

ANNUAL FINANCIAL REPORT
DEKALB COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2009



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

DEPARTMENT OF AUDIT
JUSTIN P. WILSON
Comptroller of the Treasury

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

JAMES R. ARNETTE
Director

CARL LOWE, CGFM
Audit Manager

ANITA SCARLETT, CPA
Auditor 4

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

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

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Audit Highlights

Annual Financial Report
DeKalb County, Tennessee
For the Year Ended June 30, 2009

Scope

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

Results

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

Our audit resulted in 11 findings and recommendations, which we have reviewed with DeKalb County management. Detailed findings and recommendations 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.

OFFICE OF COUNTY MAYOR

- ◆ The Solid Waste Disposal Fund had a deficit of \$1,394,491 in unrestricted net assets at June 30, 2009.
- ◆ Amounts withheld from contractor payments were not deposited into an escrow account.

OFFICE OF ROAD SUPERVISOR

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

OFFICE OF TRUSTEE

- ◆ Unauthorized securities were pledged as collateral.
-

OFFICE OF COUNTY CLERK

- ◆ The office did not review software audit logs.
-

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

- ◆ 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 Road Supervisor, Director of Schools, Trustee, Clerk and Master, Register, and Sheriff.

INTRODUCTORY SECTION

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DeKalb County Officials
June 30, 2009

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, County Mayor, 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
Johnny Lattimore
Bruce Parsley
Kenny Rhody
Charles Robinson

Purchasing Committee

Mike Foster, County Mayor, Chairman
Kenny Edge, Road Supervisor
Mark Willoughby, Director of Schools
Jack Barton
John Green
Bobby Joines

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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

October 15, 2009

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, 2009, 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 2.2 and 2.5 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the 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.

The financial statements of the Justin Potter Library, a nonmajor special revenue fund, had not been made available by other auditors as of the date of this report. Accordingly, the aggregate remaining fund information of DeKalb County, Tennessee, referred to above does not include the financial statements of the Justin Potter Library, which should be included to conform with accounting principles generally accepted in the United States of America. The effects on the financial statements are not reasonably determinable.

In our opinion, except for the effects of not including the financial statements of the Justin Potter Library as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate remaining fund information of DeKalb County, Tennessee, as of June 30, 2009, and the results of operations of the aggregate remaining fund information, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Additionally, 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, and each major fund of DeKalb County, Tennessee, as of June 30, 2009, 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 October 15, 2009, 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 adopted Governmental Accounting Standards Board Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations; and Statement No. 52, Land and Other Real Estate Held as Investments by Endowments.

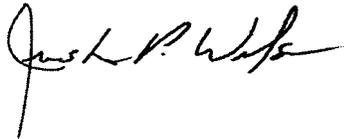
The management of DeKalb County did not prepare a management's discussion and analysis. The management's discussion and analysis section is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States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

The budgetary comparison, pension, and other postemployment benefits information on pages 75 through 83 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 and General Capital Projects funds, 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 and General Capital Projects funds, 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, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a long vertical stroke extending downwards from the end.

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

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BASIC FINANCIAL STATEMENTS

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Exhibit A

DeKalb County, Tennessee
 Statement of Net Assets
 June 30, 2009

| | Primary Government | | | Component Units | |
|--|--------------------|---------------|---------------|---------------------------------|---|
| | Governmental | Business-type | Total | DeKalb County School Department | DeKalb County Emergency Communications District |
| | Activities | Activities | Activities | | |
| ASSETS | | | | | |
| Cash | \$ 74,543 | \$ 0 | \$ 74,543 | \$ 0 | \$ 231,875 |
| Equity in Pooled Cash and Investments | 6,381,443 | 1,089,671 | 7,471,114 | 3,855,981 | 0 |
| Accounts Receivable | 670,944 | 22,345 | 693,289 | 0 | 3,070 |
| Allowance for Uncollectibles | (341,324) | 0 | (341,324) | 0 | 0 |
| Due from Other Governments | 759,721 | 10,500 | 770,221 | 176,565 | 31,589 |
| Property Taxes Receivable | 4,549,791 | 40,914 | 4,590,705 | 2,319,017 | 0 |
| Allowance for Uncollectible Property Taxes | (128,604) | (14,221) | (142,825) | (72,149) | 0 |
| Prepaid Items | 0 | 0 | 0 | 0 | 9,320 |
| Capital Assets: | | | | | |
| Assets Not Depreciated: | | | | | |
| Land | 558,803 | 428,950 | 987,753 | 736,256 | 0 |
| Construction in Progress | 0 | 1,337,951 | 1,337,951 | 0 | 0 |
| Assets Net of Accumulated Depreciation: | | | | | |
| Buildings and Improvements | 1,491,951 | 3,750 | 1,495,701 | 8,699,557 | 25,016 |
| Other Capital Assets | 1,198,450 | 418,357 | 1,616,807 | 1,571,224 | 80,473 |
| Infrastructure | 6,071,175 | 0 | 6,071,175 | 0 | 0 |
| Total Assets | \$ 21,286,893 | \$ 3,338,217 | \$ 24,625,110 | \$ 17,286,451 | \$ 381,343 |
| | | | | | |
| | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 723 |
| Payroll Deductions Payable | 0 | 0 | 0 | 3,723 | 4,308 |
| Accounts Payable | 0 | 0 | 0 | 0 | 9,044 |
| Accrued Payroll | 0 | 0 | 0 | 0 | 0 |
| Retainage Payable | 0 | 63,317 | 63,317 | 0 | 0 |
| Accrued Interest Payable | 84,568 | 0 | 84,568 | 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 |
| LIABILITIES (Cont.) | | | | | |
| Deferred Revenue - Current Property Taxes | \$ 4,311,606 | \$ 0 | \$ 4,311,606 | \$ 2,178,028 | \$ 0 |
| Noncurrent Liabilities: | | | | | |
| Due Within One Year | 1,018,075 | 40,000 | 1,058,075 | 59,171 | 0 |
| Due in More Than One Year | 5,930,091 | 2,303,127 | 8,233,218 | 576,111 | 0 |
| Total Liabilities | \$ 11,344,340 | \$ 2,406,444 | \$ 13,750,784 | \$ 2,817,033 | \$ 14,075 |
| | | | | | |
| NET ASSETS | | | | | |
| Invested in Capital Assets, Net of Related Debt | \$ 6,873,442 | \$ 0 | \$ 6,873,442 | \$ 11,007,037 | \$ 0 |
| Invested in Capital Assets Restricted for: | 0 | 2,189,008 | 2,189,008 | 0 | 105,489 |
| Courthouse and Jail Maintenance | 81,414 | 0 | 81,414 | 0 | 0 |
| Local Purpose Tax | 1,087,299 | 0 | 1,087,299 | 0 | 0 |
| Drug Control | 50,228 | 0 | 50,228 | 0 | 0 |
| Highway/Public Works | 843,843 | 0 | 843,843 | 0 | 0 |
| School Federal Projects | 0 | 0 | 0 | 68,176 | 0 |
| Central Cafeteria | 0 | 0 | 0 | 527,043 | 0 |
| General Debt Service | 1,194,103 | 0 | 1,194,103 | 0 | 0 |
| Capital Outlay | 1,372,412 | 137,256 | 1,509,668 | 3,945 | 0 |
| Basic Education Program | 0 | 0 | 0 | 2,567,600 | 0 |
| Other Purposes | 70,704 | 0 | 70,704 | 90,481 | 0 |
| Unrestricted | (1,630,892) | (1,394,491) | (3,025,383) | 205,136 | 261,779 |
| Total Net Assets | \$ 9,942,553 | \$ 931,773 | \$ 10,874,326 | \$ 14,469,418 | \$ 367,268 |

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

Exhibit B

DeKalb County, Tennessee
Statement of Activities (Cont.)

| Functions/Programs | Net (Expense) Revenue and Changes in Net Assets | | | | | | | | | |
|--|---|------------------------------------|----------------------------------|----------|--|-------------------------|---|---------------|---------------------------------|---|
| | Program Revenues | | | | | Component Units | | | | |
| | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Expenses | | Governmental Activities | Primary Government Business-type Activities | Total | DeKalb County School Department | DeKalb County Emergency Communications District |
| General Revenues: | | | | | | | | | | |
| Taxes: | | | | | | | | | | |
| Property Taxes Levied for General Purposes | | | | | | \$ 2,610,883 | \$ 44,503 | \$ 2,655,386 | \$ 2,202,940 | \$ 0 |
| Property Taxes Levied for Debt Service | | | | | | 902,868 | 0 | 902,868 | 0 | 0 |
| Local Option Sales Taxes | | | | | | 2,473,204 | 0 | 2,473,204 | 1,538,150 | 0 |
| Business Tax | | | | | | 86,540 | 0 | 86,540 | 0 | 0 |
| Hotel/Motel Tax | | | | | | 72,159 | 0 | 72,159 | 0 | 0 |
| Wholesale Beer Tax | | | | | | 73,343 | 0 | 73,343 | 0 | 0 |
| Other Local Taxes | | | | | | 101,505 | 0 | 101,505 | 2,219 | 0 |
| Grants and Contributions Not Restricted to Specific Programs | | | | | | 917,948 | 0 | 917,948 | 12,346,352 | 283,366 |
| Unrestricted Investment Earnings | | | | | | 458,096 | 22,906 | 481,002 | 12,375 | 5,741 |
| Miscellaneous | | | | | | 103,875 | 0 | 103,875 | 86,466 | 126 |
| Total General Revenues | | | | | | \$ 7,800,421 | \$ 67,409 | \$ 7,867,830 | \$ 16,188,502 | \$ 289,233 |
| Insurance Recovery | | | | | | \$ 16,122 | 0 | \$ 16,122 | \$ 7,907 | 0 |
| Change in Net Assets | | | | | | \$ 1,755,193 | \$ (823,419) | \$ 931,774 | \$ (101,322) | \$ 57,425 |
| Net Assets, July 1, 2008 | | | | | | 8,187,360 | 2,660,879 | 10,848,239 | 14,570,740 | 309,843 |
| Prior-period Adjustment | | | | | | 0 | (905,687) | (905,687) | 0 | 0 |
| Net Assets, June 30, 2009 | | | | | | \$ 9,942,553 | \$ 931,773 | \$ 10,874,326 | \$ 14,469,418 | \$ 367,268 |

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, 2009

| | Major Funds | | | | | Nonmajor Funds | | Total Governmental Funds |
|--|-------------------|------------------------|----------------------|--------------------------|--------------------------|--------------------|-----------|--------------------------|
| | Local Purpose Tax | Highway / Public Works | General Debt Service | General Capital Projects | Other Governmental Funds | Governmental Funds | | |
| \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 74,543 \$ | 74,543 | |
| Cash | 2,307,517 | 596,815 | 1,250,573 | 1,372,412 | 131,642 | 6,381,443 | 6,381,443 | |
| Equity in Pooled Cash and Investments | 670,944 | 0 | 0 | 0 | 0 | 670,944 | 670,944 | |
| Accounts Receivable | (341,324) | 0 | 0 | 0 | 0 | (341,324) | (341,324) | |
| Allowance for Uncollectibles | 145,605 | 249,301 | 0 | 0 | 0 | 759,721 | 759,721 | |
| Due from Other Governments | 865 | 0 | 0 | 0 | 0 | 865 | 865 | |
| Due from Other Funds | 3,145,059 | 141,980 | 946,538 | 316,214 | 0 | 4,549,791 | 4,549,791 | |
| Property Taxes Receivable | (89,670) | (4,417) | (29,449) | (5,068) | 0 | (128,604) | (128,604) | |
| Allowance for Uncollectible Property Taxes | | | | | | | | |
| Total Assets | \$ 5,838,996 | \$ 1,087,299 | \$ 2,167,662 | \$ 1,683,558 | \$ 206,185 | \$ 11,967,379 | | |

ASSETS

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

LIABILITIES AND FUND BALANCES

| | | | | | | | |
|---|--------------|------------|------------|------------|--------|--------------|-----------|
| \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 865 \$ | 865 |
| Liabilities | 2,978,121 | 133,348 | 888,991 | 311,146 | 0 | 4,311,606 | 4,311,606 |
| Due to Other Funds | 69,053 | 3,767 | 25,111 | 0 | 0 | 97,931 | 97,931 |
| Deferred Revenue - Current Property Taxes | 288,410 | 182,407 | 0 | 0 | 0 | 585,408 | 585,408 |
| Deferred Revenue - Delinquent Property Taxes | \$ 3,335,584 | \$ 182,407 | \$ 914,102 | \$ 311,146 | \$ 865 | \$ 4,995,810 | |
| Other Deferred Revenues | | | | | | | |
| Total Liabilities | | | | | | | |
| Fund Balances | \$ 31,591 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 31,591 | 31,591 |
| Reserved for Alcohol and Drug Treatment | 10,386 | 0 | 0 | 0 | 0 | 10,386 | 10,386 |
| Reserved for Computer System - Register | 5,720 | 0 | 0 | 0 | 0 | 5,720 | 5,720 |
| Reserved for Automation Purposes - Circuit Court | 17,995 | 0 | 0 | 0 | 0 | 17,995 | 17,995 |
| Reserved for Automation Purposes - General Sessions Court | 548 | 0 | 0 | 0 | 0 | 548 | 548 |
| Reserved for Automation Purposes - Juvenile Court | 1,336 | 0 | 0 | 0 | 0 | 1,336 | 1,336 |
| Reserved for Automation Purposes - Chancery Court | 3,128 | 0 | 0 | 0 | 0 | 3,128 | 3,128 |
| Reserved for Automation Purposes - Sheriff | | | | | | | |
| Unreserved, Reported In: | | | | | | | |
| General Fund | 2,432,708 | 0 | 0 | 0 | 0 | 2,432,708 | 2,432,708 |

(Continued)

Exhibit C-1

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

| | Major Funds | | | | | Nonmajor Funds | | Total Governmental Funds |
|--|-------------------|------------------------|----------------------|--------------------------|--------------------|--------------------|----------|--------------------------|
| | Local Purpose Tax | Highway / Public Works | General Debt Service | General Capital Projects | Other | | | |
| | | | | | Governmental Funds | Governmental Funds | | |
| General | | | | | | | | |
| \$ | 0 | 904,892 | 0 | 0 | 0 | 205,320 | 0 | 1,842,185 |
| | 0 | 0 | 1,253,560 | 0 | 0 | 0 | 0 | 1,253,560 |
| | 0 | 0 | 0 | 1,372,412 | 0 | 0 | 0 | 1,372,412 |
| Total Fund Balances | 2,503,412 | 904,892 | 1,253,560 | 1,372,412 | 205,320 | 0 | 0 | 6,971,569 |
| Total Liabilities and Fund Balances | 5,838,996 | 1,087,299 | 2,167,662 | 1,683,558 | 206,185 | 0 | 0 | 11,967,379 |

LIABILITIES AND FUND BALANCES (Cont.)

| <u>Fund Balances (Cont.)</u> | |
|--|--|
| 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, 2009

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

| | | |
|---|------------------|---------------------|
| Total fund balances - balance sheet - governmental funds (Exhibit C-1) | | \$ 6,971,569 |
| (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 | 6,071,175 | |
| Add: buildings and improvements net of accumulated depreciation | 1,491,951 | |
| Add: other capital assets net of accumulated depreciation | <u>1,198,450</u> | 9,320,379 |
| (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 | \$ (5,250,000) | |
| Less: notes payable | (1,681,078) | |
| Less: compensated absences payable | (6,488) | |
| Less: accrued interest on bonds and notes | (84,568) | |
| Less: other postemployment benefits liability | <u>(10,600)</u> | (7,032,734) |
| (3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds. | | <u>683,339</u> |
| Net assets of governmental activities (Exhibit A) | | <u>\$ 9,942,553</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, 2009

| | Major Funds | | | | | | | Nonmajor Funds | | Total Governmental Funds |
|--|---------------------|---------------------|------------------------|----------------------|--------------------------|--------------------|-------------|----------------------|--|--------------------------|
| | General | Local Purpose Tax | Highway / Public Works | General Debt Service | General Capital Projects | Other | | Governmental Funds | | |
| | | | | | | Governmental Funds | Other | | | |
| Revenues | | | | | | | | | | |
| Local Taxes | \$ 3,235,534 | \$ 2,157,429 | \$ 147,342 | \$ 899,336 | \$ 274,617 | \$ 70,383 | \$ 0 | \$ 6,784,641 | | |
| Licenses and Permits | 28,267 | 0 | 0 | 0 | 0 | 0 | 0 | 28,267 | | |
| Fines, Forfeitures, and Penalties | 143,172 | 0 | 0 | 0 | 0 | 0 | 0 | 143,172 | | |
| Charges for Current Services | 725,971 | 0 | 0 | 0 | 0 | 0 | 0 | 725,971 | | |
| Other Local Revenues | 76,909 | 0 | 16,935 | 1,000 | 475,239 | 24,320 | 0 | 922,579 | | |
| Fees Received from County Officials | 608,772 | 0 | 0 | 0 | 0 | 0 | 0 | 608,772 | | |
| State of Tennessee | 830,159 | 0 | 1,424,514 | 0 | 165,471 | 600 | 0 | 2,420,744 | | |
| Federal Government | 213,129 | 0 | 0 | 0 | 0 | 0 | 0 | 213,129 | | |
| Other Governments and Citizens Groups | 0 | 0 | 128,909 | 0 | 0 | 0 | 0 | 128,909 | | |
| Total Revenues | \$ 5,861,913 | \$ 2,157,429 | \$ 1,717,700 | \$ 900,336 | \$ 915,327 | \$ 311,233 | \$ 0 | \$ 11,863,938 | | |
| Expenditures | | | | | | | | | | |
| Current: | | | | | | | | | | |
| General Government | \$ 774,165 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 162,786 | \$ 0 | \$ 936,951 | | |
| Finance | 364,993 | 0 | 0 | 0 | 0 | 101,023 | 0 | 466,016 | | |
| Administration of Justice | 511,519 | 0 | 0 | 0 | 0 | 166 | 0 | 511,685 | | |
| Public Safety | 2,219,787 | 0 | 0 | 0 | 0 | 45,969 | 0 | 2,265,756 | | |
| Public Health and Welfare | 1,051,015 | 0 | 0 | 0 | 0 | 0 | 0 | 1,051,015 | | |
| Social, Cultural, and Recreational Services | 153,092 | 0 | 0 | 0 | 0 | 0 | 0 | 153,092 | | |
| Agriculture and Natural Resources | 75,553 | 0 | 0 | 0 | 0 | 0 | 0 | 75,553 | | |
| Other Operations | 340,433 | 0 | 0 | 0 | 0 | 189 | 0 | 340,622 | | |
| Highways | 0 | 0 | 1,710,488 | 0 | 0 | 0 | 0 | 1,710,488 | | |
| Support Services | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5,696 | | |
| Debt Service: | | | | | | | | | | |
| Principal on Debt | 0 | 0 | 0 | 955,910 | 0 | 0 | 0 | 955,910 | | |
| Interest on Debt | 0 | 0 | 0 | 272,966 | 0 | 0 | 0 | 272,966 | | |
| Other Debt Service | 0 | 0 | 0 | 34,915 | 0 | 0 | 0 | 34,915 | | |
| Capital Projects | 0 | 1,559,898 | 0 | 0 | 421,349 | 0 | 0 | 1,981,247 | | |
| Total Expenditures | \$ 5,490,557 | \$ 1,559,898 | \$ 1,710,488 | \$ 1,263,791 | \$ 421,349 | \$ 315,829 | \$ 0 | \$ 10,761,912 | | |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 371,356 | \$ 597,531 | \$ 7,212 | \$ (363,455) | \$ 493,978 | \$ (4,596) | \$ 0 | \$ 1,102,026 | | |

(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 | General Capital Projects | Other | Governmental Funds | |
| <u>Other Financing Sources (Uses)</u> | | | | | | | | |
| Notes Issued | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 195,214 | \$ 0 | \$ 0 | \$ 195,214 |
| Insurance Recovery | 30,432 | 0 | 0 | 0 | 0 | 0 | 0 | 30,432 |
| Transfers In | 0 | 0 | 0 | 595,560 | 0 | 0 | 0 | 595,560 |
| Transfers Out | 0 | (595,560) | 0 | 0 | 0 | 0 | 0 | (595,560) |
| Total Other Financing Sources (Uses) | \$ 30,432 | \$ (595,560) | \$ 0 | \$ 595,560 | \$ 195,214 | \$ 0 | \$ 0 | \$ 225,646 |
| Net Change in Fund Balances | \$ 401,788 | \$ 1,971 | \$ 7,212 | \$ 232,105 | \$ 689,192 | \$ (4,596) | \$ 1,327,672 | |
| Fund Balance, July 1, 2008 | 2,101,624 | 902,921 | 724,761 | 1,021,455 | 683,220 | 209,916 | 5,643,897 | |
| Fund Balance, June 30, 2009 | \$ 2,503,412 | \$ 904,892 | \$ 731,973 | \$ 1,253,560 | \$ 1,372,412 | \$ 205,320 | \$ 6,971,569 | |

31 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, 2009

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

| | | |
|---|------------------|---------------------|
| Net change in fund balances - total governmental funds (Exhibit C-3) | | \$ 1,327,672 |
| | | |
| (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 | \$ 385,121 | |
| Less: current year depreciation expense | <u>(961,135)</u> | (576,014) |
| | | |
| (2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets: | | |
| Less: loss on disposal of capital assets | \$ (1,693) | |
| Less: decrease in revenues for the sale of capital assets | <u>(14,310)</u> | (16,003) |
| | | |
| (3) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds. | | |
| Add: deferred delinquent property taxes and other deferred June 30, 2009 | \$ 683,339 | |
| Less: deferred delinquent property taxes and other deferred June 30, 2008 | <u>(530,333)</u> | 153,006 |
| | | |
| (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: | | |
| Less: note proceeds | \$ (195,214) | |
| Add: principal payments on notes | 550,910 | |
| Add: principal payments on bonds | <u>505,000</u> | 860,696 |
| | | |
| (5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. | | |
| Change in accrued interest payable on notes | \$ 1,643 | |
| Change in accrued interest payable on bonds | 9,133 | |
| Change in compensated absences payable | 842 | |
| Change in other postemployment benefits liability | <u>(5,781)</u> | 5,836 |
| | | |
| Change in net assets of governmental activities (Exhibit B) | | <u>\$ 1,755,193</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, 2009

Business-type
Activities
Major Fund
Solid Waste
Disposal Fund

ASSETS

Current Assets:

| | |
|--|---------------------|
| Equity in Pooled Cash and Investments | \$ 1,089,671 |
| Accounts Receivable | 22,345 |
| Due from Other Governments | 10,500 |
| Property Taxes Receivable | 40,914 |
| Allowance for Uncollectible Property Taxes | <u>(14,221)</u> |
| Total Current Assets | <u>\$ 1,149,209</u> |

Noncurrent Assets:

| | |
|---|---------------------|
| Capital Assets (Net of Accumulated Depreciation): | |
| Land | \$ 428,950 |
| Buildings and Improvements | 3,750 |
| Other Capital Assets | 418,357 |
| Construction in Progress | <u>1,337,951</u> |
| Total Noncurrent Assets | <u>\$ 2,189,008</u> |

| | |
|--------------|---------------------|
| Total Assets | <u>\$ 3,338,217</u> |
|--------------|---------------------|

LIABILITIES

Current Liabilities:

| | |
|---|-------------------|
| Retainage Payable | \$ 63,317 |
| Accrued Liability for Landfill Closure/Postclosure Care Costs | <u>40,000</u> |
| Total Current Liabilities | <u>\$ 103,317</u> |

Noncurrent Liabilities:

| | |
|---|---------------------|
| Accrued Liability for Landfill Closure/Postclosure Care Costs | <u>\$ 2,303,127</u> |
| Total Noncurrent Liabilities | <u>\$ 2,303,127</u> |

| | |
|-------------------|---------------------|
| Total Liabilities | <u>\$ 2,406,444</u> |
|-------------------|---------------------|

NET ASSETS

| | |
|-------------------------------|--------------------|
| Invested in Capital Assets | \$ 2,189,008 |
| Restricted for Capital Outlay | 137,256 |
| Unrestricted | <u>(1,394,491)</u> |
| Total Net Assets | <u>\$ 931,773</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, 2009

| | Business-type Activities |
|---|-----------------------------|
| | <u>Major Fund</u> |
| | <u>Solid Waste</u> |
| | <u>Disposal Fund</u> |
| <u>Operating Revenues</u> | |
| Charges for Current Services | \$ 104,314 |
| Other Local Revenues | 1,439 |
| Total Operating Revenues | <u>\$ 105,753</u> |
| <u>Operating Expenses</u> | |
| Waste Pickup | \$ 49,563 |
| Convenience Centers | 229,428 |
| Landfill Operation and Maintenance | 577,140 |
| Depreciation | 128,658 |
| Other Waste Disposal | 22,292 |
| Total Operating Expenses | <u>\$ 1,007,081</u> |
| Operating Income (Loss) | <u>\$ (901,328)</u> |
| <u>Nonoperating Revenues (Expenses)</u> | |
| Local Taxes | \$ 44,503 |
| Investment Income | 22,906 |
| Grants | 10,500 |
| Total Nonoperating Revenues (Expenses) | <u>\$ 77,909</u> |
| Change in Net Assets | \$ (823,419) |
| Net Assets, July 1, 2008 | 2,660,879 |
| Prior-period Adjustment | <u>(905,687)</u> |
| Net Assets, June 30, 2009 | <u>\$ 931,773</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, 2009

| | 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 | \$ 105,306 |
| Payments to Suppliers | (336,890) |
| Payments to Employees | (471,645) |
| Other Payments | (18,109) |
| Net Cash Provided By (Used In) Operating Activities | <u>\$ (721,338)</u> |
| <u>Cash Flows from Noncapital Financing Activities</u> | |
| Local Taxes | \$ 843,227 |
| Grants Received | 26,562 |
| Net Cash Provided By (Used In) Noncapital Financing Activities | <u>\$ 869,789</u> |
| <u>Cash Flows from Capital and Related Financing Activities</u> | |
| Acquisition of Capital Assets | \$ (1,085,598) |
| Net Cash Provided By (Used In) Capital and Related Financing Activities | <u>\$ (1,085,598)</u> |
| <u>Cash Flows from Investing Activities</u> | |
| Interest on Investments | <u>\$ 22,906</u> |
| Net Increase (Decrease) in Cash | \$ (914,241) |
| Cash, July 1, 2008 | <u>2,003,912</u> |
| Cash, June 30, 2009 | <u>\$ 1,089,671</u> |
| <u>Reconciliation of Operating Loss to Net Cash Provided By (Used In)</u> | |
| <u>Operating Activities</u> | |
| Operating Income (Loss) | \$ (901,328) |
| Adjustment to Reconcile Net Operating Loss to Net Cash Provided By (Used In) Operating Activities: | |
| Depreciation | 128,658 |
| Change in Assets and Liabilities: | |
| (Increase) Decrease in Accounts Receivable | (9,530) |
| (Increase) Decrease in Due From Other Governments | 9,083 |
| Increase (Decrease) in Accounts Payable | 62,933 |
| Increase (Decrease) in Landfill Closure/Postclosure Care Costs | <u>(11,154)</u> |
| Net Cash Provided By (Used In) Operating Activities | <u>\$ (721,338)</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, 2009

| | <u>Agency Funds</u> |
|-------------------------------------|-------------------------|
| <u>ASSETS</u> | |
| Cash | \$ 2,441,893 |
| Accounts Receivable | 2,390 |
| Due from Other Governments | 150,532 |
| Notes Receivable - Long-term | 94,297 |
| Cash Shortage | <u>8,501</u> |
| Total Assets | <u>\$ 2,697,613</u> |
| <u>LIABILITIES</u> | |
| Due to Other Taxing Units | \$ 150,532 |
| Due to Litigants, Heirs, and Others | <u>2,547,081</u> |
| Total Liabilities | <u>\$ 2,697,613</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, 2009

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. Although required by GAAP, the financial statements of the Justin Potter Library, a special revenue fund, were not available from other auditors in time for inclusion in this report. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

The 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:

Administrative Office:

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 (except for agency funds, which have no measurement focus) and the accrual basis of accounting. 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 and component units 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.

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

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 type:

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers and local sales taxes received by the state to be forwarded to the various cities in 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 the 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; deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements; the State Treasurer's Investment Pool; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

The county trustee maintains a cash and internal investment pool that is used by all 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 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 receivables are shown with an allowance for uncollectibles. Ambulance receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to 1.6 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.

Retainage payable in the proprietary fund represents amounts withheld from payments made on construction contracts pending completion of the projects. These amounts are held by the county trustee at Equity in Pooled Cash and Investments in the proprietary fund.

3. Capital Assets

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column 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 \$15,000 or more and an estimated useful life of more than one year (five years for the School Department). 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 DeKalb County and the discretely presented DeKalb County 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 |
| Infrastructure: | |
| Roads | 8-20 |
| Bridges | 30 |

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. However, 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 policy of the discretely presented DeKalb County School Department 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 proprietary fund type in the 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. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method. Debt issuance costs are reported as deferred charges and amortized over the term of the related debt. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is netted against the new debt and amortized over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

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

Only the matured portion (the portion that has come due for payment) of long-term indebtedness, including bonds payable, is recognized as a liability and expenditure in the governmental fund financial statements. Liabilities and expenditures for other long-term obligations, including compensated absences, 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, 2009, DeKalb County had \$4,484,141 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. 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

Landfill closure/postclosure care costs and property taxes receivable were restated \$867,200 and \$38,487, respectively, in the Solid Waste Disposal Fund due to revised estimates.

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. Unrestricted Net Assets Deficit

The Solid Waste Disposal Fund had a deficit in unrestricted net assets of \$1,394,491 at June 30, 2009. This deficit primarily resulted from the recognition of a liability (\$2,243,127) in the financial statements for costs associated with closing the county's landfills and monitoring the landfills for 30 years after their closure. Generally accepted accounting principles and state statutes require that such costs be reflected in the financial statements.

C. Prior-year Cash Shortage

At June 30, 2008, we reported a cash shortage of \$8,501 in the Office of General Sessions Court Clerk. This shortage resulted from collections exceeding deposits. The former bookkeeper for the office was indicted on August 4, 2009, on charges of theft over \$1,000. The trial date is pending as of the date of this report.

D. Expenditures and Other Uses Exceeded Appropriations

Expenditures and other uses exceeded appropriations approved by the County Commission in the Employee Benefits major appropriation category (the legal level of control) of the Highway/Public Works Funds by \$13,133. Also, expenditures exceeded total appropriations approved by the County Commission in the Local Purpose Tax (\$573) and the Courthouse and Jail Maintenance funds (\$740). 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; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state director of Local Finance and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the market value of the securities on the day of purchase. The county had no pooled and nonpooled investments as of June 30, 2009.

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 \$94,297 in the Constitutional Officers - Agency Fund represent the total of these student loans outstanding at June 30, 2009. 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, 2009, was as follows:

Primary Government

Governmental Activities:

| | Balance 7-1-08 | Increases | Decreases | Balance 6-30-09 |
|---|----------------------|---------------------|--------------------|----------------------|
| Capital Assets Not Depreciated: | | | | |
| Land | \$ 558,803 | \$ 0 | \$ 0 | \$ 558,803 |
| Total Capital Assets Not Depreciated | <u>\$ 558,803</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 558,803</u> |
| Capital Assets Depreciated: | | | | |
| Buildings and Improvements | \$ 3,538,177 | \$ 0 | \$ 0 | \$ 3,538,177 |
| Roads and Bridges | 17,343,509 | 0 | 0 | 17,343,509 |
| Other Capital Assets | 2,237,714 | 385,121 | (20,430) | 2,602,405 |
| Total Capital Assets Depreciated | <u>\$ 23,119,400</u> | <u>\$ 385,121</u> | <u>\$ (20,430)</u> | <u>\$ 23,484,091</u> |
| Less Accumulated Depreciation For: | | | | |
| Buildings and Improvements | \$ 1,926,543 | \$ 119,683 | \$ 0 | \$ 2,046,226 |
| Roads and Bridges | 10,599,961 | 672,373 | 0 | 11,272,334 |
| Other Capital Assets | 1,239,303 | 169,079 | (4,427) | 1,403,955 |
| Total Accumulated Depreciation | <u>\$ 13,765,807</u> | <u>\$ 961,135</u> | <u>\$ (4,427)</u> | <u>\$ 14,722,515</u> |
| Total Capital Assets Depreciated, Net | <u>\$ 9,353,593</u> | <u>\$ (576,014)</u> | <u>\$ (16,003)</u> | <u>\$ 8,761,576</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 9,912,396</u> | <u>\$ (576,014)</u> | <u>\$ (16,003)</u> | <u>\$ 9,320,379</u> |

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

Governmental Activities:

| | |
|---|----------------|
| General Government | \$ 19,789 |
| Public Safety | 126,076 |
| Public Health and Welfare | 47,029 |
| Social, Cultural, and Recreational Services | 18,179 |
| Highways/Public Works | <u>750,062</u> |

| | |
|---|-------------------|
| Total Depreciation Expense - Governmental Activities | <u>\$ 961,135</u> |
|---|-------------------|

Business-type Activities:

| | Balance 7-1-08 | Increases | Balance 6-30-09 |
|---|---------------------|---------------------|---------------------|
| Capital Assets Not Depreciated: | | | |
| Land | \$ 428,950 | \$ 0 | \$ 428,950 |
| Construction in Progress | <u>252,353</u> | <u>1,085,598</u> | <u>1,337,951</u> |
| Total Capital Assets Not Depreciated | <u>\$ 681,303</u> | <u>\$ 1,085,598</u> | <u>\$ 1,766,901</u> |
| Capital Assets Depreciated: | | | |
| Buildings and Improvements | \$ 30,000 | \$ 0 | \$ 30,000 |
| Machinery and Equipment | 922,910 | 0 | 922,910 |
| Landfill Facilities and Development | <u>1,206,115</u> | <u>0</u> | <u>1,206,115</u> |
| Total Capital Assets Depreciated | <u>\$ 2,159,025</u> | <u>\$ 0</u> | <u>\$ 2,159,025</u> |
| Less Accumulated Depreciation For: | | | |
| Buildings and Improvements | \$ 24,750 | \$ 1,500 | \$ 26,250 |
| Machinery and Equipment | 436,107 | 68,446 | 504,553 |
| Landfill Facilities and Development | <u>1,147,403</u> | <u>58,712</u> | <u>1,206,115</u> |
| Total Accumulated Depreciation | <u>\$ 1,608,260</u> | <u>\$ 128,658</u> | <u>\$ 1,736,918</u> |
| Total Capital Assets Depreciated, Net | <u>\$ 550,765</u> | <u>\$ (128,658)</u> | <u>\$ 422,107</u> |
| Business-type Activities Capital Assets, Net | <u>\$ 1,232,068</u> | <u>\$ 956,940</u> | <u>\$ 2,189,008</u> |

Depreciation expense of \$128,658 was recorded by the Solid Waste Disposal Fund.

Discretely Presented DeKalb County School Department

Governmental Activities:

| | Balance 7-1-08 | Increases | Balance 6-30-09 |
|---|----------------------|---------------------|----------------------|
| 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 | 2,553,356 | 130,506 | 2,683,862 |
| Total Capital Assets Depreciated | <u>\$ 17,039,557</u> | <u>\$ 130,506</u> | <u>\$ 17,170,063</u> |
| Less Accumulated Depreciated For: | | | |
| Buildings and Improvements | \$ 5,462,734 | \$ 323,910 | \$ 5,786,644 |
| Other Capital Assets | 945,695 | 166,943 | 1,112,638 |
| Total Accumulated Depreciation | <u>\$ 6,408,429</u> | <u>\$ 490,853</u> | <u>\$ 6,899,282</u> |
| Total Capital Assets Depreciated, Net | <u>\$ 10,631,128</u> | <u>\$ (360,347)</u> | <u>\$ 10,270,781</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 11,367,384</u> | <u>\$ (360,347)</u> | <u>\$ 11,007,037</u> |

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

Governmental Activities:

| | |
|--|-------------------|
| Instruction | \$ 317,229 |
| Support Services | <u>173,624</u> |
| Total Depreciation Expense - Governmental Activities | <u>\$ 490,853</u> |

D. Interfund Receivables and Payables

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

Due to/from Other Funds:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|---|------------------------|---------------|
| Primary Government: | | |
| General | Nonmajor governmental | \$ 865 |
| Discretely Presented School Department: | | |
| Nonmajor governmental | General Purpose School | 423 |

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

Interfund Transfers:

Interfund transfers for the year ended June 30, 2009, consisted of the following amounts:

Primary Government

| <u>Transfer Out</u> | <u>Transfer In</u> |
|------------------------|------------------------------------|
| | General Debt Service Fund |
| Local Purpose Tax Fund | \$ 595,560 |

Discretely Presented DeKalb County School Department

| <u>Transfer Out</u> | <u>Transfer In</u> |
|----------------------------|--------------------------------------|
| | General Purpose School Fund |
| Nonmajor governmental fund | \$ 2,398 |

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 and notes included in long-term debt as of June 30, 2009, will be retired from the General Debt Service Fund.

General obligation bonds and capital outlay notes outstanding as of June 30, 2009, are as follows:

| <u>Type</u> | <u>Interest Rate</u> | <u>Original Amount of Issue</u> | <u>Balance 6-30-09</u> |
|----------------------------|--------------------------|---|----------------------------|
| General Obligation Bonds - | | | |
| Refunding | .1 to 5.5 % | \$ 7,930,000 | \$ 5,250,000 |
| Capital Outlay Notes | 3.1 to 4.49 | 3,220,464 | 1,681,078 |

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

| <u>Year Ending June 30</u> | <u>Notes</u> | | |
|--------------------------------|---------------------|-------------------|---------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2010 | \$ 493,075 | \$ 62,146 | \$ 555,221 |
| 2011 | 418,540 | 44,891 | 463,431 |
| 2012 | 435,136 | 28,694 | 463,830 |
| 2013 | 183,722 | 11,870 | 195,592 |
| 2014 | 88,577 | 5,011 | 93,588 |
| 2015-2016 | 62,028 | 4,209 | 66,237 |
| Total | \$ 1,681,078 | \$ 156,821 | \$ 1,837,899 |

| Year Ending June 30 | Bonds | | |
|------------------------|---------------------|-------------------|---------------------|
| | Principal | Interest | Total |
| 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 |
| 2015-2019 | 2,410,000 | 57,900 | 2,467,900 |
| Total | \$ 5,250,000 | \$ 638,825 | \$ 5,888,825 |

There is \$1,253,560 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$301, based on the 2000 federal census. Debt per capita, including bonds and notes totaled \$398, based on the 2000 federal census.

Changes in Long-term Liabilities

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

Governmental Activities:

| | Bonds | Notes |
|-----------------------------|---------------------|---------------------|
| Balance, July 1, 2008 | \$ 5,755,000 | \$ 2,036,774 |
| Additions | 0 | 195,214 |
| Deductions | (505,000) | (550,910) |
| Balance, June 30, 2009 | <u>\$ 5,250,000</u> | <u>\$ 1,681,078</u> |
| Balance Due Within One Year | <u>\$ 525,000</u> | <u>\$ 493,075</u> |

| | Compensated Absences | Postemployment Benefits |
|-----------------------------|-------------------------|----------------------------|
| Balance, July 1, 2008 | \$ 7,330 | \$ 4,819 |
| Additions | 12,150 | 11,207 |
| Deductions | (12,992) | (5,426) |
| Balance, June 30, 2009 | <u>\$ 6,488</u> | <u>\$ 10,600</u> |
| Balance Due Within One Year | <u>\$ 0</u> | <u>\$ 0</u> |

Analysis of Noncurrent Liabilities Presented on Exhibit A:

| | |
|---|---------------------|
| Total Noncurrent Liabilities, June 30, 2009 | \$ 6,948,166 |
| Less: Balance Due Within One Year | <u>(1,018,075)</u> |
| Noncurrent Liabilities - Due in More Than One Year - Exhibit A | <u>\$ 5,930,091</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, 2009, was as follows:

Business-type Activities:

| | <u>Closure/ Postclosure Care Costs</u> |
|-----------------------------|--|
| Balance, July 1, 2008 | \$ 1,487,081 |
| Additions | 30,846 |
| Deductions | (42,000) |
| Prior-period Adjustment | <u>867,200</u> |
| Balance, June 30, 2009 | <u>\$ 2,343,127</u> |
| Balance Due Within One Year | <u>\$ 40,000</u> |

Discretely Presented DeKalb County School Department

Loans

DeKalb County issues loans for the School Department to fund capital facilities and other capital outlay purchases, such as equipment.

Loans are direct obligations and pledge the full faith and credit of the government. The energy efficiency loan was issued for seven years. Repayment terms are structured with one-seventh of the principal maturing each year with no interest. The loan will be retired from the General Purpose School Fund.

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

| Type | Interest Rate | Original Amount of Issue | Balance 6-30-09 |
|------|---------------|--------------------------|-----------------|
| Loan | 0% | \$ 414,198 | \$ 414,198 |

The annual requirements to amortize the loan as of June 30, 2009, are presented in the following table:

| Year Ending June 30 | Principal |
|---------------------|-------------------|
| 2010 | \$ 59,171 |
| 2011 | 59,171 |
| 2012 | 59,171 |
| 2013 | 59,171 |
| 2014 | 59,171 |
| 2015-2016 | 118,343 |
| Total | \$ 414,198 |

Debt per capita, totaled \$24, based on the 2000 federal census.

Changes in Long-term Liabilities

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

Governmental Activities:

| | Loan | Other Postemployment Benefits |
|------------------------------------|-------------------|-------------------------------|
| Balance, July 1, 2008 | \$ 0 | \$ 100,589 |
| Additions | 414,198 | 204,365 |
| Deductions | 0 | (83,870) |
| Balance, June 30, 2009 | \$ 414,198 | \$ 221,084 |
| Balance Due Within One Year | \$ 59,171 | \$ 0 |

Analysis of Noncurrent Liabilities Presented on Exhibit A:

| | | |
|---|----|-----------------|
| Total Noncurrent Liabilities, June 30, 2009 | \$ | 635,282 |
| Less: Balance Due Within One Year | | <u>(59,171)</u> |
| Noncurrent Liabilities - Due in More Than One Year - Exhibit A | \$ | <u>576,111</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, 2009, were \$70,212 and \$16,766, 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 (LGWCF) as opposed to purchasing commercial insurance for these risks. The LGPCF and LGWCF 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 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

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

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

GASB Statement No. 52 requires endowments to report land and other real estate investments at fair value. Previous to Statement No. 52, land and other real estate held by endowments were reported at historical cost. Changes in fair value between years will be reported as investment income

(loss). GASB Statement No. 52 had no effect on the financial statements of DeKalb County for the year ended June 30, 2009, since the county had no endowment investments. However, it is reasonably expected that DeKalb County could have endowment investments in subsequent 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

DeKalb County has four active permits on file with the state Department of Environment and Conservation for sanitary landfills. The county has provided financial assurances for estimated closure and postclosure liabilities as required by the State of Tennessee. These financial assurances are on file with the Department of Environment and Conservation.

State and federal laws and regulations require DeKalb County to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$2,343,127 reported as landfill closure and postclosure care liability at June 30, 2009, represents the cumulative amount reported to date based on the lateral expansion site not accepting waste prior to June 30, 2009. This amount also represents 95 percent of the estimated capacity of the extension site (\$1,103,309), and other permitted sites closed in 1994 (\$723,448) and 2002 (\$516,370). The \$2,343,127 reported as closure and postclosure care liability at June 30, 2009, represents amounts based on what it would cost to perform all closure/postclosure care in 2009. The county will recognize the remaining estimated costs of closure and postclosure care of \$4,437,455 on the two operating permits (lateral expansion site \$4,379,386 and the extension site \$58,069) as the remaining estimated capacity is filled. Actual costs may be higher 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 www.tn.gov/treasury/tcrs.

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, 2009, 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, 2009, Dekalb County's annual pension cost of \$292,698 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2007, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), 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, 2007, was 11 years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008.

Trend Information

| Fiscal Year Ended | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|-------------------------|---------------------------------|-------------------------------------|------------------------------|
| 6-30-09 | \$292,698 | 100% | \$0 |
| 6-30-08 | 278,340 | 100 | 0 |
| 6-30-07 | 258,640 | 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 \$.88 million. The covered payroll (annual payroll of active employees covered by the plan) was \$5 million, and the ratio of the UAAL to the covered payroll was 19.12 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

School Teachers

Plan Description

The 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 SETHEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.tn.gov/treasury/tcrs.

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the DeKalb County School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2009, was 6.42 percent of annual covered payroll. The employer contribution requirement for the 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, 2009, 2008, and 2007, were \$645,436, \$597,739, and \$543,865, 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://tn.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plan is self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employer in the plan develops a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state 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, 2009, the county and the discretely presented School Department contributed \$5,427 and \$83,870, respectively, for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

| | Local Government Group Plan | Local Education Group Plan |
|------------------------------|--------------------------------------|-------------------------------------|
| ARC | \$ 11,202 | \$ 204,244 |
| Interest on the NPO | 217 | 4,527 |
| Adjustment to the ARC | (211) | (4,406) |
| Annual OPEB cost | <u>\$ 11,208</u> | <u>\$ 204,365</u> |
| Amount of contribution | (5,427) | (83,870) |
| Increase/decrease in NPO | \$ 5,781 | \$ 120,495 |
| Net OPEB obligation, 7-1-08 | <u>4,819</u> | <u>100,589</u> |
| Net OPEB obligation, 6-30-09 | <u>\$ 10,600</u> | <u>\$ 221,084</u> |

| Year Ended | Plan | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation at Year End |
|------------|------------------------|------------------|--|---------------------------------|
| 6-30-09 | Local Government Group | \$ 11,207 | 48 % | \$ 10,600 |
| 6-30-08 | " | 10,398 | 54 | 4,819 |
| 6-30-09 | Local Education Group | 204,365 | 41 | 221,084 |
| 6-30-08 | " | 201,208 | 48 | 100,589 |

* Data only available for two years.

Funded Status and Funding Progress

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

| | Local Government Group Plan | Local Education Group Plan |
|---|-----------------------------|----------------------------|
| Actuarial valuation date | 7-1-07 | 7-1-07 |
| Actuarial accrued liability (AAL) | \$ 74,274 | \$ 1,857,322 |
| Actuarial value of plan assets | \$ 0 | \$ 0 |
| Unfunded actuarial accrued liability (UAAL) | \$ 74,274 | \$ 1,857,322 |
| Actuarial value of assets as a % of the AAL | 0% | 0% |
| Covered payroll (active plan members) | \$ 1,421,208 | \$ 8,508,105 |
| UAAL as a % of covered payroll | 5% | 22% |

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

Actuarial Methods and Assumptions

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

are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the July 1, 2007, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 11 percent initially, reduced by decrements to an ultimate rate of six percent after ten years. Both rates include a three percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

G. Purchasing Laws

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 Years | 2009 Depreciation |
|----------------------------|--------|-----------------------------------|----------------------|
| Buildings and Improvements | S/L | 10-40 | \$ 2,379 |
| Furniture and Fixtures | S/L | 5-10 | 1,194 |
| Office Equipment | S/L | 5-10 | 2,417 |
| Communications Equipment | S/L | 5-10 | 27,502 |
| Vehicles | S/L | 5 | 1,437 |
| Total | | | <u>\$ 34,929</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

Tennessee Code Annotated requires Tennessee banks and savings and loan associations to secure a governmental entity's deposits by pledging government securities as collateral. The market value of pledged securities must equal 105 percent of the entity's deposits. The entity may waive collateral requirements for deposits that are fully insured up to \$100,000 by the Federal Deposit Insurance Corporation or Savings Association Insurance Fund.

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

| | |
|----------------------------|------------------------------|
| Checking - First Bank | \$ 69,456 |
| CD - First Bank | 52,685 |
| CD - DeKalb Community Bank | <u>109,734</u> |
| Total Deposits | <u><u>\$ 231,875</u></u> |

At June 30, 2009, the carrying amount of the DeKalb County Emergency Communications District's cash deposits was \$231,875. 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, 2009. 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, 2009:

| Assets | Balance 7-1-08 | Additions | Balance 6-30-09 |
|----------------------------|-------------------|------------------|--------------------|
| Communication Equipment | \$ 252,416 | \$ 30,049 | \$ 282,465 |
| Furniture and Fixtures | 17,214 | 0 | 17,214 |
| Buildings and Improvements | 45,351 | 0 | 45,351 |
| Vehicles | 3,518 | 5,500 | 9,018 |
| Office Equipment | 53,544 | 0 | 53,544 |
| Total | \$ 372,043 | \$ 35,549 | \$ 407,592 |

| Assets | Accumulated Depreciation 7-1-08 | Current Year Depreciation | Accumulated Depreciation 6-30-09 |
|----------------------------|---------------------------------------|---------------------------------|--|
| Communication Equipment | \$ 188,848 | \$ 27,502 | \$ 216,350 |
| Furniture and Fixtures | 10,212 | 1,194 | 11,406 |
| Buildings and Improvements | 17,955 | 2,379 | 20,334 |
| Vehicles | 2,052 | 1,437 | 3,489 |
| Office Equipment | 48,107 | 2,417 | 50,524 |
| Total | \$ 267,174 | \$ 34,929 | \$ 302,103 |

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 | \$ 284 |
| DTC | 412 |
| Subtotal | <u>\$ 696</u> |
| State of Tennessee ECB | <u>31,589</u> |
| Total | <u>\$ 32,285</u> |

G. Compensated Absences

There were no compensated absences for June 30, 2009.

H. Calculation of Invested in Capital Assets

| | |
|------------------------------|-------------------|
| Net Book Value | \$ 105,490 |
| Current and Non-current Debt | <u>0</u> |
| Invested in Capital Assets | <u>\$ 105,490</u> |

I. Budgetary Information

As stated in Note VI.A., the district must file a budget with DeKalb County each year, which must be legally adopted by the county. The budget is prepared on the accrual basis of accounting. Compliance with the legally adopted budget is required at the program level, as well as, the object level.

J. Pension Plan

Plan Description

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

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

Funding Policy

The Dekalb County Emergency Communications District requires employees to contribute five percent of earnable compensation. The district is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2009, was 9.87 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the district is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2009, the district's annual pension cost of \$10,947 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2007, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), and (c) projected 3.5 percent annual increase in the Social Security wage base. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. The district's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2007, was zero years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008.

Trend Information

| Fiscal Year Ended | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|-------------------|---------------------------|-------------------------------|------------------------|
| 6-30-09 | \$10,947 | 100% | \$0 |
| 6-30-08 | 5,342 | 100 | 0 |
| 6-30-07 | 0 | 100 | 0 |

Funded Status and Funding Progress

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

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

**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, 2009

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|---|---------------------|---------------------|---------------------|--|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Local Taxes | \$ 3,235,534 | \$ 3,065,719 | \$ 3,065,719 | \$ 169,815 |
| Licenses and Permits | 28,267 | 18,200 | 18,200 | 10,067 |
| Fines, Forfeitures, and Penalties | 143,172 | 109,195 | 109,195 | 33,977 |
| Charges for Current Services | 725,971 | 977,352 | 977,352 | (251,381) |
| Other Local Revenues | 76,909 | 48,550 | 66,853 | 10,056 |
| Fees Received from County Officials | 608,772 | 773,750 | 774,068 | (165,296) |
| State of Tennessee | 830,159 | 742,951 | 844,788 | (14,629) |
| Federal Government | 213,129 | 62,000 | 236,889 | (23,760) |
| Total Revenues | \$ 5,861,913 | \$ 5,797,717 | \$ 6,093,064 | \$ (231,151) |
| <u>Expenditures</u> | | | | |
| <u>General Government</u> | | | | |
| County Commission | \$ 33,331 | \$ 50,511 | \$ 50,511 | \$ 17,180 |
| Board of Equalization | 3,355 | 3,500 | 3,500 | 145 |
| Beer Board | 3,300 | 2,600 | 3,300 | 0 |
| County Mayor/Executive | 145,686 | 150,240 | 150,240 | 4,554 |
| County Attorney | 19,350 | 28,250 | 28,250 | 8,900 |
| Election Commission | 164,268 | 177,019 | 179,219 | 14,951 |
| Register of Deeds | 32,363 | 137,513 | 137,513 | 105,150 |
| Planning | 13,170 | 12,850 | 13,250 | 80 |
| County Buildings | 130,092 | 134,543 | 132,989 | 2,897 |
| Other General Administration | 229,250 | 248,257 | 239,452 | 10,202 |
| <u>Finance</u> | | | | |
| Property Assessor's Office | 176,459 | 178,079 | 178,932 | 2,473 |
| County Trustee's Office | 37,049 | 148,344 | 148,344 | 111,295 |
| County Clerk's Office | 151,485 | 160,206 | 160,206 | 8,721 |
| <u>Administration of Justice</u> | | | | |
| Circuit Court | 170,806 | 176,861 | 176,862 | 6,056 |
| General Sessions Court | 106,677 | 107,480 | 107,481 | 804 |
| Drug Court | 65,078 | 42,050 | 81,012 | 15,934 |
| Chancery Court | 104,266 | 108,000 | 108,000 | 3,734 |
| Juvenile Court | 40,059 | 42,949 | 42,949 | 2,890 |
| Judicial Commissioners | 24,633 | 25,783 | 25,783 | 1,150 |
| <u>Public Safety</u> | | | | |
| Sheriff's Department | 956,719 | 946,149 | 1,001,546 | 44,827 |
| Special Patrols | 38,077 | 38,334 | 38,334 | 257 |
| Traffic Control | 1,980 | 2,407 | 2,407 | 427 |
| Correctional Incentive Program Improvements | 771,855 | 813,489 | 806,118 | 34,263 |
| Fire Prevention and Control | 256,878 | 120,100 | 257,337 | 459 |
| Civil Defense | 42,255 | 2,000 | 44,003 | 1,748 |
| Other Emergency Management | 110,323 | 112,379 | 112,379 | 2,056 |
| County Coroner/Medical Examiner | 30,200 | 29,500 | 33,500 | 3,300 |
| Other Public Safety | 11,500 | 11,500 | 11,500 | 0 |

(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 Health and Welfare</u> | | | | |
| Local Health Center | \$ 74,970 | \$ 95,485 | \$ 96,174 | \$ 21,204 |
| Rabies and Animal Control | 7,285 | 7,000 | 9,000 | 1,715 |
| Ambulance/Emergency Medical Services | 961,580 | 1,200,066 | 1,202,566 | 240,986 |
| Regional Mental Health Center | 7,180 | 7,180 | 7,180 | 0 |
| General Welfare Assistance | 0 | 2,750 | 2,750 | 2,750 |
| <u>Social, Cultural, and Recreational Services</u> | | | | |
| Senior Citizens Assistance | 22,399 | 23,176 | 23,176 | 777 |
| Libraries | 130,693 | 138,905 | 138,904 | 8,211 |
| <u>Agriculture and Natural Resources</u> | | | | |
| Agriculture Extension Service | 48,318 | 70,516 | 70,516 | 22,198 |
| Soil Conservation | 27,235 | 24,863 | 27,268 | 33 |
| <u>Other Operations</u> | | | | |
| Industrial Development | 6,740 | 11,973 | 11,973 | 5,233 |
| Housing and Urban Development | 52,186 | 0 | 52,186 | 0 |
| Other Economic and Community Development | 19,906 | 20,500 | 20,500 | 594 |
| Veterans' Services | 5,839 | 5,924 | 5,924 | 85 |
| Other Charges | 72,573 | 69,573 | 72,573 | 0 |
| Contributions to Other Agencies | 24,659 | 32,185 | 32,185 | 7,526 |
| Employee Benefits | 4,418 | 27,341 | 27,341 | 22,923 |
| Miscellaneous | 154,112 | 170,872 | 167,872 | 13,760 |
| Total Expenditures | \$ 5,490,557 | \$ 5,919,202 | \$ 6,243,005 | \$ 752,448 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 371,356 | \$ (121,485) | \$ (149,941) | \$ 521,297 |
| <u>Other Financing Sources (Uses)</u> | | | | |
| Insurance Recovery | \$ 30,432 | \$ 0 | \$ 28,457 | \$ 1,975 |
| Total Other Financing Sources (Uses) | \$ 30,432 | \$ 0 | \$ 28,457 | \$ 1,975 |
| Net Change in Fund Balance | \$ 401,788 | \$ (121,485) | \$ (121,484) | \$ 523,272 |
| Fund Balance, July 1, 2008 | 2,101,624 | 2,047,710 | 2,047,710 | 53,914 |
| Fund Balance, June 30, 2009 | \$ 2,503,412 | \$ 1,926,225 | \$ 1,926,226 | \$ 577,186 |

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, 2009

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|--------------|------------------|--------------|--|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Local Taxes | \$ 2,157,429 | \$ 1,925,000 | \$ 1,925,000 | \$ 232,429 |
| Total Revenues | \$ 2,157,429 | \$ 1,925,000 | \$ 1,925,000 | \$ 232,429 |
| <u>Expenditures</u> | | | | |
| <u>Capital Projects</u> | | | | |
| Other General Government Projects | \$ 1,559,898 | \$ 1,559,325 | \$ 1,559,325 | \$ (573) |
| Total Expenditures | \$ 1,559,898 | \$ 1,559,325 | \$ 1,559,325 | \$ (573) |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 597,531 | \$ 365,675 | \$ 365,675 | \$ 231,856 |
| <u>Other Financing Sources (Uses)</u> | | | | |
| Transfers Out | \$ (595,560) | \$ (595,560) | \$ (595,560) | \$ 0 |
| Total Other Financing Sources (Uses) | \$ (595,560) | \$ (595,560) | \$ (595,560) | \$ 0 |
| Net Change in Fund Balance | \$ 1,971 | \$ (229,885) | \$ (229,885) | \$ 231,856 |
| Fund Balance, July 1, 2008 | 902,921 | 702,376 | 702,376 | 200,545 |
| Fund Balance, June 30, 2009 | \$ 904,892 | \$ 472,491 | \$ 472,491 | \$ 432,401 |

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, 2009

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------|---------------------|---------------------|--|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Local Taxes | \$ 147,342 | \$ 158,315 | \$ 158,315 | \$ (10,973) |
| Other Local Revenues | 16,935 | 5,000 | 5,000 | 11,935 |
| State of Tennessee | 1,424,514 | 1,762,000 | 1,762,000 | (337,486) |
| Other Governments and Citizens Groups | 128,909 | 0 | 119,655 | 9,254 |
| Total Revenues | <u>\$ 1,717,700</u> | <u>\$ 1,925,315</u> | <u>\$ 2,044,970</u> | <u>\$ (327,270)</u> |
| <u>Expenditures</u> | | | | |
| <u>Highways</u> | | | | |
| Administration | \$ 140,982 | \$ 160,461 | \$ 160,461 | \$ 19,479 |
| Highway and Bridge Maintenance | 648,162 | 706,030 | 802,128 | 153,966 |
| Operation and Maintenance of Equipment | 269,721 | 351,085 | 325,834 | 56,113 |
| Quarry Operations | 233,516 | 217,334 | 261,852 | 28,336 |
| Other Charges | 79,532 | 114,500 | 114,500 | 34,968 |
| Employee Benefits | 207,353 | 194,220 | 194,220 | (13,133) |
| Capital Outlay | 131,222 | 388,000 | 392,723 | 261,501 |
| Total Expenditures | <u>\$ 1,710,488</u> | <u>\$ 2,131,630</u> | <u>\$ 2,251,718</u> | <u>\$ 541,230</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ 7,212</u> | <u>\$ (206,315)</u> | <u>\$ (206,748)</u> | <u>\$ 213,960</u> |
| Net Change in Fund Balance | \$ 7,212 | \$ (206,315) | \$ (206,748) | \$ 213,960 |
| Fund Balance, July 1, 2008 | <u>724,761</u> | <u>368,828</u> | <u>368,828</u> | <u>355,933</u> |
| Fund Balance, June 30, 2009 | <u>\$ 731,973</u> | <u>\$ 162,513</u> | <u>\$ 162,080</u> | <u>\$ 569,893</u> |

Exhibit F-4

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

(Dollar amounts in thousands)

| Fiscal Year Ended | Actuarial Valuation Date | Actuarial Value of Plan Assets (a) | Actuarial Accrued Liability (AAL) Entry Age (b) | Unfunded AAL (UAAL) (b)-(a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|-------------------|--------------------------|------------------------------------|---|-----------------------------|--------------------|---------------------|---|
| 6-30-08 | 7-1-07 | \$ 6,493 | \$ 7,371 | \$ 878 | 88.09 % | \$ 4,591 | 19.12 % |
| 6-30-09 | 7-1-07 | 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 2007-08; therefore, only two years of data are presented.

Exhibit F-5

DeKalb County, Tennessee

Schedule of Funding Progress – Pension Plan

Discretely Presented Dekalb County Emergency Communications District

June 30, 2009

(Dollar amounts in thousands)

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

The Governmental Accounting Standards Board requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the entry age actuarial cost method was a change made during the 2007-08; therefore, only two years of data are presented.

Exhibit F-6

DeKalb County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented DeKalb County School Department
June 30, 2009

(Dollar amounts in thousands)

| Fiscal Year Ended * | Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial | | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|-----------------------------|--------------------------|-------------------------------|-----------------------------|-----------------------------|--------------------|---------------------|---|
| | | | Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b)-(a) | | | |
| Local Government Group Plan | | \$ 0 | \$ 70 | \$ 70 | 0 % | \$ 1,224 | 6 % |
| " | 6-30-08 | 0 | 70 | 70 | 0 | 1,224 | 6 |
| Local Education Group Plan | | 0 | 1,970 | 1,970 | 0 | 8,124 | 24 |
| " | 6-30-09 | 0 | 1,970 | 1,970 | 0 | 8,124 | 24 |

*Data only available for two years.

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

A. BUDGETARY INFORMATION

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the 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 EXCEEDED APPROPRIATIONS

Expenditures exceeded appropriations approved by the County Commission in the Local Purpose Tax Fund by \$573 and in the Employee Benefits major appropriation category (the legal level of control) of the Highway/Public Works Fund by \$13,133. Such overexpenditures are a violation of state statutes. These overexpenditures were funded by available fund balances.

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

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Nonmajor Governmental Funds

Special Revenue Funds

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

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

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.

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

| <u>Special Revenue Funds</u> | | | | | Total Nonmajor Governmental Funds |
|---------------------------------------|-----------------|---|-----------|------------|--|
| Courthouse and Jail Maintenance | Drug Control | Constitu- tional Officers - Fees | | | |
| \$ 0 | \$ 0 | \$ 74,543 | \$ 74,543 | \$ 74,543 | |
| \$ 81,414 | \$ 50,228 | \$ 0 | \$ 0 | \$ 131,642 | |
| \$ 81,414 | \$ 50,228 | \$ 74,543 | \$ 74,543 | \$ 206,185 | |

ASSETS

Cash
 Equity in Pooled Cash and Investments
 Total Assets

LIABILITIES AND FUND BALANCES

| | | | | | |
|-------------------------------------|-----------|-----------|-----------|------------|------------|
| Liabilities | | | | | |
| Due to Other Funds | \$ 0 | \$ 0 | \$ 865 | \$ 865 | \$ 865 |
| Total Liabilities | \$ 0 | \$ 0 | \$ 865 | \$ 865 | \$ 865 |
| Fund Balances | | | | | |
| Unreserved | \$ 81,414 | \$ 50,228 | \$ 73,678 | \$ 205,320 | \$ 205,320 |
| Total Fund Balances | \$ 81,414 | \$ 50,228 | \$ 73,678 | \$ 205,320 | \$ 205,320 |
| Total Liabilities and Fund Balances | \$ 81,414 | \$ 50,228 | \$ 74,543 | \$ 206,185 | \$ 206,185 |

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, 2009

| | <u>Special Revenue Funds</u> | | | Total Nonmajor Governmental Funds |
|--|---------------------------------------|-------------------|--|--|
| | Courthouse and Jail Maintenance | Drug Control | Constitu - tional Officers - Fees | |
| <u>Revenues</u> | | | | |
| Local Taxes | \$ 70,383 | \$ 0 | \$ 0 | \$ 70,383 |
| Fines, Forfeitures, and Penalties | 0 | 19,322 | 0 | 19,322 |
| Charges for Current Services | 0 | 0 | 196,608 | 196,608 |
| Other Local Revenues | 12 | 24,308 | 0 | 24,320 |
| State of Tennessee | 0 | 600 | 0 | 600 |
| Total Revenues | \$ 70,395 | \$ 44,230 | \$ 196,608 | \$ 311,233 |
| <u>Expenditures</u> | | | | |
| Current: | | | | |
| General Government | \$ 61,741 | \$ 0 | \$ 101,045 | \$ 162,786 |
| Finance | 0 | 0 | 101,023 | 101,023 |
| Administration of Justice | 0 | 0 | 166 | 166 |
| Public Safety | 0 | 45,969 | 0 | 45,969 |
| Other Operations | 0 | 189 | 0 | 189 |
| Support Services | 0 | 5,696 | 0 | 5,696 |
| Total Expenditures | \$ 61,741 | \$ 51,854 | \$ 202,234 | \$ 315,829 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 8,654 | \$ (7,624) | \$ (5,626) | \$ (4,596) |
| Net Change in Fund Balances | \$ 8,654 | \$ (7,624) | \$ (5,626) | \$ (4,596) |
| Fund Balance, July 1, 2008 | 72,760 | 57,852 | 79,304 | 209,916 |
| Fund Balance, June 30, 2009 | \$ 81,414 | \$ 50,228 | \$ 73,678 | \$ 205,320 |

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, 2009

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|---|------------------|------------------|------------------|--|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Local Taxes | \$ 70,383 | \$ 68,000 | \$ 68,000 | \$ 2,383 |
| Other Local Revenues | 12 | 250 | 250 | (238) |
| Total Revenues | <u>\$ 70,395</u> | <u>\$ 68,250</u> | <u>\$ 68,250</u> | <u>\$ 2,145</u> |
| <u>Expenditures</u> | | | | |
| <u>General Government</u> | | | | |
| County Buildings | \$ 61,741 | \$ 61,001 | \$ 61,001 | \$ (740) |
| Total Expenditures | <u>\$ 61,741</u> | <u>\$ 61,001</u> | <u>\$ 61,001</u> | <u>\$ (740)</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ 8,654</u> | <u>\$ 7,249</u> | <u>\$ 7,249</u> | <u>\$ 1,405</u> |
| Net Change in Fund Balance | \$ 8,654 | \$ 7,249 | \$ 7,249 | \$ 1,405 |
| Fund Balance, July 1, 2008 | <u>72,760</u> | <u>86,567</u> | <u>86,567</u> | <u>(13,807)</u> |
| Fund Balance, June 30, 2009 | <u>\$ 81,414</u> | <u>\$ 93,816</u> | <u>\$ 93,816</u> | <u>\$ (12,402)</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, 2009

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|-------------------|-------------------|-------------------|--|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Fines, Forfeitures, and Penalties | \$ 19,322 | \$ 41,550 | \$ 49,043 | \$ (29,721) |
| Other Local Revenues | 24,308 | 820 | 25,128 | (820) |
| State of Tennessee | 600 | 0 | 600 | 0 |
| Total Revenues | \$ 44,230 | \$ 42,370 | \$ 74,771 | \$ (30,541) |
| <u>Expenditures</u> | | | | |
| <u>Public Safety</u> | | | | |
| Sheriff's Department | \$ 45,969 | \$ 33,000 | \$ 64,802 | \$ 18,833 |
| Drug Enforcement | 0 | 12,000 | 12,000 | 12,000 |
| <u>Other Operations</u> | | | | |
| Other Charges | 189 | 215 | 215 | 26 |
| <u>Support Services</u> | | | | |
| Other Student Support | 5,696 | 5,100 | 5,700 | 4 |
| Total Expenditures | \$ 51,854 | \$ 50,315 | \$ 82,717 | \$ 30,863 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ (7,624) | \$ (7,945) | \$ (7,946) | \$ 322 |
| Net Change in Fund Balance | \$ (7,624) | \$ (7,945) | \$ (7,946) | \$ 322 |
| Fund Balance, July 1, 2008 | 57,852 | 57,667 | 57,667 | 185 |
| Fund Balance, June 30, 2009 | \$ 50,228 | \$ 49,722 | \$ 49,721 | \$ 507 |

Major Governmental Funds

General Debt Service Fund

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

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 H-1

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, 2009

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------|---------------------|---------------------|--|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Local Taxes | \$ 899,336 | \$ 891,166 | \$ 891,166 | \$ 8,170 |
| Other Local Revenues | 1,000 | 0 | 0 | 1,000 |
| Total Revenues | \$ 900,336 | \$ 891,166 | \$ 891,166 | \$ 9,170 |
| <u>Expenditures</u> | | | | |
| <u>Principal on Debt</u> | | | | |
| General Government | \$ 537,294 | \$ 537,295 | \$ 537,295 | \$ 1 |
| Education | 418,616 | 418,662 | 418,616 | 0 |
| <u>Interest on Debt</u> | | | | |
| General Government | 97,022 | 97,136 | 97,136 | 114 |
| Education | 175,944 | 175,898 | 175,944 | 0 |
| <u>Other Debt Service</u> | | | | |
| General Government | 34,165 | 45,734 | 45,734 | 11,569 |
| Education | 750 | 1,000 | 1,000 | 250 |
| Total Expenditures | \$ 1,263,791 | \$ 1,275,725 | \$ 1,275,725 | \$ 11,934 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ (363,455) | \$ (384,559) | \$ (384,559) | \$ 21,104 |
| <u>Other Financing Sources (Uses)</u> | | | | |
| Transfers In | \$ 595,560 | \$ 595,560 | \$ 595,560 | \$ 0 |
| Total Other Financing Sources (Uses) | \$ 595,560 | \$ 595,560 | \$ 595,560 | \$ 0 |
| Net Change in Fund Balance | \$ 232,105 | \$ 211,001 | \$ 211,001 | \$ 21,104 |
| Fund Balance, July 1, 2008 | 1,021,455 | 1,110,620 | 1,110,620 | (89,165) |
| Fund Balance, June 30, 2009 | \$ 1,253,560 | \$ 1,321,621 | \$ 1,321,621 | \$ (68,061) |

Exhibit H-2

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, 2009

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------|-------------------|---------------------|--|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Local Taxes | \$ 274,617 | \$ 130,500 | \$ 130,500 | \$ 144,117 |
| Other Local Revenues | 475,239 | 200,000 | 200,000 | 275,239 |
| State of Tennessee | 165,471 | 188,000 | 188,000 | (22,529) |
| Total Revenues | \$ 915,327 | \$ 518,500 | \$ 518,500 | \$ 396,827 |
| <u>Expenditures</u> | | | | |
| <u>Capital Projects</u> | | | | |
| General Administration Projects | \$ 270,367 | \$ 276,562 | \$ 471,539 | \$ 201,172 |
| Public Safety Projects | 150,982 | 206,770 | 206,770 | 55,788 |
| Total Expenditures | \$ 421,349 | \$ 483,332 | \$ 678,309 | \$ 256,960 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 493,978 | \$ 35,168 | \$ (159,809) | \$ 653,787 |
| <u>Other Financing Sources (Uses)</u> | | | | |
| Notes Issued | \$ 195,214 | \$ 0 | \$ 194,977 | \$ 237 |
| Total Other Financing Sources (Uses) | \$ 195,214 | \$ 0 | \$ 194,977 | \$ 237 |
| Net Change in Fund Balance | \$ 689,192 | \$ 35,168 | \$ 35,168 | \$ 654,024 |
| Fund Balance, July 1, 2008 | 683,220 | 707,443 | 707,443 | (24,223) |
| Fund Balance, June 30, 2009 | \$ 1,372,412 | \$ 742,611 | \$ 742,611 | \$ 629,801 |

Fiduciary Funds

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

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

Constitutional Officers - Agency Fund – The Constitutional Officers - Agency Fund is used to account for amounts collected in an agency capacity by the county clerk; circuit, 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, 2009

| | <u>Agency Funds</u> | | |
|-------------------------------------|--------------------------|---|---------------------|
| | Cities - Sales Tax | Constitu- tional Officers - Agency | Total |
| <u>ASSETS</u> | | | |
| Cash | \$ 0 | \$ 2,441,893 | \$ 2,441,893 |
| Accounts Receivable | 0 | 2,390 | 2,390 |
| Due from Other Governments | 150,532 | 0 | 150,532 |
| Notes Receivable - Long-term | 0 | 94,297 | 94,297 |
| Cash Shortage | 0 | 8,501 | 8,501 |
| Total Assets | <u>\$ 150,532</u> | <u>\$ 2,547,081</u> | <u>\$ 2,697,613</u> |
| <u>LIABILITIES</u> | | | |
| Due to Other Taxing Units | \$ 150,532 | \$ 0 | \$ 150,532 |
| Due to Litigants, Heirs, and Others | 0 | 2,547,081 | 2,547,081 |
| Total Liabilities | <u>\$ 150,532</u> | <u>\$ 2,547,081</u> | <u>\$ 2,697,613</u> |

Exhibit I-2

DeKalb County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2009

| | Beginning Balance | Additions | Deductions | Ending Balance |
|--|----------------------|---------------------|---------------------|---------------------|
| Cities - Sales Tax Fund | | | | |
| <u>Assets</u> | | | | |
| Equity in Pooled Cash and Investments | \$ 0 | \$ 925,184 | \$ 925,184 | \$ 0 |
| Due from Other Governments | 172,249 | 150,532 | 172,249 | 150,532 |
| Total Assets | \$ 172,249 | \$ 1,075,716 | \$ 1,097,433 | \$ 150,532 |
| <u>Liabilities</u> | | | | |
| Due to Other Taxing Units | \$ 172,249 | \$ 1,075,716 | \$ 1,097,433 | \$ 150,532 |
| Total Liabilities | \$ 172,249 | \$ 1,075,716 | \$ 1,097,433 | \$ 150,532 |
| Constitutional Officers - Agency Fund | | | | |
| <u>Assets</u> | | | | |
| Cash | \$ 1,689,128 | \$ 5,152,890 | \$ 4,400,125 | \$ 2,441,893 |
| Accounts Receivable | 991 | 2,390 | 991 | 2,390 |
| Notes Receivable - Long-term | 80,511 | 13,986 | 200 | 94,297 |
| Cash Shortage | 8,501 | 0 | 0 | 8,501 |
| Total Assets | \$ 1,779,131 | \$ 5,169,266 | \$ 4,401,316 | \$ 2,547,081 |
| <u>Liabilities</u> | | | | |
| Due to Litigants, Heirs, and Others | \$ 1,779,131 | \$ 5,169,266 | \$ 4,401,316 | \$ 2,547,081 |
| Total Liabilities | \$ 1,779,131 | \$ 5,169,266 | \$ 4,401,316 | \$ 2,547,081 |
| Totals - All Agency Funds | | | | |
| <u>Assets</u> | | | | |
| Cash | \$ 1,689,128 | \$ 5,152,890 | \$ 4,400,125 | \$ 2,441,893 |
| Equity in Pooled Cash and Investments | 0 | 925,184 | 925,184 | 0 |
| Accounts Receivable | 991 | 2,390 | 991 | 2,390 |
| Due from Other Governments | 172,249 | 150,532 | 172,249 | 150,532 |
| Notes Receivable - Long-term | 80,511 | 13,986 | 200 | 94,297 |
| Cash Shortage | 8,501 | 0 | 0 | 8,501 |
| Total Assets | \$ 1,951,380 | \$ 6,244,982 | \$ 5,498,749 | \$ 2,697,613 |
| <u>Liabilities</u> | | | | |
| Due to Other Taxing Units | \$ 172,249 | \$ 1,075,716 | \$ 1,097,433 | \$ 150,532 |
| Due to Litigants, Heirs, and Others | 1,779,131 | 5,169,266 | 4,401,316 | 2,547,081 |
| Total Liabilities | \$ 1,951,380 | \$ 6,244,982 | \$ 5,498,749 | \$ 2,697,613 |

DeKalb County School Department

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.

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, 2009

| Functions/Programs | Program Revenues | | | Expenses | Net (Expense) Revenue and Changes in Net Assets | |
|--|----------------------|------------------------------------|-------------------------------|-----------|---|--|
| | Charges for Services | Operating Grants and Contributions | Total Governmental Activities | | | |
| Governmental Activities: | | | | | | |
| Instruction | \$ 12,453,201 | \$ 0 | \$ 2,824,471 | \$ | \$ (9,628,730) | |
| Support Services | 6,320,895 | 40,077 | 0 | | (6,280,818) | |
| Operation of Non-Instructional Services | 1,745,561 | 395,955 | 961,423 | | (388,183) | |
| Total Governmental Activities | \$ 20,519,657 | \$ 436,032 | \$ 3,785,894 | \$ | \$ (16,297,731) | |
| General Revenues: | | | | | | |
| Taxes: | | | | | | |
| Property Taxes Levied for General Purposes | | | | \$ | 2,202,940 | |
| Local Option Sales Taxes | | | | | 1,538,150 | |
| Other Local Taxes | | | | | 2,219 | |
| Grants and Contributions Not Restricted to Specific Programs | | | | | 12,346,352 | |
| Unrestricted Investment Earnings | | | | | 12,375 | |
| Miscellaneous | | | | | 86,466 | |
| Total General Revenues | | | | \$ | 16,188,502 | |
| Insurance Recovery | | | | \$ | 7,907 | |
| Change in Net Assets | | | | \$ | (101,322) | |
| Net Assets, July 1, 2008 | | | | | 14,570,740 | |
| Net Assets, June 30, 2009 | | | | \$ | 14,469,418 | |

Exhibit J-2

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

| | <u>Major Fund</u> | <u>Nonmajor</u> <u>Funds</u> | <u>Total</u> |
|---|---------------------|---------------------------------|---------------------|
| | <u>General</u> | <u>Other</u> | <u>Governmental</u> |
| | <u>Purpose</u> | <u>Governmental</u> | <u>Governmental</u> |
| | <u>School</u> | <u>Funds</u> | <u>Funds</u> |
| <u>ASSETS</u> | | | |
| Equity in Pooled Cash and Investments | \$ 3,363,383 | \$ 492,598 | \$ 3,855,981 |
| Due from Other Governments | 66,699 | 109,866 | 176,565 |
| Due from Other Funds | 0 | 423 | 423 |
| Property Taxes Receivable | 2,319,017 | 0 | 2,319,017 |
| Allowance for Uncollectible Property Taxes | (72,149) | 0 | (72,149) |
| Total Assets | \$ 5,676,950 | \$ 602,887 | \$ 6,279,837 |
| <u>LIABILITIES AND FUND BALANCES</u> | | | |
| <u>Liabilities</u> | | | |
| Accounts Payable | \$ 0 | \$ 3,723 | \$ 3,723 |
| Due to Other Funds | 423 | 0 | 423 |
| Deferred Revenue - Current Property Taxes | 2,178,028 | 0 | 2,178,028 |
| Deferred Revenue - Delinquent Property Taxes | 61,521 | 0 | 61,521 |
| Total Liabilities | \$ 2,239,972 | \$ 3,723 | \$ 2,243,695 |
| <u>Fund Balances</u> | | | |
| Reserved for Encumbrances | \$ 466,102 | \$ 0 | \$ 466,102 |
| Reserved for Career Ladder - Extended Contract | 18,874 | 0 | 18,874 |
| Reserved for Career Ladder Program | 13,130 | 0 | 13,130 |
| Reserved for Technology | 58,477 | 0 | 58,477 |
| Reserved for Basic Education Program | 2,567,600 | 0 | 2,567,600 |
| Reserved for Title I Grants to Local Education Agencies | 0 | 39,283 | 39,283 |
| Reserved for Special Education - Grants to States | 0 | 26,593 | 26,593 |
| Other Federal Reserves | 0 | 2,300 | 2,300 |
| Unreserved, Reported In: | | | |
| General Fund | 312,795 | 0 | 312,795 |
| Special Revenue Funds | 0 | 527,043 | 527,043 |
| Capital Projects Funds | 0 | 3,945 | 3,945 |
| Total Fund Balances | \$ 3,436,978 | \$ 599,164 | \$ 4,036,142 |
| Total Liabilities and Fund Balances | \$ 5,676,950 | \$ 602,887 | \$ 6,279,837 |

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, 2009

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

| | | | |
|---|----|------------------|-----------------------------|
| Total fund balances - balance sheet - governmental funds (Exhibit J-2) | | \$ | 4,036,142 |
| | | | |
| (1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. | | | |
| Add: land | \$ | 736,256 | |
| Add: buildings and improvements net of accumulated depreciation | | 8,699,557 | |
| Add: other capital assets net of accumulated depreciation | | <u>1,571,224</u> | 11,007,037 |
| | | | |
| (2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds. | | | |
| Less: other loans payable | \$ | (414,198) | |
| Less: other postemployment benefits liability | | <u>(221,084)</u> | (635,282) |
| | | | |
| (3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds. | | | <u>61,521</u> |
| Net assets of governmental activities (Exhibit A) | | | <u><u>\$ 14,469,418</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, 2009

| | <u>Major Fund</u> | <u>Nonmajor</u> <u>Funds</u> | |
|--|----------------------|---------------------------------|----------------------|
| | General | Other | Total |
| | Purpose | Govern- mental | Governmental |
| | School | Funds | Funds |
| <u>Revenues</u> | | | |
| Local Taxes | \$ 2,186,053 | \$ 0 | \$ 2,186,053 |
| Licenses and Permits | 924 | 0 | 924 |
| Charges for Current Services | 39,524 | 395,955 | 435,479 |
| Other Local Revenues | 86,265 | 15,341 | 101,606 |
| State of Tennessee | 13,150,181 | 0 | 13,150,181 |
| Federal Government | 152,135 | 2,749,265 | 2,901,400 |
| Other Governments and Citizens Groups | 1,538,150 | 0 | 1,538,150 |
| Total Revenues | <u>\$ 17,153,232</u> | <u>\$ 3,160,561</u> | <u>\$ 20,313,793</u> |
| <u>Expenditures</u> | | | |
| Current: | | | |
| Instruction | \$ 10,541,165 | \$ 1,399,218 | \$ 11,940,383 |
| Support Services | 5,677,688 | 491,637 | 6,169,325 |
| Operation of Non-Instructional Services | 443,993 | 1,224,039 | 1,668,032 |
| Capital Outlay | 183,546 | 0 | 183,546 |
| Total Expenditures | <u>\$ 16,846,392</u> | <u>\$ 3,114,894</u> | <u>\$ 19,961,286</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ 306,840</u> | <u>\$ 45,667</u> | <u>\$ 352,507</u> |
| <u>Other Financing Sources (Uses)</u> | | | |
| Other Loans Issued | \$ 414,198 | \$ 0 | \$ 414,198 |
| Insurance Recovery | 7,907 | 0 | 7,907 |
| Transfers In | 2,398 | 0 | 2,398 |
| Transfers Out | 0 | (2,398) | (2,398) |
| Total Other Financing Sources (Uses) | <u>\$ 424,503</u> | <u>\$ (2,398)</u> | <u>\$ 422,105</u> |
| Net Change in Fund Balances | \$ 731,343 | \$ 43,269 | \$ 774,612 |
| Fund Balance, July 1, 2008 | 2,705,635 | 555,895 | 3,261,530 |
| Fund Balance, June 30, 2009 | <u>\$ 3,436,978</u> | <u>\$ 599,164</u> | <u>\$ 4,036,142</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, 2009

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

| | | |
|---|------------------|---------------------|
| Net change in fund balances - total governmental funds (Exhibit J-4) | | \$ 774,612 |
| | | |
| (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 | \$ 130,506 | |
| Less: current year depreciation expense | <u>(490,853)</u> | (360,347) |
| | | |
| (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 and other deferred June 30, 2009 | \$ 61,521 | |
| Less: deferred delinquent property taxes and other deferred June 30, 2008 | <u>(42,415)</u> | 19,106 |
| | | |
| (3) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. | | |
| Less: other loan proceeds | | (414,198) |
| | | |
| (4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. | | |
| Change in other postemployment benefits liability | | <u>(120,495)</u> |
| | | |
| Change in net assets of governmental activities (Exhibit B) | | <u>\$ (101,322)</u> |

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

| | Special Revenue Funds | | | Total | Capital Projects Fund | | Total Nonmajor Governmental Funds |
|----|-------------------------|-------------------|---------|-------|----------------------------|---------|-----------------------------------|
| | School Federal Projects | Central Cafeteria | Total | | Education Capital Projects | | |
| | \$ | 27,643 | 461,010 | | 488,653 | 3,945 | |
| | 43,833 | 66,033 | 109,866 | 0 | | 109,866 | |
| | 423 | 0 | 423 | 0 | | 423 | |
| \$ | 71,899 | 527,043 | 598,942 | 3,945 | \$ | 602,887 | |

ASSETS

Equity in Pooled Cash and Investments
 Due from Other Governments
 Due from Other Funds

108

LIABILITIES AND FUND BALANCES

Liabilities
 Accounts Payable
 Total Liabilities

Fund Balances

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

| | | | | | | |
|----|--------|---------|---------|-------|----|---------|
| \$ | 3,723 | 0 | 3,723 | 0 | \$ | 3,723 |
| \$ | 3,723 | 0 | 3,723 | 0 | \$ | 3,723 |
| \$ | 39,283 | 0 | 39,283 | 0 | \$ | 39,283 |
| | 26,593 | 0 | 26,593 | 0 | | 26,593 |
| | 2,300 | 0 | 2,300 | 0 | | 2,300 |
| | 0 | 527,043 | 527,043 | 3,945 | | 530,988 |
| \$ | 68,176 | 527,043 | 595,219 | 3,945 | \$ | 599,164 |
| \$ | 71,899 | 527,043 | 598,942 | 3,945 | \$ | 602,887 |

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, 2009

| | Special Revenue Funds | | | Capital Projects Fund | | Total Nonmajor Governmental Funds |
|--|-------------------------|---------------------|---------------------|----------------------------|-----------------|-----------------------------------|
| | School Federal Projects | Central Cafeteria | Total | Education Capital Projects | | |
| Revenues | | | | | | |
| Charges for Current Services | \$ 0 | \$ 395,955 | \$ 395,955 | \$ 0 | \$ 0 | \$ 395,955 |
| Other Local Revenues | 423 | 14,918 | 15,341 | 0 | 0 | 15,341 |
| Federal Government | 1,881,279 | 867,986 | 2,749,265 | 0 | 0 | 2,749,265 |
| Total Revenues | \$ 1,881,702 | \$ 1,278,859 | \$ 3,160,561 | \$ 0 | \$ 0 | \$ 3,160,561 |
| Expenditures | | | | | | |
| Current: | | | | | | |
| Instruction | \$ 1,399,218 | \$ 0 | \$ 1,399,218 | \$ 0 | \$ 0 | \$ 1,399,218 |
| Support Services | 491,637 | 0 | 491,637 | 0 | 0 | 491,637 |
| Operation of Non-Instructional Services | 2,078 | 1,221,961 | 1,224,039 | 0 | 0 | 1,224,039 |
| Total Expenditures | \$ 1,892,933 | \$ 1,221,961 | \$ 3,114,894 | \$ 0 | \$ 0 | \$ 3,114,894 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ (11,231) | \$ 56,898 | \$ 45,667 | \$ 0 | \$ 0 | \$ 45,667 |
| Other Financing Sources (Uses) | | | | | | |
| Transfers Out | \$ (2,398) | \$ 0 | \$ (2,398) | \$ 0 | \$ 0 | \$ (2,398) |
| Total Other Financing Sources (Uses) | \$ (2,398) | \$ 0 | \$ (2,398) | \$ 0 | \$ 0 | \$ (2,398) |
| Net Change in Fund Balances | \$ (13,629) | \$ 56,898 | \$ 43,269 | \$ 0 | \$ 0 | \$ 43,269 |
| Fund Balance, July 1, 2008 | 81,805 | 470,145 | 551,950 | 3,945 | 3,945 | 555,895 |
| Fund Balance, June 30, 2009 | \$ 68,176 | \$ 527,043 | \$ 595,219 | \$ 3,945 | \$ 3,945 | \$ 599,164 |

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, 2009

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2008 | Add: Encumbrances 6/30/2009 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|---------------------------------------|---------------------------|-----------------------------------|-----------------------------------|---|----------------------|----------------------|--|
| | | | | | Original | Final | |
| Revenues | | | | | | | |
| Local Taxes | \$ 2,186,053 | \$ 0 | \$ 0 | \$ 2,186,053 | \$ 3,718,725 | \$ 2,180,575 | \$ 5,478 |
| Licenses and Permits | 924 | 0 | 0 | 924 | 1,200 | 1,200 | (276) |
| Charges for Current Services | 39,524 | 0 | 0 | 39,524 | 18,000 | 18,000 | 21,524 |
| Other Local Revenues | 86,265 | 0 | 0 | 86,265 | 85,000 | 85,000 | 1,265 |
| State of Tennessee | 13,150,181 | 0 | 0 | 13,150,181 | 13,050,770 | 13,239,829 | (89,648) |
| Federal Government | 152,135 | 0 | 0 | 152,135 | 199,290 | 199,290 | (47,155) |
| Other Governments and Citizens Groups | 1,538,150 | 0 | 0 | 1,538,150 | 0 | 1,538,150 | 0 |
| Total Revenues | \$ 17,153,232 | \$ 0 | \$ 0 | \$ 17,153,232 | \$ 17,072,985 | \$ 17,262,044 | \$ (108,812) |
| Expenditures | | | | | | | |
| Instruction | | | | | | | |
| Regular Instruction Program | \$ 8,251,901 | \$ 0 | \$ 0 | \$ 8,251,901 | \$ 8,220,000 | \$ 8,316,853 | \$ 64,952 |
| Alternative Instruction Program | 95,126 | 0 | 0 | 95,126 | 95,510 | 95,510 | 384 |
| Special Education Program | 1,623,597 | 0 | 0 | 1,623,597 | 1,675,100 | 1,661,844 | 38,247 |
| Vocational Education Program | 570,541 | 0 | 0 | 570,541 | 627,370 | 627,370 | 56,829 |
| Support Services | | | | | | | |
| Attendance | 113,046 | 0 | 0 | 113,046 | 121,410 | 121,410 | 8,364 |
| Health Services | 251,411 | (4,800) | 0 | 246,611 | 264,890 | 264,889 | 18,278 |
| Other Student Support | 332,061 | 0 | 0 | 332,061 | 351,560 | 351,560 | 19,499 |
| Regular Instruction Program | 686,690 | 0 | 0 | 686,690 | 737,130 | 737,130 | 50,440 |
| Special Education Program | 143,064 | 0 | 0 | 143,064 | 159,320 | 159,320 | 16,256 |
| Other Programs | 86,978 | 0 | 0 | 86,978 | 0 | 86,978 | 0 |
| Board of Education | 274,741 | 0 | 0 | 274,741 | 281,000 | 289,050 | 14,309 |
| Director of Schools | 154,376 | 0 | 0 | 154,376 | 161,890 | 161,890 | 7,514 |
| Office of the Principal | 963,692 | 0 | 0 | 963,692 | 999,740 | 999,740 | 36,048 |
| Fiscal Services | 150,391 | 0 | 0 | 150,391 | 172,650 | 172,649 | 22,258 |

(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) | Less: Encumbrances 7/1/2008 | Add: Encumbrances 6/30/2009 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------------|-----------------------------------|-----------------------------------|---|----------------------|-----------------------|--|
| | | | | | Original | Final | |
| <u>Expenditures (Cont.)</u> | | | | | | | |
| <u>Support Services (Cont.)</u> | | | | | | | |
| Operation of Plant | \$ 1,186,138 | \$ 0 | \$ 0 | \$ 1,186,138 | \$ 1,203,750 | \$ 1,203,750 | \$ 17,612 |
| Maintenance of Plant | 278,624 | 0 | 0 | 278,624 | 306,500 | 306,500 | 27,876 |
| Transportation | 1,056,476 | 0 | 0 | 1,056,476 | 1,366,700 | 1,366,700 | 310,224 |
| <u>Operation of Non-Instructional Services</u> | | | | | | | |
| Food Service | 64,197 | 0 | 0 | 64,197 | 72,419 | 72,419 | 8,222 |
| Community Services | 0 | 0 | 0 | 0 | 112,000 | 112,000 | 112,000 |
| Early Childhood Education | 379,796 | 0 | 0 | 379,796 | 449,546 | 459,982 | 80,186 |
| <u>Capital Outlay</u> | | | | | | | |
| Regular Capital Outlay | 183,546 | 0 | 466,102 | 649,648 | 300,000 | 714,198 | 64,550 |
| <u>Total Expenditures</u> | <u>\$ 16,846,392</u> | <u>\$ (4,800)</u> | <u>\$ 466,102</u> | <u>\$ 17,307,694</u> | <u>\$ 17,678,485</u> | <u>\$ 18,281,742</u> | <u>\$ 974,048</u> |
| <u>Excess (Deficiency) of Revenues</u> <u>Over Expenditures</u> | <u>\$ 306,840</u> | <u>\$ 4,800</u> | <u>\$ (466,102)</u> | <u>\$ (154,462)</u> | <u>\$ (605,500)</u> | <u>\$ (1,019,698)</u> | <u>\$ 865,236</u> |
| <u>Other Financing Sources (Uses)</u> | | | | | | | |
| Other Loans Issued | \$ 414,198 | \$ 0 | \$ 0 | \$ 414,198 | \$ 0 | \$ 414,198 | \$ 0 |
| Insurance Recovery | 7,907 | 0 | 0 | 7,907 | 0 | 0 | 7,907 |
| Transfers In | 2,398 | 0 | 0 | 2,398 | 0 | 0 | 2,398 |
| <u>Total Other Financing Sources (Uses)</u> | <u>\$ 424,503</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 424,503</u> | <u>\$ 0</u> | <u>\$ 414,198</u> | <u>\$ 10,305</u> |
| <u>Net Change in Fund Balance</u> <u>Fund Balance, July 1, 2008</u> | <u>\$ 731,343</u> | <u>\$ 4,800</u> | <u>\$ (466,102)</u> | <u>\$ 270,041</u> | <u>\$ (605,500)</u> | <u>\$ (605,500)</u> | <u>\$ 875,541</u> |
| | <u>2,705,635</u> | <u>(4,800)</u> | <u>0</u> | <u>2,700,835</u> | <u>2,675,861</u> | <u>2,675,861</u> | <u>24,974</u> |
| <u>Fund Balance, June 30, 2009</u> | <u>\$ 3,436,978</u> | <u>\$ 0</u> | <u>\$ (466,102)</u> | <u>\$ 2,970,876</u> | <u>\$ 2,070,361</u> | <u>\$ 2,070,361</u> | <u>\$ 900,515</u> |

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, 2009

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2008 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------------|-----------------------------------|---|---------------------|---------------------|--|
| | | | | Original | Final | |
| Revenues | | | | | | |
| Other Local Revenues | \$ 423 \$ | 0 \$ | 423 \$ | 0 \$ | 0 \$ | 423 |
| Federal Government | 1,881,279 | 0 | 1,881,279 | 2,343,889 | 2,390,299 | (509,020) |
| Total Revenues | \$ 1,881,702 \$ | 0 \$ | 1,881,702 \$ | 2,343,889 \$ | 2,390,299 \$ | (508,597) |
| Expenditures | | | | | | |
| Instruction | | | | | | |
| Regular Instruction Program | \$ 948,720 \$ | 0 \$ | 948,720 \$ | 1,280,330 \$ | 1,337,773 \$ | 389,053 |
| Special Education Program | 395,592 | 0 | 395,592 | 381,852 | 396,757 | 1,165 |
| Vocational Education Program | 54,906 | 0 | 54,906 | 53,810 | 54,347 | (559) |
| Support Services | | | | | | |
| Health Services | 74,768 | 0 | 74,768 | 74,936 | 74,773 | 5 |
| Other Student Support | 12,557 | 0 | 12,557 | 16,800 | 12,557 | 0 |
| Regular Instruction Program | 221,234 | (325) | 220,909 | 313,414 | 304,719 | 83,810 |
| Special Education Program | 161,546 | 0 | 161,546 | 198,512 | 182,432 | 20,886 |
| Vocational Education Program | 996 | 0 | 996 | 1,000 | 996 | 0 |
| Transportation | 20,536 | 0 | 20,536 | 19,330 | 21,036 | 500 |
| Operation of Non-Instructional Services | | | | | | |
| Community Services | 2,078 | 0 | 2,078 | 3,410 | 2,078 | 0 |
| Total Expenditures | \$ 1,892,933 \$ | (325) \$ | 1,892,608 \$ | 2,343,394 \$ | 2,387,468 \$ | 494,860 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ (11,231) \$ | 325 \$ | (10,906) \$ | 495 \$ | 2,831 \$ | (13,737) |
| Other Financing Sources (Uses) | | | | | | |
| Transfers In | 0 \$ | 0 \$ | 0 \$ | 71,000 \$ | 71,000 \$ | (71,000) |
| Transfers Out | (2,398) | 0 | (2,398) | (71,495) | (73,834) | 71,436 |
| Total Other Financing Sources (Uses) | \$ (2,398) \$ | 0 \$ | (2,398) \$ | (495) \$ | (2,834) \$ | 436 |
| Net Change in Fund Balance Fund Balance, July 1, 2008 | \$ (13,629) \$ | 325 \$ | (13,304) \$ | 0 \$ | (3) \$ | (13,301) |
| | 81,805 | (325) | 81,480 | 0 | 3 | 81,477 |
| Fund Balance, June 30, 2009 | \$ 68,176 \$ | 0 \$ | 68,176 \$ | 0 \$ | 0 \$ | 68,176 |

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, 2009

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------|---------------------|---------------------|--|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Charges for Current Services | \$ 395,955 | \$ 441,000 | \$ 441,000 | \$ (45,045) |
| Other Local Revenues | 14,918 | 10,000 | 10,000 | 4,918 |
| Federal Government | 867,986 | 800,600 | 800,600 | 67,386 |
| Total Revenues | <u>\$ 1,278,859</u> | <u>\$ 1,251,600</u> | <u>\$ 1,251,600</u> | <u>\$ 27,259</u> |
| <u>Expenditures</u> | | | | |
| <u>Operation of Non-Instructional Services</u> | | | | |
| Food Service | \$ 1,221,961 | \$ 1,301,600 | \$ 1,301,600 | \$ 79,639 |
| Total Expenditures | <u>\$ 1,221,961</u> | <u>\$ 1,301,600</u> | <u>\$ 1,301,600</u> | <u>\$ 79,639</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ 56,898</u> | <u>\$ (50,000)</u> | <u>\$ (50,000)</u> | <u>\$ 106,898</u> |
| Net Change in Fund Balance | \$ 56,898 | \$ (50,000) | \$ (50,000) | \$ 106,898 |
| Fund Balance, July 1, 2008 | 470,145 | 470,144 | 470,144 | 1 |
| Fund Balance, June 30, 2009 | <u>\$ 527,043</u> | <u>\$ 420,144</u> | <u>\$ 420,144</u> | <u>\$ 106,899</u> |

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MISCELLANEOUS SCHEDULES

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Exhibit K-1

DeKalb County, Tennessee
 Schedule of Changes in Long-term Notes, Bonds, and Other Loans
 Primary Government and Discretely Presented DeKalb County School Department
 For the Year Ended June 30, 2009

| Description of Indebtedness | Original Amount of Issue | Interest Rate | Date of Issue | Last Maturity Date | Outstanding 7-1-08 | Issued During Period | Paid and/or Matured During Period | Outstanding 6-30-09 |
|---|--------------------------|---------------|---------------|--------------------|--------------------|----------------------|-----------------------------------|---------------------|
| | | | | | | | | |
| PRIMARY GOVERNMENT | | | | | | | | |
| NOTES PAYABLE | | | | | | | | |
| <u>Payable through General Debt Service Fund</u> | | | | | | | | |
| Land and Equipment | \$ 520,000 | 3.1 % | 8-18-03 | 8-15-13 | \$ 331,108 | \$ 0 | \$ 50,998 | \$ 280,110 |
| Improvements and Equipment | 400,000 | 3.47 | 8-25-04 | 9-1-09 | 168,372 | 0 | 82,725 | 85,647 |
| School Roofs | 610,000 | 3.87 | 7-18-05 | 7-18-12 | 452,757 | 0 | 83,616 | 369,141 |
| Landfill Tract | 270,250 | 3.99 | 1-18-06 | 6-18-12 | 154,537 | 0 | 38,571 | 115,966 |
| Landfill Project | 1,225,000 | 3.95 | 1-11-07 | 5-1-12 | 830,000 | 0 | 195,000 | 635,000 |
| Wheel Loader | 195,214 | 4.49 | 12-1-08 | 12-1-15 | 0 | 195,214 | 0 | 195,214 |
| Total Payable through General Debt Service Fund | | | | | \$ 1,936,774 | \$ 195,214 | \$ 450,910 | \$ 1,681,078 |
| <u>Payable through Highway/Public Works Fund</u> | | | | | | | | |
| Refunding | 670,000 | 2 to 3 | 4-1-03 | 4-1-09 | \$ 100,000 | \$ 0 | \$ 100,000 | \$ 0 |
| Total Notes Payable | | | | | \$ 2,036,774 | \$ 195,214 | \$ 550,910 | \$ 1,681,078 |
| BONDS PAYABLE | | | | | | | | |
| <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 | \$ 5,755,000 | \$ 0 | \$ 505,000 | \$ 5,250,000 |
| Total Bonds Payable | | | | | \$ 5,755,000 | \$ 0 | \$ 505,000 | \$ 5,250,000 |
| DISCRETELY PRESENTED DEKALB COUNTY SCHOOL DEPARTMENT | | | | | | | | |
| OTHER LOANS PAYABLE | | | | | | | | |
| <u>Payable through General Purpose School Fund</u> | | | | | | | | |
| Energy Efficiency Loan | 414,198 | 0 | 2-11-09 | 3-15-16 | \$ 0 | \$ 414,198 | \$ 0 | \$ 414,198 |
| Total Other Loans Payable | | | | | \$ 0 | \$ 414,198 | \$ 0 | \$ 414,198 |

Exhibit K-2

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

PRIMARY GOVERNMENT

| Year Ending June 30 | Note Principal | Note Interest | Total Note Requirements |
|---------------------------|-------------------|------------------|-------------------------------|
| 2010 | \$ 493,075 | \$ 62,146 | \$ 555,221 |
| 2011 | 418,540 | 44,891 | 463,431 |
| 2012 | 435,136 | 28,694 | 463,830 |
| 2013 | 183,722 | 11,870 | 195,592 |
| 2014 | 88,577 | 5,011 | 93,588 |
| 2015 | 30,333 | 2,785 | 33,118 |
| 2016 | 31,695 | 1,424 | 33,119 |
| Total | \$ 1,681,078 | \$ 156,821 | \$ 1,837,899 |

| Year Ending June 30 | Bond Principal | Bond Interest | Total Bond Requirements |
|---------------------------|-------------------|------------------|-------------------------------|
| 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 | \$ 5,250,000 | \$ 638,825 | \$ 5,888,825 |

DISCRETELY PRESENTED DEKALB
COUNTY SCHOOL DEPARTMENT

| Year Ending June 30 | Other Loan Principal | Other Loan Interest | Total Other Loan Requirements |
|---------------------------|----------------------------|---------------------------|-------------------------------------|
| 2010 | \$ 59,171 | \$ 0 | \$ 59,171 |
| 2011 | 59,171 | 0 | 59,171 |
| 2012 | 59,171 | 0 | 59,171 |
| 2013 | 59,171 | 0 | 59,171 |
| 2014 | 59,171 | 0 | 59,171 |
| 2015 | 59,171 | 0 | 59,171 |
| 2016 | 59,172 | 0 | 59,172 |
| Total | \$ 414,198 | \$ 0 | \$ 414,198 |

Exhibit K-3

DeKalb County, Tennessee
Schedule of Notes Receivable
For the Year Ended June 30, 2009

| <u>Description</u> | <u>Original Amount of Loan</u> | <u>Date of Issue</u> | <u>Date of Maturity</u> | <u>Interest Rate</u> | <u>Balance 6-30-09</u> |
|--|--|------------------------------|---------------------------------|--------------------------|----------------------------|
| <u>Constitutional Officers - Agency Fund</u> | | | | | |
| Sliger | \$ 5,265 | 1-4-1995 | (1) | (2) | \$ 4,270 |
| Snow | 18,000 | 7-13-04 | (1) | (2) | 18,000 |
| 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) | 15,526 |
| N. Cantrell | 15,762 | 1-10-06 | (1) | (2) | 15,762 |
| Johnson | 12,500 | 12-19-07 | (1) | (2) | 12,500 |
| Sutherly | 8,000 | 2-21-07 | (1) | (2) | 8,000 |
| Snipes | 10,000 | 1-3-08 | (1) | (2) | 10,000 |
| Total | | | | | <u>\$ 94,297</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
Primary Government and Discretely Presented DeKalb County School Department
For the Year Ended June 30, 2009

| <u>From Fund</u> | <u>To Fund</u> | <u>Purpose</u> | <u>Amount</u> |
|---|------------------------|----------------|-------------------|
| <u>PRIMARY GOVERNMENT</u> | | | |
| Local Purpose Tax | General Debt Service | School debt | \$ <u>595,560</u> |
| <u>DISCRETELY PRESENTED DEKALB COUNTY SCHOOL DEPARTMENT</u> | | | |
| School Federal Projects | General Purpose School | Indirect costs | \$ <u>2,398</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, 2009

| Official | Authorization for Salary | \$ | Salary Paid During Period | (1) | Bond | Surety |
|---|---|----|---------------------------|-----|---------|--------------------------------------|
| County Mayor | Section 8-24-102, <u>TCA</u> , and Chairman of Roads, Chapter 156, Private Acts of 1943, as amended | \$ | 67,302 | (1) | 50,000 | State Farm Fire and Casualty Company |
| Highway Supervisor | Section 8-24-102, <u>TCA</u> , and DeKalb County Commission | | 65,027 | (2) | 100,000 | Western Surety Company |
| Director of Schools | State Board of Education and DeKalb County Board of Education | | 93,940 | (3) | 100,000 | " |
| Trustee | Section 8-24-102, <u>TCA</u> | | 57,751 | | 462,700 | " |
| Assessor of Property | Section 8-24-102, <u>TCA</u> | | 57,751 | | 20,000 | " |
| County Clerk | Section 8-24-102, <u>TCA</u> | | 57,751 | | 50,000 | " |
| Circuit Court Clerk | Section 8-24-102, <u>TCA</u> | | 57,751 | | 50,000 | " |
| Clerk and Master | Section 8-24-102, <u>TCA</u> , and Chancery Court Judge | | 57,751 | (4) | 75,000 | " |
| Register | Section 8-24-102, <u>TCA</u> | | 57,751 | | 25,000 | " |
| Sheriff | Section 8-24-102, <u>TCA</u> | | 63,527 | (5) | 25,000 | " |
| 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) Includes 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 \$13,110.
- (5) Does not include \$600 for a law enforcement training supplement.

Exhibit K-6

DeKalb County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2009

| | Special Revenue Funds | | | | | | | | | | Total |
|--|-----------------------|---------------------------------|-------------------|--------------|--------------------------------|------------------------|----------------------|------------------|-------------------|-----------------------|-------|
| | General | Courthouse and Jail Maintenance | Local Purpose Tax | Drug Control | Constitutional Officers - Fees | Highway / Public Works | General Debt Service | Capital Projects | Debt Service Fund | Capital Projects Fund | |
| Local Taxes | | | | | | | | | | | |
| County Property Taxes | | | | | | | | | | | |
| Current Property Tax | \$ 2,358,027 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 128,569 | \$ 858,931 | \$ 0 | \$ 0 | \$ 3,345,527 | |
| Trustee's Collections - Prior Year | 41,790 | 0 | 0 | 0 | 0 | 2,022 | 19,551 | 0 | 0 | 63,363 | |
| Circuit/Clerk & Master Collections - Prior Years | 31,437 | 0 | 0 | 0 | 0 | 2,110 | 11,756 | 0 | 0 | 45,303 | |
| Interest and Penalty | 12,678 | 0 | 0 | 0 | 0 | 615 | 5,926 | 0 | 0 | 19,219 | |
| Pick-up Taxes | 8,708 | 0 | 0 | 0 | 0 | 475 | 3,172 | 0 | 0 | 12,355 | |
| 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 | 276,153 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 276,153 | |
| Payments in-Lieu-of Taxes - Other | 1,586 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 113,236 | |
| County Local Option Taxes | | | | | | | | | | | |
| Local Option Sales Tax | 328,778 | 0 | 2,157,429 | 0 | 0 | 0 | 0 | 0 | 0 | 2,486,207 | |
| Hotel/Motel Tax | 72,159 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 72,159 | |
| Litigation Tax - General | 448 | 67,402 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 67,850 | |
| Litigation Tax - Special Purpose | 15,531 | 2,981 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 18,512 | |
| Litigation Tax - Jail, Workhouse, or Courthouse | 1,592 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,592 | |
| Business Tax | 86,540 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 86,540 | |
| Mineral Severance Tax | 0 | 0 | 0 | 0 | 0 | 13,551 | 0 | 0 | 0 | 13,551 | |
| Statutory Local Taxes | | | | | | | | | | | |
| Bank Excise Tax | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 88,038 | |
| Wholesale Beer Tax | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 73,343 | |
| Total Local Taxes | \$ 3,235,534 | \$ 70,383 | \$ 2,157,429 | \$ 0 | \$ 0 | \$ 147,342 | \$ 899,336 | \$ 274,617 | \$ 0 | \$ 6,784,641 | |
| Licenses and Permits | | | | | | | | | | | |
| Licenses | | | | | | | | | | | |
| Cable TV Franchise | \$ 16,193 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 16,193 | |
| Permits | | | | | | | | | | | |
| Beer Permits | 12,074 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 12,074 | |
| Total Licenses and Permits | \$ 28,267 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 28,267 | |

(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 | | Capital | | |
| | | | | | | | General Debt Service | General Capital Projects | Debt Service Fund | Capital Projects Fund | |
| \$ | 14,840 | \$ | 0 | \$ | 0 | \$ | 0 | \$ | 0 | \$ | 14,840 |
| | 3,456 | 0 | 0 | 715 | 0 | 0 | 0 | 0 | 0 | 0 | 4,171 |
| | 22 | 0 | 0 | 2,781 | 0 | 0 | 0 | 0 | 0 | 0 | 2,803 |
| | 1,930 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,930 |
| | 1,929 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,929 |
| | 1,045 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,045 |
| | 438 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 438 |
| <u>Criminal Court</u> | | | | | | | | | | | |
| Fines | 1,900 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,900 |
| <u>General Sessions Court</u> | | | | | | | | | | | |
| Fines | 30,984 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 30,984 |
| Officers Costs | 28,788 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 28,788 |
| Game and Fish Fines | 824 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 824 |
| Drug Control Fines | 1,067 | 0 | 0 | 5,355 | 0 | 0 | 0 | 0 | 0 | 0 | 6,422 |
| Drug Court Fees | 8,654 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 8,654 |
| Jail Fees | 291 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 291 |
| DUI Treatment Fines | 5,296 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5,296 |
| Courtroom Security Fee | 633 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 633 |
| <u>Juvenile Court</u> | | | | | | | | | | | |
| Fines | 3,880 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,880 |
| Officers Costs | 3,116 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,116 |
| Data Entry Fee - Juvenile Court | 666 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 666 |
| Courtroom Security Fee | 23 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 23 |
| <u>Chancery Court</u> | | | | | | | | | | | |
| Officers Costs | 19,053 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 19,053 |
| Data Entry Fee - Chancery Court | 357 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 357 |
| Courtroom Security Fee | 124 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 124 |
| <u>Other Courts - In-county</u> | | | | | | | | | | | |
| Fines | 13,856 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 13,856 |

(Continued)

Exhibit K-6

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

| | Special Revenue Funds | | | | | | | | | | Total | |
|--|--------------------------------|---------------------------------|-------------------|--------------|--------------------------------|------------------------|----------------------|--------------------------|--------------------------|--------------------------|-------|------------|
| | Constitutional Officers - Fees | | | | | Highway / Public Works | Debt Service Fund | | Capital Projects Fund | | | |
| | General | Courthouse and Jail Maintenance | Local Purpose Tax | Drug Control | Constitutional Officers - Fees | | General Debt Service | General Capital Projects | General Capital Projects | General Capital Projects | | |
| Fines, Forfeitures, and Penalties (Cont.) | | | | | | | | | | | | |
| Judicial District Drug Program | | | | | | | | | | | | |
| Drug Task Force Forfeitures and Seizures | \$ 0 | \$ 0 | \$ 0 | \$ 10,471 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 10,471 |
| Total Fines, Forfeitures, and Penalties | \$ 143,172 | \$ 0 | \$ 0 | \$ 19,322 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 162,494 |
| Charges for Current Services | | | | | | | | | | | | |
| General Service Charges | | | | | | | | | | | | |
| Patient Charges | \$ 704,281 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 704,281 |
| Fees | | | | | | | | | | | | |
| Engineer Review Fees | 3,514 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,514 |
| Copy Fees | 54 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 54 |
| Telephone Commissions | 10,724 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 10,724 |
| Constitutional Officers' Fees and Commissions | 0 | 0 | 0 | 0 | 196,608 | 0 | 0 | 0 | 0 | 0 | 0 | 196,608 |
| Data Processing Fee - Register | 5,510 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5,510 |
| Data Processing Fee - Sheriff | 38 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 38 |
| Sexual Offender Registration Fees - Sheriff | 1,850 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,850 |
| Total Charges for Current Services | \$ 725,971 | \$ 0 | \$ 0 | \$ 0 | \$ 196,608 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 922,579 |
| Other Local Revenues | | | | | | | | | | | | |
| Recurring Items | | | | | | | | | | | | |
| Investment Income | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Lease/Rentals | 18,390 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 18,390 |
| Commissary Sales | 11,199 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 11,199 |
| Miscellaneous Refunds | 31,753 | 12 | 0 | 0 | 0 | 0 | 16,935 | 1,000 | 15,658 | 0 | 0 | 65,358 |
| Nonrecurring Items | | | | | | | | | | | | |
| Sale of Equipment | 12,724 | 0 | 0 | 24,308 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 37,032 |
| Sale of Property | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,485 | 0 | 0 | 1,485 |
| Contributions and Gifts | 2,843 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,843 |
| Total Other Local Revenues | \$ 76,909 | \$ 12 | \$ 0 | \$ 24,308 | \$ 0 | \$ 0 | \$ 16,935 | \$ 1,000 | \$ 475,239 | \$ 15,658 | \$ 0 | \$ 594,403 |

(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 | General Debt Service | Capital Projects | General Capital Projects | Capital Projects | |
| <u>Fees Received from County Officials</u> | | | | | | | | | | | |
| <u>Excess Fees</u> | | | | | | | | | | | |
| Register | \$ 2,616 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 2,616 |
| Trustee | 142,966 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 142,966 |
| <u>Fees in-Lieu-of-Salary</u> | | | | | | | | | | | |
| County Clerk | 174,073 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 174,073 |
| Circuit Court Clerk | 41,450 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 41,450 |
| General Sessions Court Clerk | 163,666 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 163,666 |
| Clerk and Master | 48,310 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 48,310 |
| Juvenile Court Clerk | 10,985 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 10,985 |
| Sheriff | 24,706 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 24,706 |
| Total Fees Received from County Officials | \$ 608,772 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 608,772 |
| <u>State of Tennessee</u> | | | | | | | | | | | |
| <u>General Government Grants</u> | | | | | | | | | | | |
| Juvenile Services Program | \$ 11,250 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 11,250 |
| Aging Programs | 3,443 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,443 |
| State Reappraisal Grant | 10,719 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 10,719 |
| <u>Public Safety Grants</u> | | | | | | | | | | | |
| Law Enforcement Training Programs | 7,800 | 0 | 0 | 600 | 0 | 0 | 0 | 0 | 0 | 0 | 8,400 |
| Drug Control Grants | 54,976 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 54,976 |
| <u>Health and Welfare Grants</u> | | | | | | | | | | | |
| Health Department Programs | 3,061 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,061 |
| <u>Public Works Grants</u> | | | | | | | | | | | |
| Litter Program | 26,850 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 26,850 |
| <u>Other State Revenues</u> | | | | | | | | | | | |
| Flood Control | 174,057 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 174,057 |
| Income Tax | 50,935 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 50,935 |
| Beer Tax | 8,721 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 8,721 |
| Alcoholic Beverage Tax | 40,438 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 40,438 |
| Mixed Drink Tax | 4,949 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4,949 |
| State Revenue Sharing - T.V.A. | 165,471 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 165,471 |

(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 | General Debt Service | Capital Projects | Debt Service Fund | Capital Projects Fund | |
| <u>State of Tennessee (Cont.)</u> | | | | | | | | | | | |
| <u>Other State Revenues (Cont.)</u> | | | | | | | | | | | |
| Contracted Prisoner Boarding | \$ 196,691 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 196,691 |
| Gasoline and Motor Fuel Tax | 0 | 0 | 0 | 0 | 0 | 1,410,521 | 0 | 0 | 0 | 0 | 1,410,521 |
| Petroleum Special Tax | 0 | 0 | 0 | 0 | 0 | 13,993 | 0 | 0 | 0 | 0 | 13,993 |
| Reappraisal Program Reimbursement | 4,095 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4,095 |
| Registrar's Salary Supplement | 10,817 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 10,817 |
| Other State Grants | 55,886 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 55,886 |
| Total State of Tennessee | \$ 830,159 | \$ 0 | \$ 0 | \$ 600 | \$ 0 | \$ 1,424,514 | \$ 0 | \$ 0 | \$ 165,471 | \$ 0 | \$ 2,420,744 |
| <u>Federal Government</u> | | | | | | | | | | | |
| <u>Federal Through State</u> | | | | | | | | | | | |
| Homeland Security Grants | \$ 42,003 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 42,003 |
| <u>Direct Federal Revenue</u> | | | | | | | | | | | |
| Police Service (Lake Area) | 38,240 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 38,240 |
| Other Direct Federal Revenue | 132,886 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 132,886 |
| Total Federal Government | \$ 213,129 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 213,129 |
| <u>Other Governments and Citizens Groups</u> | | | | | | | | | | | |
| <u>Other Governments</u> | | | | | | | | | | | |
| Paving and Maintenance | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 128,909 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 128,909 |
| Total Other Governments and Citizens Groups | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 128,909 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 128,909 |
| <u>Total</u> | \$ 5,861,913 | \$ 70,395 | \$ 2,157,429 | \$ 44,230 | \$ 196,608 | \$ 1,717,700 | \$ 900,336 | \$ 915,327 | \$ 11,863,938 | \$ 0 | \$ 11,863,938 |

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, 2009

| | General Purpose School | School Federal Projects | Central Cafeteria | Total |
|--|------------------------------|-------------------------------|----------------------|---------------------|
| <u>Local Taxes</u> | | | | |
| <u>County Property Taxes</u> | | | | |
| Current Property Tax | \$ 2,101,571 | \$ 0 | \$ 0 | \$ 2,101,571 |
| Trustee's Collections - Prior Year | 38,420 | 0 | 0 | 38,420 |
| Circuit/Clerk & Master Collections - Prior Years | 24,425 | 0 | 0 | 24,425 |
| Interest and Penalty | 11,659 | 0 | 0 | 11,659 |
| Pick-up Taxes | 7,759 | 0 | 0 | 7,759 |
| <u>Statutory Local Taxes</u> | | | | |
| Interstate Telecommunications Tax | 2,219 | 0 | 0 | 2,219 |
| Total Local Taxes | \$ 2,186,053 | \$ 0 | \$ 0 | \$ 2,186,053 |
| <u>Licenses and Permits</u> | | | | |
| <u>Licenses</u> | | | | |
| Marriage Licenses | \$ 924 | \$ 0 | \$ 0 | \$ 924 |
| Total Licenses and Permits | \$ 924 | \$ 0 | \$ 0 | \$ 924 |
| <u>Charges for Current Services</u> | | | | |
| <u>Education Charges</u> | | | | |
| Lunch Payments - Children | \$ 0 | \$ 0 | \$ 215,641 | \$ 215,641 |
| Lunch Payments - Adults | 0 | 0 | 37,758 | 37,758 |
| Income from Breakfast | 0 | 0 | 37,624 | 37,624 |
| A la carte Sales | 0 | 0 | 104,932 | 104,932 |
| Receipts from Individual Schools | 34,848 | 0 | 0 | 34,848 |
| TBI Criminal Background Fees | 3,324 | 0 | 0 | 3,324 |
| <u>Other Charges for Services</u> | | | | |
| Other Charges for Services | 1,352 | 0 | 0 | 1,352 |
| Total Charges for Current Services | \$ 39,524 | \$ 0 | \$ 395,955 | \$ 435,479 |
| <u>Other Local Revenues</u> | | | | |
| <u>Recurring Items</u> | | | | |
| Investment Income | \$ 0 | \$ 0 | \$ 12,375 | \$ 12,375 |
| Sale of Recycled Materials | 553 | 0 | 0 | 553 |
| Refund of Telecommunication & Internet Fees (E-Rate) | 35,138 | 0 | 0 | 35,138 |
| Miscellaneous Refunds | 46,874 | 423 | 2,543 | 49,840 |
| <u>Nonrecurring Items</u> | | | | |
| Sale of Equipment | 1,094 | 0 | 0 | 1,094 |
| Damages Recovered from Individuals | 394 | 0 | 0 | 394 |
| Contributions and Gifts | 2,212 | 0 | 0 | 2,212 |
| Total Other Local Revenues | \$ 86,265 | \$ 423 | \$ 14,918 | \$ 101,606 |
| <u>State of Tennessee</u> | | | | |
| <u>General Government Grants</u> | | | | |
| On-Behalf Contributions for OPEB | \$ 86,978 | \$ 0 | \$ 0 | \$ 86,978 |
| <u>State Education Funds</u> | | | | |
| Basic Education Program | 12,217,147 | 0 | 0 | 12,217,147 |
| Early Childhood Education | 379,795 | 0 | 0 | 379,795 |
| School Food Service | 15,908 | 0 | 0 | 15,908 |
| Driver Education | 8,012 | 0 | 0 | 8,012 |
| Other State Education Funds | 220,918 | 0 | 0 | 220,918 |
| Career Ladder Program | 129,823 | 0 | 0 | 129,823 |

(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>State of Tennessee (Cont.)</u> | | | | |
| <u>State Education Funds (Cont.)</u> | | | | |
| Career Ladder - Extended Contract | \$ 91,600 | \$ 0 | \$ 0 | \$ 91,600 |
| Total State of Tennessee | \$ 13,150,181 | \$ 0 | \$ 0 | \$ 13,150,181 |
| <u>Federal Government</u> | | | | |
| <u>Federal Through State</u> | | | | |
| USDA School Lunch Program | \$ 0 | \$ 0 | \$ 638,049 | \$ 638,049 |
| Breakfast | 0 | 0 | 223,879 | 223,879 |
| USDA - Other | 0 | 0 | 6,058 | 6,058 |
| Vocational Education - Basic Grants to States | 0 | 58,386 | 0 | 58,386 |
| Community Based Organizations | 0 | 8,000 | 0 | 8,000 |
| Title I Grants to Local Education Agencies | 0 | 764,893 | 0 | 764,893 |
| Innovative Education Program Strategies | 0 | 1,862 | 0 | 1,862 |
| Special Education - Grants to States | 6,326 | 628,910 | 0 | 635,236 |
| Special Education Preschool Grants | 0 | 25,704 | 0 | 25,704 |
| English Language Acquisition Grants | 0 | 23,915 | 0 | 23,915 |
| Safe and Drug-Free Schools - State Grants | 0 | 266,936 | 0 | 266,936 |
| Rural Education | 0 | 41,103 | 0 | 41,103 |
| Eisenhower Professional Development State Grants | 0 | 54,058 | 0 | 54,058 |
| Job Training Partnership Act | 21,602 | 0 | 0 | 21,602 |
| Other Federal through State | 0 | 7,512 | 0 | 7,512 |
| <u>Direct Federal Revenue</u> | | | | |
| Public Law 874 - Maintenance and Operation | 124,207 | 0 | 0 | 124,207 |
| Total Federal Government | \$ 152,135 | \$ 1,881,279 | \$ 867,986 | \$ 2,901,400 |
| <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 | \$ 17,153,232 | \$ 1,881,702 | \$ 1,278,859 | \$ 20,313,793 |

Exhibit K-8

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

General Fund

General Government

County Commission

| | | | |
|---|----|--------|-----------|
| Board and Committee Members Fees | \$ | 19,115 | |
| Social Security | | 1,403 | |
| State Retirement | | 983 | |
| Unemployment Compensation | | 4 | |
| Employer Medicare | | 262 | |
| Audit Services | | 5,917 | |
| Legal Notices, Recording, and Court Costs | | 5,262 | |
| Other Charges | | 385 | |
| Total County Commission | | | \$ 33,331 |

Board of Equalization

| | | | |
|----------------------------------|----|-------|-------|
| Board and Committee Members Fees | \$ | 3,355 | |
| Total Board of Equalization | | | 3,355 |

Beer Board

| | | | |
|----------------------------------|----|-------|-------|
| Board and Committee Members Fees | \$ | 3,300 | |
| Total Beer Board | | | 3,300 |

County Mayor/Executive

| | | | |
|--|----|--------|---------|
| County Official/Administrative Officer | \$ | 66,702 | |
| Assistant(s) | | 43,440 | |
| Part-time Personnel | | 8,598 | |
| Longevity Pay | | 350 | |
| Social Security | | 7,607 | |
| State Retirement | | 2,556 | |
| Employee and Dependent Insurance | | 1,603 | |
| Unemployment Compensation | | 384 | |
| Employer Medicare | | 1,681 | |
| Data Processing Services | | 7,115 | |
| Travel | | 346 | |
| Office Supplies | | 4,930 | |
| Other Charges | | 374 | |
| Total County Mayor/Executive | | | 145,686 |

County Attorney

| | | | |
|--|----|--------|--------|
| County Official/Administrative Officer | \$ | 18,000 | |
| Legal Services | | 1,350 | |
| Total County Attorney | | | 19,350 |

(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 | \$ | 59,972 | |
| Part-time Personnel | | 3,216 | |
| Longevity Pay | | 450 | |
| Other Salaries and Wages | | 19,453 | |
| Election Commission | | 2,500 | |
| Election Workers | | 36,015 | |
| In-Service Training | | 600 | |
| Social Security | | 4,427 | |
| State Retirement | | 4,606 | |
| Employee and Dependent Insurance | | 4,383 | |
| Unemployment Compensation | | 480 | |
| Employer Medicare | | 908 | |
| Advertising | | 3,398 | |
| Maintenance and Repair Services - Equipment | | 75 | |
| Printing, Stationery, and Forms | | 10,792 | |
| Other Contracted Services | | 6,050 | |
| Office Supplies | | 2,254 | |
| Other Charges | | 4,689 | |
| Total Election Commission | | | \$ 164,268 |

Register of Deeds

| | | | |
|----------------------------------|----|-------|--------|
| Longevity Pay | \$ | 850 | |
| Social Security | | 6,178 | |
| State Retirement | | 5,929 | |
| Employee and Dependent Insurance | | 4,604 | |
| Unemployment Compensation | | 252 | |
| Employer Medicare | | 1,359 | |
| Office Supplies | | 924 | |
| Other Supplies and Materials | | 2,454 | |
| Data Processing Equipment | | 9,813 | |
| Total Register of Deeds | | | 32,363 |

Planning

| | | | |
|----------------------------------|----|-------|--------|
| Board and Committee Members Fees | \$ | 3,920 | |
| Other Contracted Services | | 9,250 | |
| Total Planning | | | 13,170 |

County Buildings

| | | | |
|---------------------|----|--------|--|
| Custodial Personnel | \$ | 34,280 | |
| Longevity Pay | | 350 | |

(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 | \$ | 2,171 | |
| State Retirement | | 2,046 | |
| Employee and Dependent Insurance | | 244 | |
| Unemployment Compensation | | 248 | |
| Employer Medicare | | 453 | |
| Maintenance and Repair Services - Buildings | | 15,582 | |
| Utilities | | 70,717 | |
| Building and Contents Insurance | | 4,001 | |
| Total County Buildings | | | \$ 130,092 |

Other General Administration

| | | | |
|------------------------------------|----|---------|---------|
| Other Salaries and Wages | \$ | 6,693 | |
| Social Security | | 454 | |
| State Retirement | | 394 | |
| Unemployment Compensation | | 35 | |
| Employer Medicare | | 91 | |
| Communication | | 40,015 | |
| Contributions | | 1,000 | |
| Dues and Memberships | | 8,608 | |
| Operating Lease Payments | | 16,163 | |
| Postal Charges | | 26,638 | |
| Office Supplies | | 2,517 | |
| Periodicals | | 491 | |
| Premiums on Corporate Surety Bonds | | 7,056 | |
| Workers' Compensation Insurance | | 119,095 | |
| Total Other General Administration | | | 229,250 |

Finance

Property Assessor's Office

| | | | |
|--|----|--------|--|
| County Official/Administrative Officer | \$ | 57,751 | |
| Assistant(s) | | 21,624 | |
| Secretary(ies) | | 21,624 | |
| Longevity Pay | | 450 | |
| Other Salaries and Wages | | 27,179 | |
| Social Security | | 7,828 | |
| State Retirement | | 7,517 | |
| Employee and Dependent Insurance | | 4,604 | |
| Unemployment Compensation | | 420 | |
| Employer Medicare | | 1,622 | |
| Data Processing Services | | 970 | |

(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.)

| | | | |
|----------------------------------|----|--------|------------|
| Travel | \$ | 1,924 | |
| Other Contracted Services | | 22,224 | |
| Office Supplies | | 722 | |
| Total Property Assessor's Office | | | \$ 176,459 |

County Trustee's Office

| | | | |
|---|----|--------|--------|
| Social Security | \$ | 6,901 | |
| State Retirement | | 5,821 | |
| Unemployment Compensation | | 252 | |
| Employer Medicare | | 1,559 | |
| Data Processing Services | | 19,016 | |
| Legal Notices, Recording, and Court Costs | | 500 | |
| Office Supplies | | 3,000 | |
| Total County Trustee's Office | | | 37,049 |

County Clerk's Office

| | | | |
|--|----|--------|---------|
| County Official/Administrative Officer | \$ | 57,751 | |
| Deputy(ies) | | 61,641 | |
| Social Security | | 7,568 | |
| State Retirement | | 7,224 | |
| Employee and Dependent Insurance | | 2,475 | |
| Unemployment Compensation | | 367 | |
| Employer Medicare | | 1,571 | |
| Contracts with Private Agencies | | 9,984 | |
| Office Supplies | | 2,309 | |
| Other Charges | | 595 | |
| Total County Clerk's Office | | | 151,485 |

Administration of Justice

Circuit Court

| | | | |
|--|----|--------|--|
| County Official/Administrative Officer | \$ | 57,751 | |
| Deputy(ies) | | 66,231 | |
| Other Salaries and Wages | | 275 | |
| Jury and Witness Fees | | 11,398 | |
| Social Security | | 7,790 | |
| State Retirement | | 6,816 | |
| Employee and Dependent Insurance | | 2,642 | |
| Unemployment Compensation | | 333 | |
| Employer Medicare | | 1,623 | |
| Data Processing Services | | 9,955 | |

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

| | | | |
|---------------------|----|-------|------------|
| Office Supplies | \$ | 5,269 | |
| Other Charges | | 723 | |
| Total Circuit Court | | | \$ 170,806 |

General Sessions Court

| | | | |
|----------------------------------|----|--------|---------|
| Judge(s) | \$ | 79,310 | |
| Secretary(ies) | | 8,062 | |
| Social Security | | 5,617 | |
| State Retirement | | 4,606 | |
| Employee and Dependent Insurance | | 2,613 | |
| Unemployment Compensation | | 131 | |
| Employer Medicare | | 1,170 | |
| Travel | | 2,356 | |
| Office Supplies | | 1,574 | |
| Other Charges | | 1,238 | |
| Total General Sessions Court | | | 106,677 |

Drug Court

| | | | |
|------------------|----|--------|--------|
| Other Charges | \$ | 65,078 | |
| Total Drug Court | | | 65,078 |

Chancery Court

| | | | |
|--|----|--------|---------|
| County Official/Administrative Officer | \$ | 57,751 | |
| Secretary(ies) | | 21,624 | |
| Longevity Pay | | 350 | |
| Social Security | | 4,913 | |
| State Retirement | | 4,619 | |
| Employee and Dependent Insurance | | 5,242 | |
| Unemployment Compensation | | 252 | |
| Employer Medicare | | 1,024 | |
| Data Processing Services | | 4,745 | |
| Office Supplies | | 2,968 | |
| Other Charges | | 778 | |
| Total Chancery Court | | | 104,266 |

Juvenile Court

| | | | |
|--------------------------|----|--------|--|
| Youth Service Officer(s) | \$ | 26,324 | |
| Longevity Pay | | 400 | |
| Social Security | | 1,499 | |
| State Retirement | | 1,556 | |

(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.)

| | | | |
|--------------------------------------|----|-------|-----------|
| Employee and Dependent Insurance | \$ | 2,269 | |
| Unemployment Compensation | | 126 | |
| Employer Medicare | | 308 | |
| Contracts with Other Public Agencies | | 7,241 | |
| Other Charges | | 336 | |
| Total Juvenile Court | | | \$ 40,059 |

Judicial Commissioners

| | | | |
|--|----|--------|--------|
| County Official/Administrative Officer | \$ | 22,474 | |
| Social Security | | 1,445 | |
| State Retirement | | 21 | |
| Unemployment Compensation | | 95 | |
| Employer Medicare | | 302 | |
| Travel | | 94 | |
| Office Supplies | | 202 | |
| Total Judicial Commissioners | | | 24,633 |

Public Safety

Sheriff's Department

| | | | |
|---|----|---------|--|
| County Official/Administrative Officer | \$ | 64,127 | |
| Assistant(s) | | 21,365 | |
| Deputy(ies) | | 377,341 | |
| Secretary(ies) | | 21,208 | |
| Part-time Personnel | | 31,455 | |
| Longevity Pay | | 1,000 | |
| Overtime Pay | | 27,850 | |
| In-Service Training | | 23,274 | |
| Social Security | | 34,548 | |
| State Retirement | | 30,300 | |
| Employee and Dependent Insurance | | 8,399 | |
| Unemployment Compensation | | 1,922 | |
| Employer Medicare | | 7,174 | |
| Communication | | 18,493 | |
| Contracts with Private Agencies | | 1,600 | |
| Contributions | | 1,200 | |
| Maintenance and Repair Services - Buildings | | 771 | |
| Maintenance and Repair Services - Vehicles | | 54,263 | |
| Travel | | 4,049 | |
| Gasoline | | 56,204 | |
| Office Supplies | | 10,378 | |

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

| | | | |
|------------------------------|----|--------|------------|
| Tires and Tubes | \$ | 3,590 | |
| Uniforms | | 12,934 | |
| Utilities | | 52,982 | |
| Other Supplies and Materials | | 25,046 | |
| Other Charges | | 12,808 | |
| Motor Vehicles | | 52,438 | |
| Total Sheriff's Department | | | \$ 956,719 |

Special Patrols

| | | | |
|--------------------------------------|----|--------|--------|
| Guards | \$ | 20,550 | |
| Longevity Pay | | 500 | |
| Other Salaries and Wages | | 5,022 | |
| Social Security | | 1,640 | |
| State Retirement | | 1,493 | |
| Employee and Dependent Insurance | | 1,410 | |
| Unemployment Compensation | | 135 | |
| Employer Medicare | | 334 | |
| Gasoline | | 2,587 | |
| Instructional Supplies and Materials | | 4,406 | |
| Total Special Patrols | | | 38,077 |

Traffic Control

| | | | |
|--------------------------|----|-------|-------|
| Other Salaries and Wages | \$ | 1,980 | |
| Total Traffic Control | | | 1,980 |

Correctional Incentive Program Improvements

| | | | |
|---|----|---------|---------|
| Cafeteria Personnel | \$ | 20,227 | |
| Longevity Pay | | 1,000 | |
| Other Salaries and Wages | | 392,739 | |
| Social Security | | 26,146 | |
| State Retirement | | 24,829 | |
| Employee and Dependent Insurance | | 9,524 | |
| Unemployment Compensation | | 2,232 | |
| Employer Medicare | | 5,496 | |
| Contracts with Private Agencies | | 81,862 | |
| Medical and Dental Services | | 37,412 | |
| Food Supplies | | 141,641 | |
| Other Supplies and Materials | | 11,459 | |
| Other Charges | | 17,288 | |
| Total Correctional Incentive Program Improvements | | | 771,855 |

(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

| | | | |
|---|----|--------|------------|
| In-Service Training | \$ | 6,500 | |
| Forest Resource Services | | 1,500 | |
| Maintenance and Repair Services - Equipment | | 1,000 | |
| Medical and Dental Services | | 1,000 | |
| Equipment and Machinery Parts | | 20,000 | |
| Gasoline | | 33,840 | |
| Instructional Supplies and Materials | | 2,400 | |
| Utilities | | 15,837 | |
| Other Supplies and Materials | | 4,146 | |
| Liability Insurance | | 4,500 | |
| Other Charges | | 9,039 | |
| Communication Equipment | | 3,500 | |
| Law Enforcement Equipment | | 52,892 | |
| Other Equipment | | 93,224 | |
| Other Construction | | 7,500 | |
| Total Fire Prevention and Control | | | \$ 256,878 |

Civil Defense

| | | | |
|---------------------------|----|--------|--------|
| Other Charges | \$ | 252 | |
| Law Enforcement Equipment | | 42,003 | |
| Total Civil Defense | | | 42,255 |

Other Emergency Management

| | | | |
|----------------------------------|----|---------|---------|
| Contributions | \$ | 107,379 | |
| Liability Insurance | | 2,944 | |
| Total Other Emergency Management | | | 110,323 |

County Coroner/Medical Examiner

| | | | |
|---------------------------------------|----|--------|--------|
| Evaluation and Testing | \$ | 16,400 | |
| Medical and Dental Services | | 5,900 | |
| Other Contracted Services | | 7,900 | |
| Total County Coroner/Medical Examiner | | | 30,200 |

Other Public Safety

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

Public Health and Welfare

Local Health Center

| | | | |
|----------------|----|-------|--|
| Social Workers | \$ | 1,630 | |
|----------------|----|-------|--|

(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.)

| | | | |
|---|----|--------|-----------|
| Custodial Personnel | \$ | 4,616 | |
| Social Security | | 441 | |
| State Retirement | | 283 | |
| Unemployment Compensation | | 65 | |
| Employer Medicare | | 84 | |
| Communication | | 2,116 | |
| Contracts with Government Agencies | | 11,208 | |
| Maintenance and Repair Services - Equipment | | 60 | |
| Travel | | 388 | |
| Custodial Supplies | | 1,565 | |
| Drugs and Medical Supplies | | 650 | |
| Office Supplies | | 511 | |
| Utilities | | 16,341 | |
| Other Charges | | 35,012 | |
| Total Local Health Center | | | \$ 74,970 |

Rabies and Animal Control

| | | | |
|--------------------------------------|----|-------|-------|
| Contracts with Other Public Agencies | \$ | 7,285 | |
| Total Rabies and Animal Control | | | 7,285 |

Ambulance/Emergency Medical Services

| | | | |
|---|----|---------|--|
| County Official/Administrative Officer | \$ | 45,624 | |
| Medical Personnel | | 450,474 | |
| Secretary(ies) | | 14,970 | |
| Part-time Personnel | | 103,012 | |
| Overtime Pay | | 2,874 | |
| In-Service Training | | 2,516 | |
| Social Security | | 42,458 | |
| State Retirement | | 27,719 | |
| Employee and Dependent Insurance | | 1,224 | |
| Medical Insurance | | 15,960 | |
| Unemployment Compensation | | 2,643 | |
| Employer Medicare | | 8,077 | |
| Advertising | | 1,004 | |
| Communication | | 6,792 | |
| Freight Expenses | | 215 | |
| Operating Lease Payments | | 7,050 | |
| Licenses | | 3,341 | |
| Maintenance and Repair Services - Buildings | | 2,632 | |
| Maintenance and Repair Services - Equipment | | 2,138 | |

(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.)

| | | | |
|--|----|--------|---------|
| Maintenance and Repair Services - Vehicles | \$ | 29,114 | |
| Postal Charges | | 190 | |
| Printing, Stationery, and Forms | | 1,192 | |
| Travel | | 715 | |
| Disposal Fees | | 157 | |
| Other Contracted Services | | 27,071 | |
| Custodial Supplies | | 2,581 | |
| Diesel Fuel | | 26,835 | |
| Drugs and Medical Supplies | | 36,973 | |
| Gasoline | | 1,743 | |
| Office Supplies | | 4,209 | |
| Uniforms | | 3,934 | |
| Utilities | | 7,530 | |
| Other Supplies and Materials | | 4,830 | |
| Workers' Compensation Insurance | | 54,005 | |
| Other Charges | | 17,065 | |
| Office Equipment | | 1,506 | |
| Other Equipment | | 1,207 | |
| Total Ambulance/Emergency Medical Services | \$ | | 961,580 |

Regional Mental Health Center

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

Social, Cultural, and Recreational Services

Senior Citizens Assistance

| | | | |
|----------------------------------|----|--------|--------|
| Clerical Personnel | \$ | 15,624 | |
| Longevity Pay | | 300 | |
| Social Security | | 819 | |
| State Retirement | | 935 | |
| Employee and Dependent Insurance | | 2,249 | |
| Unemployment Compensation | | 140 | |
| Employer Medicare | | 167 | |
| Travel | | 564 | |
| Other Supplies and Materials | | 1,494 | |
| Other Charges | | 107 | |
| Total Senior Citizens Assistance | | | 22,399 |

Libraries

| | | | |
|------------|----|--------|--|
| Librarians | \$ | 23,624 | |
|------------|----|--------|--|

(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.)

| | | | |
|----------------------------------|----|--------|------------|
| Clerical Personnel | \$ | 31,690 | |
| Part-time Personnel | | 24,653 | |
| Longevity Pay | | 400 | |
| Social Security | | 5,222 | |
| State Retirement | | 3,327 | |
| Employee and Dependent Insurance | | 195 | |
| Unemployment Compensation | | 938 | |
| Employer Medicare | | 1,090 | |
| Communication | | 6,576 | |
| Library Books/Media | | 9,604 | |
| Periodicals | | 1,491 | |
| Utilities | | 10,184 | |
| Other Supplies and Materials | | 4,752 | |
| Other Charges | | 5,495 | |
| Other Equipment | | 1,452 | |
| Total Libraries | | | \$ 130,693 |

Agriculture and Natural Resources

Agriculture Extension Service

| | | | |
|-------------------------------------|----|--------|--------|
| Assistant(s) | \$ | 19,188 | |
| Supervisor/Director | | 8,696 | |
| Clerical Personnel | | 5,883 | |
| Social Security | | 689 | |
| State Retirement | | 2,302 | |
| Employer Medicare | | 201 | |
| Other Fringe Benefits | | 1,509 | |
| Rentals | | 9,850 | |
| Total Agriculture Extension Service | | | 48,318 |

Soil Conservation

| | | | |
|----------------------------------|----|--------|--------|
| Secretary(ies) | \$ | 21,624 | |
| Longevity Pay | | 300 | |
| Social Security | | 1,368 | |
| State Retirement | | 1,283 | |
| Employee and Dependent Insurance | | 2,249 | |
| Unemployment Compensation | | 126 | |
| Employer Medicare | | 285 | |
| Total Soil Conservation | | | 27,235 |

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Other Operations

Industrial Development

| | | |
|------------------------------|----------|----------|
| Other Charges | \$ 6,740 | |
| Total Industrial Development | | \$ 6,740 |

Housing and Urban Development

| | | |
|-------------------------------------|-----------|--------|
| Other Contracted Services | \$ 52,186 | |
| Total Housing and Urban Development | | 52,186 |

Other Economic and Community Development

| | | |
|--|-----------|--------|
| Contributions | \$ 10,000 | |
| Engineering Services | 5,992 | |
| Travel | 315 | |
| Other Charges | 3,599 | |
| Total Other Economic and Community Development | | 19,906 |

Veterans' Services

| | | |
|---------------------------|----------|-------|
| Supervisor/Director | \$ 4,905 | |
| Social Security | 290 | |
| Unemployment Compensation | 83 | |
| Employer Medicare | 61 | |
| Travel | 500 | |
| Total Veterans' Services | | 5,839 |

Other Charges

| | | |
|----------------------|-----------|--------|
| Trustee's Commission | \$ 72,573 | |
| Total Other Charges | | 72,573 |

Contributions to Other Agencies

| | | |
|---------------------------------------|-----------|--------|
| Contributions | \$ 24,485 | |
| Dues and Memberships | 174 | |
| Total Contributions to Other Agencies | | 24,659 |

Employee Benefits

| | | |
|----------------------------------|----------|-------|
| Employee and Dependent Insurance | \$ 4,320 | |
| Unemployment Compensation | 98 | |
| Total Employee Benefits | | 4,418 |

Miscellaneous

| | | |
|---------------------------|----------|--|
| Laborers | \$ 6,221 | |
| Social Security | 352 | |
| Unemployment Compensation | 96 | |

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Other Operations (Cont.)

Miscellaneous (Cont.)

| | | | |
|---------------------|----|---------|------------|
| Employer Medicare | \$ | 72 | |
| Pauper Burials | | 3,970 | |
| Road Signs | | 6,122 | |
| Liability Insurance | | 126,943 | |
| Refunds | | 845 | |
| Other Charges | | 9,491 | |
| Total Miscellaneous | | | \$ 154,112 |

Total General Fund \$ 5,490,557

Courthouse and Jail Maintenance Fund

General Government

County Buildings

| | | | |
|---|----|--------|-----------|
| Maintenance and Repair Services - Buildings | \$ | 34,706 | |
| Custodial Supplies | | 26,313 | |
| Trustee's Commission | | 722 | |
| Total County Buildings | | | \$ 61,741 |

Total Courthouse and Jail Maintenance Fund 61,741

Local Purpose Tax Fund

Capital Projects

Other General Government Projects

| | | | |
|---|----|-----------|--------------|
| Contributions | \$ | 1,538,150 | |
| Trustee's Commission | | 21,748 | |
| Total Other General Government Projects | | | \$ 1,559,898 |

Total Local Purpose Tax Fund 1,559,898

Drug Control Fund

Public Safety

Sheriff's Department

| | | | |
|----------------------------------|----|--------|-----------|
| Investigator(s) | \$ | 21,811 | |
| Overtime Pay | | 1,590 | |
| Social Security | | 1,410 | |
| State Retirement | | 1,144 | |
| Employee and Dependent Insurance | | 484 | |
| Unemployment Compensation | | 140 | |
| Employer Medicare | | 330 | |
| Other Charges | | 19,060 | |
| Total Sheriff's Department | | | \$ 45,969 |

(Continued)

Exhibit K-8

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

Drug Control Fund (Cont.)

Other Operations

Other Charges

| | | |
|----------------------|--------|--------|
| Trustee's Commission | \$ 189 | |
| Total Other Charges | | \$ 189 |

Support Services

Other Student Support

| | | |
|------------------------------|----------|--------------|
| Other Supplies and Materials | \$ 5,696 | |
| Total Other Student Support | | <u>5,696</u> |

| | | |
|-------------------------|--|-----------|
| Total Drug Control Fund | | \$ 51,854 |
|-------------------------|--|-----------|

Constitutional Officers - Fees Fund

General Government

Register of Deeds

| | | |
|---|------------|------------|
| Constitutional Officers' Operating Expenses | \$ 101,045 | |
| Total Register of Deeds | | \$ 101,045 |

Finance

County Trustee's Office

| | | |
|---|------------|---------|
| Constitutional Officers' Operating Expenses | \$ 101,023 | |
| Total County Trustee's Office | | 101,023 |

Administration of Justice

General Sessions Court Clerk

| | | |
|---|--------|------------|
| Constitutional Officers' Operating Expenses | \$ 166 | |
| Total General Sessions Court Clerk | | <u>166</u> |

| | | |
|---|--|---------|
| Total Constitutional Officers - Fees Fund | | 202,234 |
|---|--|---------|

Highway/Public Works Fund

Highways

Administration

| | |
|--|-----------|
| County Official/Administrative Officer | \$ 65,027 |
| Accountants/Bookkeepers | 23,300 |
| Secretary(ies) | 21,834 |
| Board and Committee Members Fees | 600 |
| Communication | 6,074 |
| Data Processing Services | 3,859 |
| Dues and Memberships | 3,244 |
| Postal Charges | 340 |
| Printing, Stationery, and Forms | 357 |

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

| | | | |
|---------------------------|----|-------|------------|
| Rentals | \$ | 1,017 | |
| Travel | | 258 | |
| Electricity | | 4,479 | |
| Natural Gas | | 9,668 | |
| Office Supplies | | 702 | |
| Water and Sewer | | 174 | |
| Data Processing Equipment | | 49 | |
| Total Administration | | | \$ 140,982 |

Highway and Bridge Maintenance

| | | | |
|--------------------------------------|----|---------|---------|
| Foremen | \$ | 24,346 | |
| Equipment Operators | | 109,585 | |
| Truck Drivers | | 45,530 | |
| Laborers | | 63,631 | |
| Rentals | | 21 | |
| Other Contracted Services | | 23,435 | |
| Asphalt - Liquid | | 288,594 | |
| Concrete | | 7,936 | |
| Crushed Stone | | 61,827 | |
| Pipe - Metal | | 11,534 | |
| Salt | | 150 | |
| Structural Steel | | 3,339 | |
| Wood Products | | 1,040 | |
| Other Supplies and Materials | | 7,194 | |
| Total Highway and Bridge Maintenance | | | 648,162 |

Operation and Maintenance of Equipment

| | | | |
|--|----|--------|---------|
| Mechanic(s) | \$ | 48,636 | |
| Maintenance and Repair Services - Equipment | | 15,270 | |
| Diesel Fuel | | 86,925 | |
| Equipment and Machinery Parts | | 48,632 | |
| Garage Supplies | | 9,043 | |
| Gasoline | | 28,780 | |
| Lubricants | | 6,109 | |
| Small Tools | | 2,634 | |
| Tires and Tubes | | 23,692 | |
| Total Operation and Maintenance of Equipment | | | 269,721 |

Quarry Operations

| | | | |
|---------|----|--------|--|
| Foremen | \$ | 27,150 | |
|---------|----|--------|--|

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Quarry Operations (Cont.)

| | | | |
|---|----|---------------|---------|
| Equipment Operators | \$ | 67,269 | |
| Explosive and Drilling Services | | 30,544 | |
| Maintenance and Repair Services - Equipment | | 57,417 | |
| Electricity | | 9,080 | |
| Equipment and Machinery Parts | | <u>42,056</u> | |
| Total Quarry Operations | \$ | | 233,516 |

Other Charges

| | | | |
|---------------------------------|----|--------------|--------|
| Liability Insurance | \$ | 31,551 | |
| Trustee's Commission | | 17,026 | |
| Workers' Compensation Insurance | | 29,263 | |
| Other Charges | | <u>1,692</u> | |
| Total Other Charges | | | 79,532 |

Employee Benefits

| | | | |
|----------------------------------|----|--------------|---------|
| Social Security | \$ | 38,013 | |
| State Retirement | | 25,508 | |
| Employee and Dependent Insurance | | 138,585 | |
| Unemployment Compensation | | <u>5,247</u> | |
| Total Employee Benefits | | | 207,353 |

Capital Outlay

| | | | |
|----------------------|----|---------------|----------------|
| Principal on Notes | \$ | 100,000 | |
| Interest on Notes | | 1,500 | |
| Motor Vehicles | | <u>29,722</u> | |
| Total Capital Outlay | | | <u>131,222</u> |

Total Highway/Public Works Fund \$ 1,710,488

General Debt Service Fund

Principal on Debt

General Government

| | | | |
|--------------------------|----|----------------|---------|
| Principal on Bonds | \$ | 170,000 | |
| Principal on Notes | | <u>367,294</u> | |
| Total General Government | \$ | | 537,294 |

Education

| | | | |
|--------------------|----|---------------|---------|
| Principal on Bonds | \$ | 335,000 | |
| Principal on Notes | | <u>83,616</u> | |
| Total Education | | | 418,616 |

(Continued)

Exhibit K-8

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

General Debt Service Fund (Cont.)

Interest on Debt

General Government

| | | |
|--------------------------|-----------|-----------|
| Interest on Bonds | \$ 44,218 | |
| Interest on Notes | 52,804 | |
| Total General Government | | \$ 97,022 |

Education

| | | |
|-------------------|------------|---------|
| Interest on Bonds | \$ 158,407 | |
| Interest on Notes | 17,537 | |
| Total Education | | 175,944 |

Other Debt Service

General Government

| | | |
|--------------------------|-----------|--------|
| Fiscal Agent Charges | \$ 15,000 | |
| Trustee's Commission | 17,915 | |
| Other Debt Service | 1,250 | |
| Total General Government | | 34,165 |

Education

| | | |
|--------------------|--------|-----|
| Other Debt Service | \$ 750 | |
| Total Education | | 750 |

Total General Debt Service Fund \$ 1,263,791

General Capital Projects Fund

Capital Projects

General Administration Projects

| | | |
|---------------------------------------|----------|------------|
| Engineering Services | \$ 4,800 | |
| Trustee's Commission | 9,398 | |
| Other Debt Issuance Charges | 237 | |
| Land | 54,955 | |
| Motor Vehicles | 200,977 | |
| Total General Administration Projects | | \$ 270,367 |

Public Safety Projects

| | | |
|------------------------------|-----------|---------|
| Law Enforcement Equipment | \$ 19,267 | |
| Motor Vehicles | 131,715 | |
| Total Public Safety Projects | | 150,982 |

Total General Capital Projects Fund 421,349

Total Governmental Funds - Primary Government \$ 10,761,912

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, 2009

General Purpose School Fund

Instruction

Regular Instruction Program

| | | |
|--------------------------------------|--------------|--------------|
| Teachers | \$ 5,906,836 | |
| Career Ladder Program | 67,288 | |
| Career Ladder Extended Contracts | 7,214 | |
| Educational Assistants | 126,738 | |
| Other Salaries and Wages | 14,557 | |
| Certified Substitute Teachers | 20,816 | |
| Non-certified Substitute Teachers | 73,042 | |
| Social Security | 356,547 | |
| State Retirement | 390,299 | |
| Medical Insurance | 750,259 | |
| Dental Insurance | 49,150 | |
| Unemployment Compensation | 6,704 | |
| Employer Medicare | 83,526 | |
| Instructional Supplies and Materials | 68,402 | |
| Textbooks | 233,951 | |
| Fee Waivers | 16,400 | |
| Other Charges | 10,517 | |
| Regular Instruction Equipment | 69,655 | |
| Total Regular Instruction Program | | \$ 8,251,901 |

Alternative Instruction Program

| | | |
|---------------------------------------|-----------|--------|
| Teachers | \$ 55,473 | |
| Career Ladder Program | 3,000 | |
| Career Ladder Extended Contracts | 6,300 | |
| Educational Assistants | 11,242 | |
| Social Security | 4,436 | |
| State Retirement | 4,741 | |
| Medical Insurance | 7,965 | |
| Dental Insurance | 346 | |
| Unemployment Compensation | 69 | |
| Employer Medicare | 1,037 | |
| Instructional Supplies and Materials | 517 | |
| Total Alternative Instruction Program | | 95,126 |

Special Education Program

| | | |
|------------------------|------------|--|
| Teachers | \$ 911,158 | |
| Career Ladder Program | 9,000 | |
| Homebound Teachers | 44,181 | |
| Educational Assistants | 167,133 | |

(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 | \$ 112,330 | |
| Other Salaries and Wages | 11,413 | |
| Certified Substitute Teachers | 240 | |
| Non-certified Substitute Teachers | 11,151 | |
| Social Security | 71,698 | |
| State Retirement | 76,511 | |
| Medical Insurance | 142,504 | |
| Dental Insurance | 8,739 | |
| Unemployment Compensation | 1,703 | |
| Employer Medicare | 16,768 | |
| Other Contracted Services | 23,044 | |
| Instructional Supplies and Materials | 1,887 | |
| Other Supplies and Materials | 4,331 | |
| Special Education Equipment | 9,806 | |
| Total Special Education Program | | \$ 1,623,597 |

Vocational Education Program

| | | |
|--------------------------------------|------------|---------|
| Teachers | \$ 383,538 | |
| Career Ladder Program | 6,000 | |
| Career Ladder Extended Contracts | 2,012 | |
| Other Salaries and Wages | 39,669 | |
| Certified Substitute Teachers | 30 | |
| Non-certified Substitute Teachers | 9,585 | |
| Social Security | 25,148 | |
| State Retirement | 27,684 | |
| Medical Insurance | 54,276 | |
| Dental Insurance | 3,452 | |
| Unemployment Compensation | 437 | |
| Employer Medicare | 5,881 | |
| Other Contracted Services | 150 | |
| Instructional Supplies and Materials | 12,487 | |
| Other Supplies and Materials | 192 | |
| Total Vocational Education Program | | 570,541 |

Support Services

Attendance

| | |
|-----------------------|-----------|
| Supervisor/Director | \$ 62,546 |
| Career Ladder Program | 3,000 |
| Clerical Personnel | 21,100 |

(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 | \$ | 4,925 | |
| State Retirement | | 5,301 | |
| Medical Insurance | | 9,971 | |
| Dental Insurance | | 322 | |
| Unemployment Compensation | | 77 | |
| Employer Medicare | | 1,152 | |
| Travel | | 3,259 | |
| Other Supplies and Materials | | 874 | |
| Attendance Equipment | | 519 | |
| Total Attendance | | | \$ 113,046 |

Health Services

| | | | |
|------------------------------|----|---------|---------|
| Supervisor/Director | \$ | 58,300 | |
| Medical Personnel | | 103,797 | |
| Clerical Personnel | | 13,157 | |
| Social Security | | 10,104 | |
| State Retirement | | 10,407 | |
| Medical Insurance | | 19,121 | |
| Dental Insurance | | 1,357 | |
| Unemployment Compensation | | 188 | |
| Employer Medicare | | 2,363 | |
| Travel | | 5,397 | |
| Other Contracted Services | | 4,465 | |
| Drugs and Medical Supplies | | 953 | |
| Other Supplies and Materials | | 21,802 | |
| Total Health Services | | | 251,411 |

Other Student Support

| | | | |
|----------------------------------|----|---------|---------|
| Career Ladder Program | \$ | 1,000 | |
| Guidance Personnel | | 257,617 | |
| Career Ladder Extended Contracts | | 1,750 | |
| Social Security | | 15,522 | |
| State Retirement | | 16,716 | |
| Medical Insurance | | 14,347 | |
| Dental Insurance | | 2,079 | |
| Unemployment Compensation | | 232 | |
| Employer Medicare | | 3,630 | |
| Evaluation and Testing | | 19,168 | |
| Total Other Student Support | | | 332,061 |

(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.)

Regular Instruction Program

| | | | |
|---|----|---------|------------|
| Supervisor/Director | \$ | 130,986 | |
| Career Ladder Program | | 8,000 | |
| Career Ladder Extended Contracts | | 14,784 | |
| Librarians | | 215,212 | |
| Instructional Computer Personnel | | 75,186 | |
| Educational Assistants | | 32,100 | |
| Social Security | | 27,614 | |
| State Retirement | | 29,246 | |
| Medical Insurance | | 46,093 | |
| Dental Insurance | | 2,425 | |
| Unemployment Compensation | | 438 | |
| Employer Medicare | | 6,458 | |
| Maintenance and Repair Services - Equipment | | 73,211 | |
| Travel | | 5,759 | |
| Instructional Supplies and Materials | | 297 | |
| Library Books/Media | | 18,110 | |
| Other Supplies and Materials | | 321 | |
| In Service/Staff Development | | 325 | |
| Other Charges | | 125 | |
| Total Regular Instruction Program | | | \$ 686,690 |

Special Education Program

| | | | |
|----------------------------------|----|--------|---------|
| Supervisor/Director | \$ | 61,061 | |
| Career Ladder Program | | 1,000 | |
| Career Ladder Extended Contracts | | 3,012 | |
| Other Salaries and Wages | | 44,484 | |
| Social Security | | 6,492 | |
| State Retirement | | 4,215 | |
| Medical Insurance | | 8,267 | |
| Dental Insurance | | 346 | |
| Unemployment Compensation | | 81 | |
| Employer Medicare | | 1,518 | |
| Travel | | 5,656 | |
| Other Contracted Services | | 3,957 | |
| In Service/Staff Development | | 2,975 | |
| Total Special Education Program | | | 143,064 |

Other Programs

| | | | |
|----------------------------|----|--------|--------|
| On-Behalf Payments to OPEB | \$ | 86,978 | |
| Total Other Programs | | | 86,978 |

(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.)

Board of Education

| | | | |
|--|----|---------|------------|
| Board and Committee Members Fees | \$ | 5,100 | |
| Social Security | | 316 | |
| Employer Medicare | | 74 | |
| Audit Services | | 6,000 | |
| Dues and Memberships | | 7,577 | |
| Legal Services | | 8,359 | |
| Travel | | 5,492 | |
| Liability Insurance | | 25,000 | |
| Trustee's Commission | | 72,611 | |
| Workers' Compensation Insurance | | 134,096 | |
| Criminal Investigation of Applicants - TBI | | 4,220 | |
| Refund to Applicant for Criminal Investigation | | 3,072 | |
| Other Charges | | 2,824 | |
| Total Board of Education | | | \$ 274,741 |

Director of Schools

| | | | |
|--|----|--------|---------|
| County Official/Administrative Officer | \$ | 92,940 | |
| Career Ladder Program | | 1,000 | |
| Social Security | | 5,504 | |
| State Retirement | | 6,031 | |
| Medical Insurance | | 8,690 | |
| Dental Insurance | | 346 | |
| Unemployment Compensation | | 38 | |
| Employer Medicare | | 1,287 | |
| Communication | | 30,332 | |
| Dues and Memberships | | 406 | |
| Postal Charges | | 2,916 | |
| Travel | | 1,768 | |
| Other Charges | | 1,452 | |
| Administration Equipment | | 1,666 | |
| Total Director of Schools | | | 154,376 |

Office of the Principal

| | | | |
|----------------------------------|----|---------|--|
| Principals | \$ | 323,999 | |
| Career Ladder Program | | 9,200 | |
| Career Ladder Extended Contracts | | 35,806 | |
| Assistant Principals | | 143,317 | |
| Secretary(ies) | | 250,396 | |
| Clerical Personnel | | 22,440 | |

(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.)

Office of the Principal (Cont.)

| | | | |
|-------------------------------|----|--------|------------|
| Social Security | \$ | 46,554 | |
| State Retirement | | 45,862 | |
| Medical Insurance | | 48,383 | |
| Dental Insurance | | 2,433 | |
| Unemployment Compensation | | 844 | |
| Employer Medicare | | 10,888 | |
| Communication | | 13,700 | |
| Dues and Memberships | | 500 | |
| Travel | | 1,856 | |
| Other Contracted Services | | 6,925 | |
| Other Supplies and Materials | | 589 | |
| Total Office of the Principal | | | \$ 963,692 |

Fiscal Services

| | | | |
|---|----|--------|---------|
| Accountants/Bookkeepers | \$ | 62,686 | |
| Secretary(ies) | | 34,204 | |
| Clerical Personnel | | 7,207 | |
| Social Security | | 5,905 | |
| State Retirement | | 5,392 | |
| Medical Insurance | | 11,386 | |
| Unemployment Compensation | | 126 | |
| Employer Medicare | | 1,381 | |
| Data Processing Services | | 10,090 | |
| Maintenance and Repair Services - Equipment | | 710 | |
| Travel | | 2,400 | |
| Other Contracted Services | | 2,790 | |
| Data Processing Supplies | | 2,252 | |
| Office Supplies | | 3,105 | |
| Other Charges | | 757 | |
| Total Fiscal Services | | | 150,391 |

Operation of Plant

| | | | |
|---------------------------|----|---------|--|
| Custodial Personnel | \$ | 266,384 | |
| Social Security | | 15,634 | |
| State Retirement | | 10,889 | |
| Medical Insurance | | 20,368 | |
| Unemployment Compensation | | 845 | |
| Employer Medicare | | 3,656 | |
| Other Contracted Services | | 1,937 | |

(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.)

Operation of Plant (Cont.)

| | | | |
|---------------------------------|----|---------|--------------|
| Custodial Supplies | \$ | 5,881 | |
| Electricity | | 504,136 | |
| Natural Gas | | 162,615 | |
| Water and Sewer | | 31,571 | |
| Other Supplies and Materials | | 80,524 | |
| Boiler Insurance | | 5,500 | |
| Building and Contents Insurance | | 75,723 | |
| Other Charges | | 475 | |
| Total Operation of Plant | | | \$ 1,186,138 |

Maintenance of Plant

| | | | |
|---|----|---------|---------|
| Supervisor/Director | \$ | 47,433 | |
| Maintenance Personnel | | 76,474 | |
| Other Salaries and Wages | | 6,420 | |
| Social Security | | 7,531 | |
| State Retirement | | 6,751 | |
| Medical Insurance | | 8,854 | |
| Unemployment Compensation | | 174 | |
| Employer Medicare | | 1,761 | |
| Maintenance and Repair Services - Buildings | | 470 | |
| Maintenance and Repair Services - Equipment | | 2,114 | |
| Travel | | 589 | |
| Other Contracted Services | | 15,192 | |
| Equipment and Machinery Parts | | 3,158 | |
| Other Supplies and Materials | | 101,103 | |
| Maintenance Equipment | | 600 | |
| Total Maintenance of Plant | | | 278,624 |

Transportation

| | | | |
|-------------------------------------|----|---------|--|
| Supervisor/Director | \$ | 20,000 | |
| Mechanic(s) | | 51,808 | |
| Bus Drivers | | 398,617 | |
| Other Salaries and Wages | | 77,448 | |
| Social Security | | 32,092 | |
| State Retirement | | 27,675 | |
| Medical Insurance | | 33,103 | |
| Unemployment Compensation | | 1,452 | |
| Employer Medicare | | 7,506 | |
| Contracts with Other School Systems | | 3,000 | |

(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.)

Support Services (Cont.)

Transportation (Cont.)

| | | | |
|---|----|---------|--------------|
| Maintenance and Repair Services - Equipment | \$ | 677 | |
| Travel | | 1,224 | |
| Other Contracted Services | | 8,709 | |
| Diesel Fuel | | 126,559 | |
| Equipment and Machinery Parts | | 200 | |
| Garage Supplies | | 2,161 | |
| Gasoline | | 13,697 | |
| Lubricants | | 3,596 | |
| Tires and Tubes | | 16,215 | |
| Vehicle Parts | | 34,262 | |
| Other Supplies and Materials | | 3,433 | |
| Vehicle and Equipment Insurance | | 46,000 | |
| Other Charges | | 1,848 | |
| Transportation Equipment | | 145,194 | |
| Total Transportation | | | \$ 1,056,476 |

Operation of Non-Instructional Services

Food Service

| | | | |
|---------------------------|----|--------|--------|
| Supervisor/Director | \$ | 48,725 | |
| Career Ladder Program | | 1,000 | |
| Social Security | | 2,812 | |
| State Retirement | | 3,192 | |
| Medical Insurance | | 7,301 | |
| Dental Insurance | | 318 | |
| Unemployment Compensation | | 24 | |
| Employer Medicare | | 658 | |
| Travel | | 167 | |
| Total Food Service | | | 64,197 |

Early Childhood Education

| | | | |
|-----------------------------------|----|---------|--|
| Supervisor/Director | \$ | 6,650 | |
| Teachers | | 162,451 | |
| Educational Assistants | | 92,650 | |
| Certified Substitute Teachers | | 9,824 | |
| Non-certified Substitute Teachers | | 5,211 | |
| Social Security | | 15,591 | |
| State Retirement | | 15,656 | |
| Medical Insurance | | 35,289 | |
| Dental Insurance | | 1,757 | |

(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.)

| | | | |
|--------------------------------------|----|--------|------------|
| Unemployment Compensation | \$ | 488 | |
| Employer Medicare | | 3,653 | |
| Travel | | 1,775 | |
| Other Contracted Services | | 1,552 | |
| Food Supplies | | 352 | |
| Instructional Supplies and Materials | | 7,081 | |
| Other Supplies and Materials | | 18,108 | |
| Other Charges | | 87 | |
| Other Equipment | | 1,621 | |
| Total Early Childhood Education | | | \$ 379,796 |

Capital Outlay

Regular Capital Outlay

| | | | |
|--|----|--------|----------------|
| Other Supplies and Materials | \$ | 401 | |
| Building Improvements | | 71,144 | |
| Communication Equipment | | 7,065 | |
| Furniture and Fixtures | | 7,165 | |
| Heating and Air Conditioning Equipment | | 77,164 | |
| Other Capital Outlay | | 20,607 | |
| Total Regular Capital Outlay | | | <u>183,546</u> |

Total General Purpose School Fund \$ 16,846,392

School Federal Projects Fund

Instruction

Regular Instruction Program

| | | | |
|--------------------------------------|----|---------|--|
| Teachers | \$ | 550,810 | |
| Educational Assistants | | 79,208 | |
| Other Salaries and Wages | | 1,100 | |
| Certified Substitute Teachers | | 2,256 | |
| Non-certified Substitute Teachers | | 11,514 | |
| Social Security | | 37,680 | |
| State Retirement | | 39,328 | |
| Medical Insurance | | 52,807 | |
| Dental Insurance | | 3,464 | |
| Unemployment Compensation | | 645 | |
| Employer Medicare | | 8,844 | |
| Other Contracted Services | | 49,800 | |
| Instructional Supplies and Materials | | 111,003 | |

(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.)

Regular Instruction Program (Cont.)

| | | |
|-----------------------------------|--------|------------|
| Other Supplies and Materials | \$ 261 | |
| Total Regular Instruction Program | | \$ 948,720 |

Special Education Program

| | | |
|--------------------------------------|-----------|---------|
| Teachers | \$ 70,430 | |
| Educational Assistants | 211,992 | |
| Speech Pathologist | 1,509 | |
| Certified Substitute Teachers | 610 | |
| Non-certified Substitute Teachers | 20,098 | |
| Social Security | 16,903 | |
| State Retirement | 14,754 | |
| Medical Insurance | 30,544 | |
| Dental Insurance | 635 | |
| Unemployment Compensation | 809 | |
| Employer Medicare | 4,100 | |
| Other Contracted Services | 500 | |
| Instructional Supplies and Materials | 7,938 | |
| Other Supplies and Materials | 7,441 | |
| Special Education Equipment | 7,329 | |
| Total Special Education Program | | 395,592 |

Vocational Education Program

| | | |
|--------------------------------------|----------|--------|
| Other Salaries and Wages | \$ 2,577 | |
| Non-certified Substitute Teachers | 872 | |
| Social Security | 160 | |
| State Retirement | 165 | |
| Employer Medicare | 37 | |
| Instructional Supplies and Materials | 12,114 | |
| Other Supplies and Materials | 878 | |
| In Service/Staff Development | 4,067 | |
| Vocational Instruction Equipment | 34,036 | |
| Total Vocational Education Program | | 54,906 |

Support Services

Health Services

| | | |
|--------------------------|-----------|--|
| Medical Personnel | \$ 24,680 | |
| Other Salaries and Wages | 31,080 | |
| Social Security | 3,457 | |
| State Retirement | 1,177 | |

(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.)

Health Services (Cont.)

| | | | |
|---------------------------|----|--------|--------|
| Unemployment Compensation | \$ | 76 | |
| Employer Medicare | | 809 | |
| Other Contracted Services | | 13,489 | |
| Total Health Services | \$ | | 74,768 |

Other Student Support

| | | | |
|---------------------------------|----|-------|--------|
| Social Security | \$ | 101 | |
| Unemployment Compensation | | 9 | |
| Employer Medicare | | 24 | |
| Contracts with Private Agencies | | 4,156 | |
| Travel | | 4,864 | |
| In Service/Staff Development | | 3,265 | |
| Other Charges | | 138 | |
| Total Other Student Support | | | 12,557 |

Regular Instruction Program

| | | | |
|-----------------------------------|----|--------|---------|
| Supervisor/Director | \$ | 68,875 | |
| Other Salaries and Wages | | 26,775 | |
| Social Security | | 5,608 | |
| State Retirement | | 5,809 | |
| Medical Insurance | | 7,965 | |
| Dental Insurance | | 346 | |
| Unemployment Compensation | | 77 | |
| Employer Medicare | | 1,311 | |
| Contracts with Private Agencies | | 932 | |
| Travel | | 3,918 | |
| Library Books/Media | | 6,974 | |
| Other Supplies and Materials | | 4,049 | |
| In Service/Staff Development | | 72,445 | |
| Other Charges | | 16,150 | |
| Total Regular Instruction Program | | | 221,234 |

Special Education Program

| | | | |
|--------------------------|----|--------|--|
| Psychological Personnel | \$ | 70,079 | |
| Assessment Personnel | | 6,798 | |
| Secretary(ies) | | 28,600 | |
| Other Salaries and Wages | | 14,380 | |
| Social Security | | 7,104 | |
| State Retirement | | 5,782 | |

(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.)

Special Education Program (Cont.)

| | | | |
|---------------------------------|----|-------|------------|
| Medical Insurance | \$ | 7,259 | |
| Dental Insurance | | 375 | |
| Unemployment Compensation | | 189 | |
| Employer Medicare | | 1,661 | |
| Consultants | | 2,306 | |
| Travel | | 799 | |
| Other Contracted Services | | 2,346 | |
| Other Supplies and Materials | | 6,495 | |
| In Service/Staff Development | | 7,373 | |
| Total Special Education Program | | | \$ 161,546 |

Vocational Education Program

| | | | |
|------------------------------------|----|-----|-----|
| Travel | \$ | 996 | |
| Total Vocational Education Program | | | 996 |

Transportation

| | | | |
|---------------------------|----|--------|--------|
| Bus Drivers | \$ | 18,173 | |
| Social Security | | 1,127 | |
| State Retirement | | 940 | |
| Unemployment Compensation | | 32 | |
| Employer Medicare | | 264 | |
| Total Transportation | | | 20,536 |

Operation of Non-Instructional Services

Community Services

| | | | |
|---------------------------|----|-------|-------|
| Other Salaries and Wages | \$ | 1,850 | |
| Social Security | | 115 | |
| State Retirement | | 85 | |
| Unemployment Compensation | | 1 | |
| Employer Medicare | | 27 | |
| Total Community Services | | | 2,078 |

Total School Federal Projects Fund \$ 1,892,933

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

| | | | |
|-------------------------|----|--------|--|
| Supervisor/Director | \$ | 4,385 | |
| Accountants/Bookkeepers | | 21,393 | |

(Continued)

Exhibit K-9

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

| | | |
|---|---------------|---------------------|
| Cafeteria Personnel | \$ 410,670 | |
| Social Security | 23,700 | |
| State Retirement | 19,845 | |
| Medical Insurance | 61,527 | |
| Dental Insurance | 29 | |
| Unemployment Compensation | 1,330 | |
| Employer Medicare | 5,624 | |
| Communication | 2,534 | |
| Maintenance and Repair Services - Equipment | 10,612 | |
| Travel | 1,891 | |
| Other Contracted Services | 3,077 | |
| Food Supplies | 602,049 | |
| Other Supplies and Materials | 17,640 | |
| In Service/Staff Development | 609 | |
| Other Charges | 4,582 | |
| Food Service Equipment | <u>30,464</u> | |
| Total Food Service | | <u>\$ 1,221,961</u> |

Total Central Cafeteria Fund \$ 1,221,961

Total Governmental Funds - DeKalb County School Department \$ 19,961,286

Exhibit K-10

DeKalb County, Tennessee
Schedule of Detailed Revenues and Expenses
Proprietary Fund
For the Year Ended June 30, 2009

| | 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 | \$ 8,318 |
| Residential Waste Collection Charge | 2,000 |
| Tipping Fees | 93,996 |
| Total Charges for Current Services | <u>\$ 104,314</u> |
| <u>Other Local Revenues</u> | |
| Sale of Recycled Materials | \$ 1,421 |
| Miscellaneous Refunds | 18 |
| Total Other Local Revenues | <u>\$ 1,439</u> |
| Total Operating Revenue | <u>\$ 105,753</u> |
| <u>Nonoperating Revenues</u> | |
| <u>Local Taxes</u> | |
| Current Property Taxes | \$ 26,693 |
| Circuit/Clerk and Master Collections - Prior Years | 10,917 |
| Interest and Penalty | 3,887 |
| Pick-up Taxes | 3,006 |
| Investment Income | 22,906 |
| Grants | 10,500 |
| Total Nonoperating Revenues | <u>\$ 77,909</u> |
| Total Revenues | <u>\$ 183,662</u> |
| <u>Expenses</u> | |
| <u>Operating Expenses</u> | |
| <u>Waste Pickup</u> | |
| Laborers | \$ 43,501 |
| Longevity Pay | 700 |
| Social Security | 2,542 |
| State Retirement | 1,932 |
| Unemployment Compensation | 275 |
| Employer Medicare | 595 |
| Other Supplies and Materials | 18 |
| Total Waste Pickup | <u>\$ 49,563</u> |
| <u>Convenience Centers</u> | |
| Laborers | \$ 192,871 |
| Social Security | 11,146 |
| Unemployment Compensation | 3,112 |
| Employer Medicare | 2,607 |
| Communication | 3,979 |
| Asphalt - Liquid | 9,255 |
| Other Supplies and Materials | 6,185 |
| Other Construction | 273 |
| Total Convenience Centers | <u>\$ 229,428</u> |

(Continued)

Exhibit K-10

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

| | <u>Business-type Activities</u> |
|--|-------------------------------------|
| | <u>Enterprise Fund</u> |
| | <u>Solid Waste</u> |
| | <u>Disposal Fund</u> |
| <hr/> | |
| <u>Expenses (Cont.)</u> | |
| <u>Operating Expenses (Cont.)</u> | |
| <u>Landfill Operation and Maintenance</u> | |
| Laborers | \$ 174,884 |
| Longevity Pay | 750 |
| Overtime Pay | 7,861 |
| Social Security | 8,594 |
| State Retirement | 5,719 |
| Employee and Dependent Insurance | 6,718 |
| Unemployment Compensation | 1,314 |
| Employer Medicare | 2,341 |
| Communication | 547 |
| Laundry Service | 16,943 |
| Maintenance and Repair Services - Vehicles | 73,519 |
| Rentals | 18,154 |
| Other Contracted Services | 32,011 |
| Crushed Stone | 13,000 |
| Diesel Fuel | 106,556 |
| Utilities | 11,894 |
| Other Supplies and Materials | 26,104 |
| Depreciation | 128,658 |
| Landfill Closure/Postclosure Care Costs | 30,846 |
| Other Charges | 39,385 |
| Total Landfill Operation and Maintenance | <u>\$ 705,798</u> |
| <u>Other Waste Disposal</u> | |
| Social Security | \$ 3,422 |
| State Retirement | 761 |
| Trustee's Commission | 18,109 |
| Total Other Waste Disposal | <u>\$ 22,292</u> |
| Total Operating Expenses | <u>\$ 1,007,081</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, 2009

| | Cities - Sales Tax Fund |
|--|-------------------------------|
| <hr/> | |
| <u>Cash Receipts</u> | |
| Local Option Sales Tax | \$ 925,184 |
| <u>Cash Disbursements</u> | |
| Remittance of Revenues Collected | \$ 915,932 |
| Trustee's Commission | 9,252 |
| Total Cash Disbursements | <u>\$ 925,184</u> |
| Excess of Cash Receipts Over (Under) Cash Disbursements | \$ 0 |
| Cash Balance, July 1, 2008 | <u>0</u> |
| Cash Balance, June 30, 2009 | <u><u>\$ 0</u></u> |

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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

October 15, 2009

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, 2009, which collectively comprise DeKalb County's basic financial statements and have issued our report thereon dated October 15, 2009. Our report was modified to include a reference to other auditors. Our report on the aggregate remaining fund information was qualified due to not including the financial statements of the Justin Potter Library, a special revenue fund, which were not available from other auditors as of the date of this report. 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: 09.01, 09.02, 09.04, 09.06, 09.09, and 09.11.

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 09.01 and 09.02 to be material weaknesses.

Compliance and Other Matters

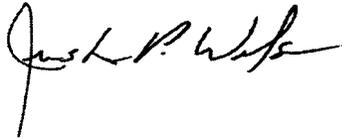
As part of obtaining reasonable assurance about whether DeKalb County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 09.03, 09.05, 09.07, and 09.08.

We consider item 09.10 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.

This report is intended solely for the information and use of management, the county mayor, director of schools, road supervisor, County Commission, 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, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a prominent vertical stroke on the left side.

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

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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

October 15, 2009

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, 2009. 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, 2009.

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.

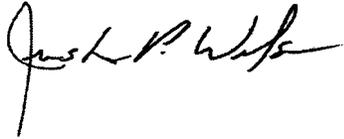
Schedule of Expenditures of Federal Awards

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, 2009, and have issued our reports thereon dated October 15, 2009. Our report on the aggregate remaining fund information was qualified due to not including the financial statements of the Justin Potter Library, a special revenue fund, which were not available

from other auditors as of the date of this report. 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.

This report is intended solely for the information and use of management, the county mayor, director of schools, road supervisor, County Commission, 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, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a prominent vertical stroke at the beginning.

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

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

| Federal/Pass-through Agency/State Grantor Program Title | Federal CFDA Number | Pass-through Entity Identifying Number | Expenditures |
|--|---------------------------|--|---------------------|
| U.S. Department of Agriculture: | | | |
| Passed-through Tennessee Technological University: | | | |
| Grants for Agriculture Research - Competitive Research Grant | 10.206 | N/A | \$ 3,317 |
| Passed-through State Department of Agriculture: | | | |
| National School Lunch Program (Commodities - Noncash Assistance) | 10.555 | N/A | 77,529 (3) |
| Passed-through State Department of Education: | | | |
| Child Nutrition Cluster: | | | |
| School Breakfast Program | 10.553 | N/A | 223,879 |
| National School Lunch Program | 10.555 | N/A | 638,049 (3) |
| Passed-through State Department of Human Services: | | | |
| Adult and Child Care Program | 10.558 | | 6,058 |
| Total U.S. Department of Agriculture | | | <u>\$ 948,832</u> |
| U.S. Department of Housing and Urban Development: | | | |
| Passed-through State Housing Development Agency: | | | |
| HOME Investment Partnerships Program | 14.239 | (2) | <u>\$ 52,186</u> |
| U.S. Department of Labor: | | | |
| Passed-through Upper Cumberland Human Resource Agency: | | | |
| WIA Youth Activities | 17.259 | (2) | <u>\$ 21,602</u> |
| U.S. Department of Education: | | | |
| Direct Program: | | | |
| Impact Aid | 84.041 | N/A | \$ 124,207 |
| Passed-through State Department of Education: | | | |
| Title I Grants to Local Educational Agencies | 84.010 | N/A | 810,718 |
| Special Education Cluster: | | | |
| Special Education - Grants to States | 84.027 | N/A | 611,851 |
| Special Education - Preschool Grants | 84.173 | N/A | 25,704 |
| Career and Technical Education - Basic Grants to States | 84.048 | N/A | 63,069 |
| Safe and Drug-Free Schools and Communities - State Grants | 84.186 | (2) | 50,574 |
| Twenty-first Century Community Learning Centers | 84.287 | N/A | 216,250 |
| State Grants for Innovative Programs | 84.298 | N/A | 1,862 |
| Education Technology State Grants | 84.318 | (2) | 7,452 |
| Rural Education | 84.358 | N/A | 39,903 |
| English Language Acquisition Grants | 84.365 | N/A | 23,659 |
| Improving Teacher Quality State Grants | 84.367 | N/A | 47,297 |
| Total U.S. Department of Education | | | <u>\$ 2,022,546</u> |
| U.S. Department of Homeland Security: | | | |
| Direct Program: | | | |
| Assistance to Firefighters Grant | 97.044 | N/A | \$ 132,886 |
| Passed-through State Department of Military: | | | |
| Homeland Security Grant Program | 97.067 | (2) | 42,003 |
| Total U.S. Department of Homeland Security | | | <u>\$ 174,889</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 3,220,055</u> |

(Continued)

DeKalb County, Tennessee

Schedule of Expenditures of Federal Awards and State Grants (1) (Cont.)

| <u>Federal/Pass-through Agency/State Grantor Program Title</u> | <u>Federal CFDA Number</u> | <u>Contract Number</u> | <u>Expenditures</u> |
|--|------------------------------------|----------------------------|--------------------------|
| <u>State Grants</u> | | | |
| Aging Programs - State Commission on Aging | N/A | (2) | \$ 3,443 |
| Litter Program - State Department of Transportation | N/A | (2) | 26,850 |
| Early Childhood Education - State Department of Education | N/A | (2) | 379,795 |
| Safe Schools Act - State Department of Education | N/A | (2) | 15,641 |
| Dropout Prevention Program - State Department of Education | N/A | (2) | 3,994 |
| Coordinated School Health - State Department of Education | N/A | (2) | 105,000 |
| ConnectTen - State Department of Education | N/A | (2) | 16,763 |
| Three Star Education Grant - State Department of Economic and Community Development | N/A | (2) | 1,500 |
| State Reappraisal Program - Comptroller of the Treasury | N/A | (2) | 10,719 |
| Drug Court Grant - State Office of Criminal Justice Programs | N/A | Z-05-25511-01 | 54,976 |
| Law Enforcement Training Programs - State Department of Safety | N/A | (2) | 8,400 |
| Youth Services Program - State Commission on Children and Youth | N/A | Z-09-22845-00 | 11,250 |
| Rural Local Health Services - State Department of Health | N/A | Z-09-2113718-00 | 3,061 |
| Community Enhancement Grant Program - Tennessee Secretary of State | N/A | (2) | 2,200 |
| Waste Tire Grant - State Department of Environment and Conservation | N/A | (2) | <u>10,500</u> |
| Total State Grants | | | <u>\$ 654,092</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 \$715,578.

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

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report for DeKalb County, Tennessee, for the year ended June 30, 2008, which have not been corrected.

DEKALB COUNTY AND DEKALB COUNTY SCHOOL DEPARTMENT

| Finding Number | Page Number | Subject |
|----------------|-------------|--|
| 08.01 | 176 | The county and the School Department do not have the resources to produce financial statements and notes to the financial statements |

OFFICE OF ROAD SUPERVISOR

| Finding Number | Page Number | Subject |
|----------------|-------------|--|
| 08.05 | 179 | The office did not maintain adequate controls over consumable assets |

OFFICE OF COUNTY CLERK

| Finding Number | Page Number | Subject |
|----------------|-------------|---|
| 08.07 | 180 | The office did not review software audit logs |

OFFICE OF CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK

| Finding Number | Page Number | Subject |
|----------------|-------------|--|
| 08.09 | 181 | Execution docket trial balances for the circuit and general sessions courts did not reconcile with general ledger accounts |

OFFICE OF REGISTER

| Finding Number | Page Number | Subject |
|---------------------------|------------------------|---|
| 08.10 | 182 | Excess fees were not reported and paid to the county in compliance with state statute |

OFFICE OF SHERIFF

| Finding Number | Page Number | Subject |
|---------------------------|------------------------|---|
| 08.11(A,B,C,D) | 182 | The office had numerous accounting deficiencies |

OTHER FINDINGS

| Finding Number | Page Number | Subject |
|---------------------------|------------------------|--|
| 08.12 | 183 | A central system of accounting and budgeting had not been adopted |
| 08.13 | 184 | Duties were not adequately segregated in the Offices of Road Supervisor, Director of Schools, Trustee, Clerk and Master, Register, and Sheriff |

DEKALB COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2009

PART I, SUMMARY OF AUDITOR'S RESULTS

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

DEKALB COUNTY AND DEKALB COUNTY SCHOOL DEPARTMENT

FINDING 09.01 **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. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report. The inability to prepare financial statements and notes is an indication of a lack of controls, or ineffective controls, because material misstatements may not be detected.

RECOMMENDATION

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.

OFFICE OF COUNTY MAYOR

**FINDING 09.02 THE SOLID WASTE DISPOSAL FUND HAD A DEFICIT IN UNRESTRICTED NET ASSETS
(Internal Control – Material Weakness Under Government Auditing Standards)**

The Solid Waste Disposal Fund had a deficit of \$1,394,491 in unrestricted net assets at June 30, 2009. This deficit resulted from the recognition of a liability (\$2,343,127) in the financial statements for costs associated with closing the county's landfill and monitoring the landfill for 30 years after its closure. Generally accepted accounting principles and state statutes require that such costs be reflected in the financial statements.

RECOMMENDATION

County officials should develop and implement a plan that would fund the deficit in unrestricted net assets.

**FINDING 09.03 AMOUNTS WITHHELD FROM CONTRACTOR PAYMENTS WERE NOT DEPOSITED INTO AN ESCROW ACCOUNT
(Noncompliance Under Government Auditing Standards)**

The office did not deposit amounts withheld (\$63,317) from contractor payments into an escrow account. Section 66-34-104, Tennessee Code Annotated, requires that funds withheld from contractor payments be deposited into an escrow account for contracts of \$500,000 or more. Management advised that they were not aware that amounts withheld from contractor payments had to be deposited into an escrow account. This noncompliance could result in the loss of interest earnings for the contractor.

RECOMMENDATION

Amounts withheld from contractor payments on contracts of \$500,000 or more should be deposited into an escrow account in compliance with state statute.

OFFICE OF ROAD SUPERVISOR

**FINDING 09.04 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. This deficiency can be attributed to the failure of management to correct the finding noted

in the prior-year audit report. The failure to maintain adequate records of consumable assets weakens controls over these assets and increases the risk of inventory loss.

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.

OFFICE OF TRUSTEE

**FINDING 09.05 UNAUTHORIZED SECURITIES WERE PLEDGED AS COLLATERAL
(Noncompliance Under Government Auditing Standards)**

County funds at one of the trustee's depositories were secured by collateral pledged by the depository. However, the types of securities pledged included obligations of municipalities, counties, and school districts of other states, which are not a type of security authorized by Section 9-4-103, Tennessee Code Annotated. This statute requires securities to be bonds of the United States, bonds of this state, bonds of any county or municipal corporation of this state, or loans to students guaranteed 100 percent by the Tennessee Student Assistance Corporation.

RECOMMENDATION

The trustee should require the depository to pledge securities authorized by state statute.

OFFICE OF COUNTY CLERK

**FINDING 09.06 THE OFFICE DID NOT REVIEW SOFTWARE AUDIT LOGS
(Internal Control – Significant Deficiency Under Government Auditing Standards)**

The software application used by the office generated daily logs that displayed changes made by users. Since the logs provided the only audit trail of these changes, they should be reviewed daily for inappropriate activity. During the prior audit period, we advised management of the importance of these logs, and management began reviewing the logs. However, during the current period, management chose to discontinue their review. When the importance of these logs was again brought to management's attention in July 2009, they resumed the review process.

RECOMMENDATION

Management should be consistent in their review of the software audit logs as a means of strengthening internal controls.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

FINDING 09.07 EXECUTION DOCKET TRIAL BALANCES FOR THE CIRCUIT AND GENERAL SESSIONS COURTS DID NOT RECONCILE WITH GENERAL LEDGER ACCOUNTS (Noncompliance Under Government Auditing Standards)

As of June 30, 2009, 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 \$12,896 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. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

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.

OFFICE OF REGISTER

FINDING 09.08 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 neither reported nor paid excess fees to the county. Excess fees retained exceeded statutory limits by amounts ranging from \$51,446 to \$58,478 at the end of the four reporting periods. This deficiency can be attributed to the failure of management to correct the finding noted in the prior-year audit report.

RECOMMENDATION

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

OFFICE OF SHERIFF

FINDING 09.09 THE OFFICE HAD NUMEROUS ACCOUNTING DEFICIENCIES (Internal Control – Significant Deficiency 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, sound business practices, and the failure of management to correct the findings noted in the prior-year audit report.

- A. The cash journal did not properly reflect the operations of the office. Receipts for commissary operations (\$51,894) and confiscations (\$3,791), and the related disbursements along with a \$2,000 disbursement of confidential drug funds were not included on the cash journal. These operations 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 did not include beginning or ending balances and included only a portion of the commissary operations and confiscations. Operations and year-end balances were determined by substantive testing and alternative auditing procedures and have been correctly reflected in the financial statements of this report.
- C. Bank accounts maintained for general operations and confiscations were not reconciled with 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, 2009, 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.

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.

OTHER FINDINGS AND RECOMMENDATIONS

FINDING 09.10 **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 practices dictate that establishing a central system would significantly improve internal controls over the accounting and budgeting processes. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report. 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.

FINDING 09.11 **DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF ROAD SUPERVISOR, DIRECTOR OF SCHOOLS, TRUSTEE, 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 Road Supervisor, Director of Schools, Trustee, 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 management's decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions. Also, this deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

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

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

There were no findings and questioned costs for federal awards.

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

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