u>Constitutional Officers - Fees Fund</u>			
<u>General Government</u>			
<u>Register of Deeds</u>			
Constitutional Officers' Operating Expenses	\$	<u>96,811</u>	
Total Register of Deeds			\$ 96,811
<u>Finance</u>			
<u>County Trustee's Office</u>			
Constitutional Officers' Operating Expenses	\$	<u>96,929</u>	
Total County Trustee's Office			96,929

(Continued)

Exhibit K-8

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

Constitutional Officers - Fees Fund (Cont.)

Finance (Cont.)

County Clerk's Office

Constitutional Officers' Operating Expenses	\$ 3,278	
Total County Clerk's Office		\$ 3,278

Administration of Justice

Circuit Court Clerk

Constitutional Officers' Operating Expenses	\$ 1,215	
Total Circuit Court Clerk		1,215

General Sessions Court Clerk

Constitutional Officers' Operating Expenses	\$ 2,248	
Total General Sessions Court Clerk		2,248

Chancery Court

Constitutional Officers' Operating Expenses	\$ 324	
Total Chancery Court		<u>324</u>

Total Constitutional Officers - Fees Fund		\$ 200,805
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Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 61,860	
Accountants/Bookkeepers	22,800	
Secretary(ies)	21,334	
Board and Committee Members Fees	600	
Communication	5,997	
Data Processing Services	3,813	
Dues and Memberships	3,814	
Legal Services	500	
Postal Charges	330	
Printing, Stationery, and Forms	268	
Rentals	929	
Travel	139	
Electricity	3,432	
Natural Gas	7,180	
Office Supplies	451	
Water and Sewer	<u>141</u>	
Total Administration		\$ 133,588

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance

Foremen	\$	23,845	
Equipment Operators		104,983	
Truck Drivers		53,688	
Laborers		61,430	
Other Contracted Services		18,831	
Asphalt - Liquid		379,701	
Concrete		2,902	
Crushed Stone		63,065	
General Construction Materials		210	
Pipe - Metal		15,291	
Structural Steel		3,106	
Wood Products		2,495	
Other Supplies and Materials		2,755	
Total Highway and Bridge Maintenance			\$ 732,302

Operation and Maintenance of Equipment

Mechanic(s)	\$	47,596	
Maintenance and Repair Services - Equipment		35,053	
Diesel Fuel		99,147	
Equipment and Machinery Parts		38,807	
Garage Supplies		10,614	
Gasoline		37,139	
Lubricants		6,597	
Small Tools		1,035	
Tires and Tubes		19,374	
Total Operation and Maintenance of Equipment			295,362

Quarry Operations

Foremen	\$	26,650	
Equipment Operators		55,758	
Explosive and Drilling Services		44,723	
Maintenance and Repair Services - Equipment		9,696	
Electricity		8,234	
Equipment and Machinery Parts		42,791	
Total Quarry Operations			187,852

Other Charges

Liability Insurance	\$	43,638	
Trustee's Commission		17,651	
Workers' Compensation Insurance		40,917	

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Other Charges (Cont.)

Other Charges	\$ 1,295	
Total Other Charges		\$ 103,501

Employee Benefits

Social Security	\$ 36,762	
State Retirement	24,861	
Employee and Dependent Insurance	129,528	
Unemployment Compensation	4,087	
Total Employee Benefits		195,238

Capital Outlay

Principal on Notes	\$ 120,000	
Interest on Notes	6,300	
Motor Vehicles	25,040	
Total Capital Outlay		151,340

Total Highway/Public Works Fund \$ 1,799,183

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 165,000	
Principal on Notes	357,916	
Total General Government		\$ 522,916

Education

Principal on Bonds	\$ 310,000	
Principal on Notes	79,697	
Total Education		389,697

Interest on Debt

General Government

Interest on Bonds	\$ 49,809	
Interest on Notes	71,107	
Total General Government		120,916

Education

Penalties	\$ 1,000	
Interest on Bonds	178,941	
Interest on Notes	21,455	
Total Education		201,396

(Continued)

Exhibit K-8

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

General Debt Service Fund (Cont.)

Other Debt Service

General Government

Fiscal Agent Charges	\$	15,000	
Trustee's Commission		22,626	
Other Debt Service		<u>500</u>	
Total General Government			\$ 38,126

Education

Other Debt Service	\$	<u>500</u>	
Total Education			<u>500</u>

Total General Debt Service Fund \$ 1,273,551

General Capital Projects Fund

Capital Projects

General Administration Projects

Legal Notices, Recording, and Court Costs	\$	20,466	
Trustee's Commission		8,601	
Building Construction		213,319	
Land		<u>202,520</u>	
Total General Administration Projects			\$ 444,906

Public Safety Projects

Motor Vehicles	\$	<u>40,000</u>	
Total Public Safety Projects			<u>40,000</u>

Total General Capital Projects Fund 484,906

Total Governmental Funds - Primary Government \$ 10,850,855

Exhibit K-9

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

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 5,667,276	
Career Ladder Program	69,435	
Career Ladder Extended Contracts	23,646	
Educational Assistants	123,859	
Other Salaries and Wages	8,360	
Certified Substitute Teachers	15,789	
Non-certified Substitute Teachers	70,849	
Social Security	340,818	
State Retirement	364,640	
Medical Insurance	721,328	
Dental Insurance	47,518	
Unemployment Compensation	6,854	
Employer Medicare	80,013	
Instructional Supplies and Materials	72,661	
Textbooks	214,257	
Fee Waivers	24,379	
Other Charges	10,415	
Regular Instruction Equipment	81,417	
Total Regular Instruction Program		\$ 7,943,514

Alternative Instruction Program

Teachers	\$ 54,984	
Career Ladder Program	3,000	
Career Ladder Extended Contracts	5,600	
Educational Assistants	10,804	
Social Security	4,344	
State Retirement	4,527	
Medical Insurance	7,315	
Dental Insurance	322	
Unemployment Compensation	75	
Employer Medicare	1,016	
Instructional Supplies and Materials	324	
Total Alternative Instruction Program		92,311

Special Education Program

Teachers	\$ 848,808
Career Ladder Program	12,660
Homebound Teachers	43,510
Educational Assistants	145,580

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Speech Pathologist	\$	87,649	
Other Salaries and Wages		2,530	
Certified Substitute Teachers		1,504	
Non-certified Substitute Teachers		7,384	
Social Security		67,044	
State Retirement		69,375	
Medical Insurance		134,015	
Dental Insurance		8,314	
Unemployment Compensation		1,549	
Employer Medicare		15,692	
Other Contracted Services		23,829	
Instructional Supplies and Materials		2,057	
Other Supplies and Materials		4,385	
Special Education Equipment		3,563	
Total Special Education Program			\$ 1,479,448

Vocational Education Program

Teachers	\$	366,742	
Career Ladder Program		6,000	
Career Ladder Extended Contracts		3,810	
Other Salaries and Wages		38,597	
Certified Substitute Teachers		413	
Non-certified Substitute Teachers		7,022	
Social Security		24,060	
State Retirement		25,887	
Medical Insurance		53,846	
Dental Insurance		3,407	
Unemployment Compensation		449	
Employer Medicare		5,629	
Other Contracted Services		375	
Instructional Supplies and Materials		15,811	
Textbooks		2,000	
Total Vocational Education Program			554,048

Support Services

Attendance

Supervisor/Director	\$	62,057	
Career Ladder Program		3,000	
Clerical Personnel		19,392	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Attendance (Cont.)

Social Security	\$	4,760	
State Retirement		5,064	
Medical Insurance		10,572	
Dental Insurance		346	
Unemployment Compensation		53	
Employer Medicare		1,113	
Travel		2,155	
Other Supplies and Materials		248	
Attendance Equipment		1,533	
Total Attendance			\$ 110,293

Health Services

Supervisor/Director	\$	57,232	
Medical Personnel		73,979	
Social Security		7,498	
State Retirement		8,188	
Medical Insurance		15,704	
Dental Insurance		953	
Unemployment Compensation		122	
Employer Medicare		1,754	
Travel		5,064	
Other Contracted Services		4,847	
Drugs and Medical Supplies		1,356	
Other Supplies and Materials		31,669	
Other Equipment		15,172	
Total Health Services			223,538

Other Student Support

Career Ladder Program	\$	1,000	
Guidance Personnel		252,034	
Career Ladder Extended Contracts		2,497	
Secretary(ies)		21,296	
Social Security		16,133	
State Retirement		17,048	
Medical Insurance		25,306	
Dental Insurance		2,108	
Unemployment Compensation		284	
Employer Medicare		3,773	
Evaluation and Testing		8,663	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Travel	\$	232	
Other Contracted Services		1,492	
Other Supplies and Materials		128	
Other Equipment		809	
Total Other Student Support			\$ 352,803

Regular Instruction Program

Supervisor/Director	\$	93,151	
Career Ladder Program		10,300	
Career Ladder Extended Contracts		11,200	
Librarians		215,047	
Materials Supervisor		31,029	
Instructional Computer Personnel		73,731	
Educational Assistants		31,822	
Social Security		27,217	
State Retirement		27,977	
Medical Insurance		40,780	
Dental Insurance		2,396	
Unemployment Compensation		462	
Employer Medicare		6,365	
Maintenance and Repair Services - Equipment		61,229	
Travel		8,435	
Other Contracted Services		152	
Instructional Supplies and Materials		4,555	
Library Books/Media		15,880	
Other Supplies and Materials		2,227	
In Service/Staff Development		4,181	
Other Charges		42	
Total Regular Instruction Program			668,178

Special Education Program

Supervisor/Director	\$	60,485
Career Ladder Program		1,000
Career Ladder Extended Contracts		4,480
Other Salaries and Wages		38,801
Social Security		6,187
State Retirement		4,116
Medical Insurance		8,485
Dental Insurance		346

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Unemployment Compensation	\$	81	
Employer Medicare		1,447	
Travel		5,127	
Other Contracted Services		5,329	
In Service/Staff Development		2,015	
Total Special Education Program			\$ 137,899

Vocational Education Program

Supervisor/Director	\$	8,110	
Social Security		510	
State Retirement		510	
Dental Insurance		60	
Employer Medicare		120	
Total Vocational Education Program			9,310

Other Programs

On-Behalf Payments to OPEB	\$	84,092	
Total Other Programs			84,092

Board of Education

Board and Committee Members Fees	\$	4,740	
Social Security		294	
Employer Medicare		69	
Audit Services		6,000	
Dues and Memberships		13,038	
Legal Services		2,669	
Travel		4,980	
Liability Insurance		16,840	
Trustee's Commission		73,713	
Workers' Compensation Insurance		120,353	
Criminal Investigation of Applicants - TBI		4,648	
Refund to Applicant for Criminal Investigation		2,688	
Other Charges		4,045	
Total Board of Education			254,077

Director of Schools

County Official/Administrative Officer	\$	84,803	
Career Ladder Program		1,000	
Social Security		5,323	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

State Retirement	\$	5,354	
Medical Insurance		13,468	
Dental Insurance		346	
Unemployment Compensation		41	
Employer Medicare		1,245	
Communication		36,575	
Dues and Memberships		145	
Postal Charges		3,440	
Travel		1,172	
Other Charges		953	
Total Director of Schools			\$ 153,865

Office of the Principal

Principals	\$	313,595	
Career Ladder Program		11,000	
Career Ladder Extended Contracts		35,328	
Assistant Principals		149,084	
Secretary(ies)		225,434	
Clerical Personnel		20,790	
Social Security		44,803	
State Retirement		43,440	
Medical Insurance		49,313	
Dental Insurance		2,425	
Unemployment Compensation		871	
Employer Medicare		10,478	
Communication		13,700	
Dues and Memberships		2,525	
Travel		2,456	
Other Contracted Services		5,995	
Other Supplies and Materials		177	
Total Office of the Principal			931,414

Fiscal Services

Accountants/Bookkeepers	\$	60,759
Secretary(ies)		36,626
Clerical Personnel		6,708
Social Security		5,918
State Retirement		5,392
Medical Insurance		11,118

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Fiscal Services (Cont.)

Unemployment Compensation	\$	131	
Employer Medicare		1,384	
Data Processing Services		9,673	
Travel		2,388	
Other Contracted Services		4,602	
Data Processing Supplies		2,160	
Office Supplies		2,971	
Other Charges		60	
Administration Equipment		889	
Total Fiscal Services			\$ 150,779

Operation of Plant

Custodial Personnel	\$	241,988	
Social Security		14,139	
State Retirement		8,879	
Medical Insurance		18,553	
Unemployment Compensation		825	
Employer Medicare		3,307	
Other Contracted Services		661	
Electricity		441,259	
Natural Gas		144,152	
Water and Sewer		29,811	
Other Supplies and Materials		88,327	
Boiler Insurance		5,100	
Building and Contents Insurance		60,000	
Other Charges		3,201	
Plant Operation Equipment		5,699	
Total Operation of Plant			1,065,901

Maintenance of Plant

Supervisor/Director	\$	46,122	
Maintenance Personnel		76,499	
Other Salaries and Wages		10,423	
Social Security		7,526	
State Retirement		6,573	
Medical Insurance		11,656	
Unemployment Compensation		199	
Employer Medicare		1,760	
Maintenance and Repair Services - Buildings		5,419	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

Travel	\$	597	
Other Contracted Services		8,948	
Other Supplies and Materials		100,085	
Maintenance Equipment		995	
Total Maintenance of Plant			\$ 276,802

Transportation

Supervisor/Director	\$	43,286	
Mechanic(s)		33,138	
Bus Drivers		388,681	
Other Salaries and Wages		84,725	
Social Security		32,237	
State Retirement		27,599	
Medical Insurance		34,188	
Dental Insurance		27	
Unemployment Compensation		1,560	
Employer Medicare		7,539	
Contracts with Other School Systems		3,000	
Maintenance and Repair Services - Equipment		554	
Maintenance and Repair Services - Vehicles		806	
Travel		757	
Other Contracted Services		6,890	
Diesel Fuel		166,797	
Equipment and Machinery Parts		470	
Garage Supplies		1,992	
Gasoline		16,578	
Lubricants		3,524	
Tires and Tubes		12,441	
Vehicle Parts		66,762	
Other Supplies and Materials		2,944	
Vehicle and Equipment Insurance		45,000	
Other Charges		1,423	
Transportation Equipment		240,231	
Total Transportation			1,223,149

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	48,236	
Career Ladder Program		1,000	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Social Security	\$	2,783	
State Retirement		3,066	
Medical Insurance		7,777	
Dental Insurance		346	
Unemployment Compensation		41	
Employer Medicare		651	
Travel		737	
Total Food Service			\$ 64,637

Community Services

Supervisor/Director	\$	5,600	
Teachers		49,040	
Bus Drivers		3,120	
Educational Assistants		6,729	
Social Security		3,863	
State Retirement		3,887	
Unemployment Compensation		29	
Employer Medicare		904	
Travel		9,256	
Food Supplies		1,663	
Instructional Supplies and Materials		14,712	
Other Supplies and Materials		1,983	
Total Community Services			100,786

Early Childhood Education

Supervisor/Director	\$	5,600	
Teachers		163,125	
Educational Assistants		77,904	
Certified Substitute Teachers		3,250	
Non-certified Substitute Teachers		5,671	
Social Security		14,129	
State Retirement		14,564	
Medical Insurance		35,601	
Dental Insurance		1,703	
Unemployment Compensation		458	
Employer Medicare		3,346	
Travel		6,322	
Other Contracted Services		8,600	
Food Supplies		106	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education (Cont.)

Instructional Supplies and Materials	\$	26,293	
Other Supplies and Materials		26,347	
Other Equipment		1,083	
Total Early Childhood Education			\$ 394,102

Capital Outlay

Regular Capital Outlay

Other Capital Outlay	\$	271,356	
Total Regular Capital Outlay			<u>271,356</u>

Total General Purpose School Fund \$ 16,542,302

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	421,514	
Educational Assistants		78,367	
Certified Substitute Teachers		944	
Non-certified Substitute Teachers		10,812	
Social Security		30,016	
State Retirement		30,362	
Medical Insurance		45,338	
Dental Insurance		3,522	
Unemployment Compensation		772	
Employer Medicare		7,024	
Instructional Supplies and Materials		77,806	
Other Supplies and Materials		345	
In Service/Staff Development		2,864	
Total Regular Instruction Program			\$ 709,686

Special Education Program

Teachers	\$	472	
Educational Assistants		263,991	
Other Salaries and Wages		8,896	
Certified Substitute Teachers		442	
Non-certified Substitute Teachers		14,708	
Social Security		16,126	
State Retirement		13,682	
Medical Insurance		23,313	

(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Unemployment Compensation	\$	1,063	
Employer Medicare		3,845	
Other Contracted Services		953	
Instructional Supplies and Materials		37,222	
Other Supplies and Materials		19,351	
Special Education Equipment		3,758	
Total Special Education Program			\$ 407,822

Vocational Education Program

Non-certified Substitute Teachers	\$	440	
Social Security		13	
Employer Medicare		3	
Travel		1,886	
Instructional Supplies and Materials		12,784	
Other Supplies and Materials		3,728	
In Service/Staff Development		1,920	
Vocational Instruction Equipment		63,066	
Total Vocational Education Program			83,840

Support Services

Health Services

Medical Personnel	\$	23,196	
Other Salaries and Wages		29,921	
Social Security		3,162	
State Retirement		1,194	
Unemployment Compensation		82	
Employer Medicare		739	
Travel		522	
Other Contracted Services		15,413	
Health Equipment		269	
Total Health Services			74,498

Other Student Support

Travel	\$	3,844	
In Service/Staff Development		2,139	
Other Charges		200	
Total Other Student Support			6,183

(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program

Supervisor/Director	\$	59,583	
Social Security		3,522	
State Retirement		3,718	
Medical Insurance		4,441	
Dental Insurance		318	
Unemployment Compensation		41	
Employer Medicare		824	
Travel		415	
Other Contracted Services		7,340	
Other Supplies and Materials		2,389	
In Service/Staff Development		88,384	
Other Charges		10,522	
Other Equipment		2,621	
Total Regular Instruction Program			\$ 184,118

Special Education Program

Psychological Personnel	\$	94,380	
Assessment Personnel		9,519	
Secretary(ies)		28,039	
Other Salaries and Wages		19,386	
In-Service Training		3,967	
Social Security		9,069	
State Retirement		9,052	
Medical Insurance		5,178	
Dental Insurance		982	
Unemployment Compensation		242	
Employer Medicare		2,121	
Consultants		2,581	
Travel		2,231	
Other Contracted Services		2,797	
Other Supplies and Materials		1,355	
In Service/Staff Development		5,906	
Total Special Education Program			196,805

Vocational Education Program

Travel	\$	744	
Total Vocational Education Program			744

(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Transportation

Bus Drivers	\$ 6,650	
Diesel Fuel	5,050	
Total Transportation	<u>11,700</u>	\$ 11,700

Total School Federal Projects Fund \$ 1,675,396

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$ 4,385	
Accountants/Bookkeepers	19,912	
Cafeteria Personnel	385,936	
Social Security	22,022	
State Retirement	18,803	
Medical Insurance	62,868	
Unemployment Compensation	1,356	
Employer Medicare	5,196	
Communication	3,960	
Maintenance and Repair Services - Equipment	11,604	
Travel	2,225	
Other Contracted Services	2,775	
Food Supplies	587,244	
Other Supplies and Materials	11,937	
In Service/Staff Development	1,163	
Other Charges	2,597	
Food Service Equipment	24,040	
Total Food Service	<u>1,168,023</u>	\$ 1,168,023

Total Central Cafeteria Fund 1,168,023

Total Governmental Funds - DeKalb County School Department \$ 19,385,721

Exhibit K-10

DeKalb County, Tennessee  
Schedule of Detailed Revenues and Expenses  
Proprietary Fund  
For the Year Ended June 30, 2008

	Business-type Activities
	<u>Enterprise Fund</u>
	Solid Waste Disposal Fund
<hr/>	
<u>Revenues</u>	
<u>Operating Revenues</u>	
<u>Charges for Current Services</u>	
Commercial and Industrial Waste Collection Charge	\$ 6,838
Residential Waste Collection Charge	2,300
Tipping Fees	150,343
Total Charges for Current Services	<u>\$ 159,481</u>
<u>Other Local Revenues</u>	
Sale of Recycled Materials	\$ 1,347
Sale of Property	3,150
Total Other Local Revenues	<u>\$ 4,497</u>
Total Operating Revenue	<u>\$ 163,978</u>
<u>Nonoperating Revenues</u>	
<u>Local Taxes</u>	
Current Property Taxes	\$ 811,986
Trustee Collections - Prior Year	16,610
Circuit/Clerk and Master Collections - Prior Years	20,864
Interest and Penalty	3,436
Pick-up Taxes	2,302
Payments in-Lieu-of Taxes - Local Utilities	30,340
Investment Income	60,869
Grants	35,558
Total Nonoperating Revenues	<u>\$ 981,965</u>
Total Revenues	<u>\$ 1,145,943</u>
<u>Expenses</u>	
<u>Operating Expenses</u>	
<u>Waste Pickup</u>	
Laborers	\$ 41,995
Longevity Pay	300
Total Waste Pickup	<u>\$ 42,295</u>
<u>Convenience Centers</u>	
Laborers	\$ 170,549
Communication	3,920
Other Supplies and Materials	5,991
Other Construction	694
Total Convenience Centers	<u>\$ 181,154</u>

(Continued)

Exhibit K-10

DeKalb County, Tennessee  
Schedule of Detailed Revenues and Expenses  
Proprietary Fund (Cont.)

	Business-type Activities
	<u>Enterprise Fund</u>
	Solid Waste Disposal Fund
<hr/>	
<u>Expenses (Cont.)</u>	
<u>Operating Expenses (Cont.)</u>	
<u>Landfill Operation and Maintenance</u>	
Laborers	\$ 171,188
Longevity Pay	350
Overtime Pay	9,284
Communication	541
Engineering Services	7,789
Laundry Service	19,017
Maintenance and Repair Services - Vehicles	98,211
Rentals	18,176
Other Contracted Services	26,518
Crushed Stone	9,925
Diesel Fuel	145,512
Utilities	9,433
Other Supplies and Materials	28,812
Depreciation	192,682
Landfill Closure/Postclosure Care Costs	153,209
Other Charges	131,111
Total Landfill Operation and Maintenance	<u>\$ 1,021,758</u>
<u>Other Waste Disposal</u>	
Social Security	\$ 30,412
State Retirement	10,766
Unemployment Compensation	4,311
Trustee's Commission	16,941
Total Other Waste Disposal	<u>\$ 62,430</u>
Total Operating Expenses	<u>\$ 1,307,637</u>
<u>Nonoperating Expenses</u>	
Interest on Capital Lease	\$ 764
Total Nonoperating Expenses	<u>\$ 764</u>
Total Expenses	<u><u>\$ 1,308,401</u></u>

Exhibit K-11

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

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 858,941
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 850,352
Trustee's Commission	8,589
Total Cash Disbursements	<u>\$ 858,941</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0
Cash Balance, July 1, 2007	<u>0</u>
Cash Balance, June 30, 2008	<u><u>\$ 0</u></u>

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**SINGLE AUDIT SECTION**

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

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

November 25, 2008

DeKalb County Mayor and  
Board of County Commissioners  
DeKalb County, Tennessee

To the County Mayor and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of DeKalb County, Tennessee, as of and for the year ended June 30, 2008, which collectively comprise DeKalb County's basic financial statements and have issued our report thereon dated November 25, 2008. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the DeKalb County Emergency Communications District as described in our report on DeKalb County's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered DeKalb County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of

expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of DeKalb County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of DeKalb County's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting: 08.01, 08.02, 08.04, 08.05, 08.06, 08.07, 08.08, 08.11(A,B,C,D), and 08.13.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by DeKalb County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 08.01, 08.02, and 08.04 to be material weaknesses.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether DeKalb County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and are described in the accompanying Schedule of Findings and Questioned Costs as items 08.03, 08.09, 08.10, and 08.11(E).

We consider item 08.12 described in the accompanying Schedule of Findings and Questioned Costs to be a noteworthy control deficiency over financial operations. We also

noted certain matters that we reported to the management of DeKalb County in separate communications.

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

This report is intended solely for the information and use of management, the county mayor, director of schools, road supervisor, Board of County Commissioners, Board of Education, others within DeKalb County, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "John G. Morgan". The signature is written in a cursive style with a long horizontal flourish at the end.

John G. Morgan  
Comptroller of the Treasury

JGM/sb

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

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

November 25, 2008

DeKalb County Mayor and  
Board of County Commissioners  
DeKalb County, Tennessee

To the County Mayor and Board of County Commissioners:

Compliance

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

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

test basis, evidence about DeKalb County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on DeKalb County's compliance with those requirements.

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

#### Internal Control Over Compliance

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

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

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

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

#### Schedule of Expenditures of Federal Awards

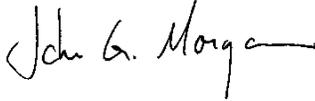
We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of DeKalb County as of and for the year ended June 30, 2008, and have issued our reports thereon dated November 25, 2008. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise DeKalb County's basic financial statements. The accompanying

Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis, as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

This report is intended solely for the information and use of management, the county mayor, director of schools, road supervisor, others within the entity, the Board of County Commissioners, Board of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "John G. Morgan" with a long horizontal flourish extending to the right.

John G. Morgan  
Comptroller of the Treasury

JGM/sb

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	\$ 64,181 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	191,311
National School Lunch Program	10.555	N/A	574,604 (3)
Total U.S. Department of Agriculture			\$ 830,096
U.S. Department of Housing and Urban Development:			
Passed-through State Housing Development Agency:			
HOME Investment Partnerships Program	14.239	(2)	\$ 35,828
U.S. Department of Justice:			
Passed-through State Office of Criminal Justice Programs:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Z-06-027577-00	\$ 18,000
U.S. Department of Labor:			
Passed-through Upper Cumberland Human Resource Agency:			
WIA Youth Activities	17.259	(2)	\$ 23,120
U.S. Department of Education:			
Direct Program:			
Impact Aid	84.041	N/A	\$ 142,583
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	674,984
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	653,803
Special Education - Preschool Grants	84.173	N/A	37,022
Vocational Education - Basic Grants to States	84.048	N/A	90,769
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	19,195
State Grants for Innovative Programs	84.298	N/A	2,653
Education Technology State Grants	84.318	(2)	12,482
English Language Acquisition Grants	84.365	N/A	38,636
Improving Teacher Quality State Grants	84.367	N/A	145,852
Passed-through State Department of Human Services:			
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	GG-08-22048-00	9,328
Total U.S. Department of Education			\$ 1,827,307
U.S. Office of Homeland Security:			
Direct Program:			
Assistance to Firefighters Grant	97.044	N/A	\$ 332,073
Total Expenditures of Federal Awards			\$ 3,066,424

(Continued)

DeKalb 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>			
Aging Programs - State Commission on Aging	N/A	(2)	\$ 5,951
Litter Program - State Department of Transportation	N/A	(2)	31,692
Early Childhood Education - State Department of Education	N/A	(2)	397,580
Lottery for Education - After School Program - State Department of Education	N/A	(2)	100,787
Safe Schools Act - State Department of Education	N/A	(2)	15,800
Dropout Prevention Program - State Department of Education	N/A	(2)	5,728
Coordinated School Health - State Department of Education	N/A	(2)	104,921
Coordinated School Health - Milk - State Department of Education	N/A	(2)	3,552
Tobacco Use and Cessation - State Department of Education	N/A	(2)	15,789
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	8,001
Drug Court Grant - State Office of Criminal Justice Programs	N/A	(2)	23,007
Drug Court Grant - Juvenile - State Office of Criminal Justice Programs	N/A	(2)	14,184
Audio/Visual Equipment Grant - State Administrative Office of the Courts	N/A	(2)	6,581
Youth Services Program - State Commission on Children and Youth	N/A	Z-08-02250-XX	6,750
High Visibility Law Enforcement Campaign - State Department of Transportation	N/A	Z-08-023837-00	5,000
Rural Local Health Services - State Department of Health	N/A	Z-08-020337-01	2,998
Continuity of Quality Health Services - State Department of Health	N/A	GG-08-24036-00	100,000
Community Enhancement Grant Program - Tennessee Secretary of State	N/A	(2)	16,033
Election Grant - Tennessee Secretary of State	N/A	(2)	1,773
Recycling Equipment Grant - State Department of Environment and Conservation	N/A	(2)	22,645
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	12,913
Total State Grants			<u>\$ 901,685</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 not available.
- (3) Total for CFDA No. 10.555 is \$638,785.

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

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report for DeKalb County, Tennessee, for the year ended June 30, 2007, which have not been corrected.

**OFFICE OF COUNTY MAYOR**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
07.04	16	Expenditures exceeded appropriations

**OFFICE OF ROAD SUPERVISOR**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
07.06	17	The office did not maintain adequate controls over consumable assets

**OFFICE OF CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
07.09	19	Execution docket trial balances for the circuit and general sessions courts did not reconcile with general ledger accounts

**OFFICE OF REGISTER**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
07.10	19	Excess fees were not reported and paid to the county in compliance with state statute

**OFFICE OF SHERIFF**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
07.11(D,E)	20	The office had numerous accounting deficiencies

## OTHER FINDINGS

Finding Number	Page Number	Subject
07.12	21	A central system of accounting and budgeting had not been adopted
07.13	21	Duties were not adequately segregated in the Offices of County Mayor; Road Supervisor; Director of Schools; Trustee; County Clerk; Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; Register; and Sheriff

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**DEKALB COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2008**

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

1. Our report on the financial statements of DeKalb County is unqualified.
2. The audit of the financial statements of DeKalb County disclosed significant deficiencies in internal control. Three of these deficiencies were considered to be material weaknesses.
3. The audit disclosed one instance of noncompliance that is material to the financial statements of DeKalb County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Title I Grants to Local Educational Agencies (CFDA No. 84.010), the Special Education Cluster: Special Education - Grants to States and Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173), and the Assistance to Firefighters Grant (CFDA No. 97.044) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. DeKalb County did not qualify as a low-risk auditee.

## **PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS**

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

### **DEKALB COUNTY AND DEKALB COUNTY SCHOOL DEPARTMENT**

**FINDING 08.01**      **DEKALB COUNTY AND THE DEKALB COUNTY SCHOOL DEPARTMENT DO NOT HAVE THE RESOURCES TO PRODUCE FINANCIAL STATEMENTS AND NOTES TO THE FINANCIAL STATEMENTS**  
(Internal Control – Material Weakness Under Government Auditing Standards)

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

### **RECOMMENDATION**

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

MANAGEMENT’S RESPONSE – COUNTY MAYOR

DeKalb County does not have the resources to hire a person to do only financial statement preparation. The two assistants must be relied on to do many projects daily. The Governmental Accounting Standards Board (GASB) Statement No. 34 places many new processes on the staff that are labor and time intensive.

REBUTTAL

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

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OFFICE OF COUNTY MAYOR

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

Generally accepted accounting principles require DeKalb County to have adequate internal controls over the maintenance of its accounting records. At June 30, 2008, certain general ledger account balances in the Local Purpose Tax and Solid Waste Disposal funds were not materially correct, and audit adjustments were required for the financial statements to be materially correct at year-end. Therefore, the county’s financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. Although it is permissible for us, as the external auditors, to assist the county in preparing its financial statements, it is a strong indicator of a material weakness in internal controls if the county has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

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

MANAGEMENT’S RESPONSE – COUNT MAYOR

We thought under GASB Statement No. 34 that we were not required to do a spreadsheet for depreciation schedules because we believed it was captured under capital expenditures.

REBUTTAL

It is management’s responsibility to maintain all records necessary to present the government’s financial statements in accordance with generally accepted accounting principles. Material adjustments were required to the county’s Solid Waste Disposal Fund for receivables and liabilities, as well as for capital assets.

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FINDING 08.03      **EXPENDITURES EXCEEDED APPROPRIATIONS**  
(Noncompliance Under Government Auditing Standards)

Expenditures exceeded the total appropriations approved by the County Commission in the Courthouse and Jail Maintenance Fund and the General Debt Service Fund by \$1,989 and \$5,126, respectively. Also, expenditures exceeded appropriations approved by the County Commission in the following funds’ major appropriation categories (the legal level of control):

<u>Fund/Major Category</u>	<u>Amount Overspent</u>
General:	
Drug Court	\$     28,983
Other Economic and Community Development	20,782
Other Charges	2,393
Local Purpose Tax:	
Transfers Out	188,059

Section 5-9-401, Tennessee Code Annotated, states that “All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices, and agencies of county governments shall be appropriated to such use by the county legislative bodies.” This deficiency exists because of the failure of management to stay within the spending limits authorized by the County Commission and results in unauthorized expenditures.

RECOMMENDATION

Expenditures should be held within appropriations approved by the County Commission.

MANAGEMENT’S RESPONSE – COUNTY MAYOR

In the General Fund, the Drug Court category exceeded appropriations because grant funds were not received until after the books were closed. The Other Economic and Community Development category exceeded appropriations because engineering services were paid by the county and not refunded by the developers until after the books were closed.

In the Local Purpose Tax Fund, we budgeted \$403,035 to be transferred to the General Debt Service Fund to retire school debt; however, the actual amount transferred totaled \$591,094. Through oversight we failed to amend the budget accordingly.

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**FINDING 08.04      AMBULANCE SERVICE OPERATIONS WERE NOT RECONCILED WITH A CONTRACTED BILLING AGENCY**  
(Internal Control – Material Weakness Under Government Auditing Standards)

Our examination of Ambulance Service operations revealed that a contracted billing agency maintains all records related to patient charges and recording subsequent payments. The Ambulance Service receives the payments and explanation of benefits forms and forwards copies to the billing agency. However, contrary to sound business practice, management has not required the billing agency to furnish the Ambulance Service any documentation related to the actual billing and posting of payments or write-offs to patient accounts. Therefore, the Ambulance Service is unable to perform any type of account reconciliations.

**RECOMMENDATION**

Adequate records should be maintained by the Ambulance Service so reconciliations can be regularly performed to ensure the billing agency properly bills trip tickets and that payments and write-offs are properly posted to individual patients' accounts.

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**OFFICE OF ROAD SUPERVISOR**

**FINDING 08.05      THE OFFICE DID NOT MAINTAIN ADEQUATE CONTROLS OVER CONSUMABLE ASSETS**  
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The office did not maintain inventory records of consumable assets, such as fuel and tile. Generally accepted accounting principles require accountability for all consumable assets. The failure to maintain adequate records of consumable assets weakens controls over these assets and increases the risk of inventory loss. This deficiency can be attributed to the failure of management to correct this audit finding noted in prior reports.

**RECOMMENDATION**

The office should maintain records of consumable assets, such as fuel and tile. Furthermore, personnel independent of maintaining the inventory should periodically verify these records.

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**OFFICE OF COUNTY CLERK**

**FINDING 08.06      THE OFFICE HAD DEFICIENCIES IN COMPUTER SYSTEM BACKUP PROCEDURES**  
(Internal Control – Significant Deficiency Under Government Auditing Standards)

System backups were not stored off-site. Sound business practices dictate that system backups be stored off-site. This deficiency is the result of management's failure to implement adequate disaster recovery planning procedures. In the event of a disaster, all backup data could be destroyed, resulting in costly delays in generating and recording information accounted for through the automated process. Management began taking backups off-site on a weekly basis effective May 28, 2008.

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**FINDING 08.07      THE OFFICE DID NOT REVIEW SOFTWARE AUDIT LOGS**  
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The software application used by the office generated a daily log that displayed changes made by users. Since this log provided the only audit trail of these changes, it should be reviewed daily for inappropriate activity. Because management was not aware of its importance, officials did not begin reviewing this log until May 2008. Procedures for reviewing this log are currently in place.

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**OFFICE OF CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK**

**FINDING 08.08      A CASH SHORTAGE OF \$8,501 EXISTED IN GENERAL SESSIONS COURT AT JUNE 30, 2008**  
(Internal Control – Significant Deficiency Under Government Auditing Standards)

A cash shortage of \$8,501 existed in General Sessions Court at June 30, 2008. This cash shortage resulted from numerous bank deposits for the period April 2008 through June 2008 being less than the amount of deposits posted to the general ledger. We noted the following internal control deficiencies that should have alerted officials of possible irregularities:

- A. The bank reconciliation prepared at June 30, 2008, did not reconcile with the general ledger by \$515. This variance should have been investigated and corrected promptly.
- B. Deposits for May 22, 28, 29, and June 11, totaling \$8,331 were listed as in transit on the June 30, 2008, bank reconciliation; however, these deposits actually cleared the bank prior to June 30, 2008; therefore, these deposits could not be in transit.

- C. Beginning April 11, 2008, several bank deposits were not made intact; i.e., funds collected during a specific period of time were not deposited together. Because the clerk used this method of depositing collections, we could not trace specific collections to specific deposits.
- D. Of the bank deposits that were not made intact, the difference between the sum of the receipts and the sum of the bank deposit was in cash receipts. This difference indicates that cash was being manipulated.

This cash shortage has been reviewed with the district attorney general.

#### RECOMMENDATION

The clerk should take steps to liquidate the cash shortage of \$8,501. Bank statements should be reconciled with the general ledger monthly, and any differences should be investigated and corrected promptly. Deposits should be made intact.

#### MANAGEMENT'S RESPONSE – CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK

I have been in contact with the District Attorney General's Office, and have extended our full cooperation to the district attorney. We have taken steps to improve the deposit and reconciliation process.

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**FINDING 08.09      EXECUTION DOCKET TRIAL BALANCES FOR THE CIRCUIT AND GENERAL SESSIONS COURTS DID NOT RECONCILE WITH GENERAL LEDGER ACCOUNTS**  
(Material Noncompliance Under Government Auditing Standards)

As of June 30, 2008, the circuit and general sessions courts clerk had prepared trial balances of execution docket cause balances for Circuit and General Sessions Courts as required by Section 18-2-103, Tennessee Code Annotated (TCA). However, these trial balances failed to reconcile with general ledger accounts by \$62,676 and \$4,066, respectively. Therefore, we were unable to determine if the clerk had complied with provisions of the Unclaimed Property Act, Section 66-29-101, TCA. This statute provides that any funds held by the courts for more than one year and unclaimed by the owner are considered abandoned. Section 66-29-113, TCA, further requires these funds to be reported and paid to the state Treasurer's Office.

#### RECOMMENDATION

The execution docket trial balances should be reconciled with general ledger accounts. Any funds held by the court for one year and unclaimed by the owner are considered abandoned and should be reported and paid to the state Treasurer's Office in compliance with state statute.

MANAGEMENT'S RESPONSE – CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK

I have contacted my computer software company, and they will be doing an extensive check on my software.

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**OFFICE OF REGISTER**

**FINDING 08.10**      **EXCESS FEES WERE NOT REPORTED AND PAID TO THE COUNTY IN COMPLIANCE WITH STATE STATUTE**  
(Noncompliance Under Government Auditing Standards)

The register did not report and pay excess fees to the county in compliance with Section 8-22-104, Tennessee Code Annotated. This statute requires excess fees to be reported and paid to the county quarterly and allows the register to retain sufficient fees to operate the office for three months. During the year, the office reported and paid no excess fees to the county. Excess fees retained exceeded statutory limits by amounts ranging from \$16,411 to \$33,199 at the end of the four reporting periods. This deficiency can be attributed to the failure of management to correct this audit finding noted in prior reports.

**RECOMMENDATION**

The register should report and pay excess fees to the county in compliance with state statute.

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**OFFICE OF SHERIFF**

**FINDING 08.11**      **THE OFFICE HAD NUMEROUS ACCOUNTING DEFICIENCIES**  
(A., B., C., and D. – Internal Control – Significant Deficiency Under Government Auditing Standards; E. – Noncompliance Under Government Auditing Standards)

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

- A. The cash journal did not properly reflect the operations of the office. Receipts for commissary operations (\$54,190), confiscations (\$11,002), and certain confidential drug control collections (\$13,000) and their related disbursements were not included on the cash journal. These amounts were determined by substantive testing and alternative auditing procedures and have been included in the financial statements of this report.

- B. The annual financial report prepared by the Sheriff's Department did not accurately reflect the operations of the office. The report's ending balances for assets and liabilities did not balance by \$27,160, and several columns on the report were not totaled correctly. Operations and year-end balances were determined by substantive testing and alternative audit procedures and have been correctly reflected in the financial statements of this report.
- C. Bank accounts maintained for commissary operations and confiscations were not reconciled with the accounting records. The failure to regularly reconcile bank accounts with accounting records is a significant deficiency that increases the risk that errors will not be discovered and corrected in a timely manner. The June 30, 2008, bank balances were determined by substantive testing and alternative auditing procedures.
- D. The Sheriff's Department did not reconcile the balance in the commissary bank account with the subsidiary inmate records because the Sheriff's Department did not have the technical skills to retrieve reports from the commissary software application. Commissary activity presented in the financial statements was determined from bank activity.
- E. The Sheriff's Department did not deposit receipts to the office bank account within three days of collection as required by Section 5-8-207, Tennessee Code Annotated.

## RECOMMENDATION

The cash journal and annual financial report should accurately reflect all operations of the Sheriff's Department. Bank statements should be reconciled with the accounting records monthly. The Sheriff's Department should have the technical skills to generate available reports from their software application and reconcile the reports with receipts, disbursements, and cash balances. Furthermore, funds should be deposited to the office bank account within three days of collection.

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## OTHER FINDINGS AND RECOMMENDATIONS

FINDING 08.12      **A CENTRAL SYSTEM OF ACCOUNTING AND BUDGETING HAD NOT BEEN ADOPTED**  
(Internal Control – Control Deficiency Under Government Auditing Standards)

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

RECOMMENDATION

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

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FINDING 08.13      **DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF COUNTY MAYOR; ROAD SUPERVISOR; DIRECTOR OF SCHOOLS; TRUSTEE; COUNTY CLERK; CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK; CLERK AND MASTER; REGISTER; AND SHERIFF**  
(Internal Control – Significant Deficiency Under Government Auditing Standards)

Duties were not segregated adequately among officials and employees in the Offices of County Mayor; Road Supervisor; Director of Schools; Trustee; County Clerk; Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; Register; and Sheriff. Officials and employees responsible for maintaining the accounting records in these offices were also involved in receipting, depositing, and/or disbursing funds. Accounting standards provide that internal controls be designed to give reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of managements' decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions.

RECOMMENDATION

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

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

There were no findings and questioned costs for federal awards.

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**DEKALB COUNTY, TENNESSEE  
AUDITEE REPORTING RESPONSIBILITIES  
For the Year Ended June 30, 2008**

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