

ANNUAL FINANCIAL REPORT
DEKALB COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2010



ANNUAL FINANCIAL REPORT
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FOR THE YEAR ENDED JUNE 30, 2010

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

DEKALB COUNTY, TENNESSEE

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Audit Highlights

Annual Financial Report
DeKalb County, Tennessee
For the Year Ended June 30, 2010

Scope

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

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 12 findings and recommendations, which we have reviewed with DeKalb County management. Detailed findings, recommendations, and management's responses are included in the Single Audit section of this report.

Findings and Best Practice

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

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 required material audit adjustments for proper financial statement presentation.
 - ◆ The Solid Waste Disposal Fund had a deficit of \$1,718,597 in unrestricted net assets at June 30, 2010.
 - ◆ General Fund expenditures exceeded appropriations approved by the County Commission in six major categories and 14 salary line items. The General, Local Purpose Tax, and General Capital Projects funds' actual beginning balances at July 1, 2009, exceeded the estimated fund balances presented to the County Commission by material amounts.
-

OFFICE OF ROAD SUPERVISOR

- ◆ The office did not maintain inventory records of consumable assets, such as fuel and tile.
 - ◆ The Highway/Public Works Fund’s actual beginning balance at July 1, 2009, exceeded the estimated fund balance presented to the County Commission by a material amount.
-

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ Appropriations exceeded estimated available funds in the Central Cafeteria Fund. The General Purpose School and Central Cafeteria funds’ actual beginning balances at July 1, 2009, exceeded the estimated fund balances presented to the County Commission by material amounts.
-

OFFICE OF TRUSTEE

- ◆ Unauthorized securities were pledged as collateral.
-

OFFICE OF REGISTER

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

OFFICE OF ASSESSOR OF PROPERTY

- ◆ The State Division of Property Assessments noted deficiencies in the maintenance of various records by the assessor of property.
-

OTHER FINDINGS

- ◆ DeKalb County has a material recurring audit finding.
 - ◆ Duties were not segregated adequately in the Offices of Road Supervisor, Trustee, Clerk and Master, Register, and Sheriff.
-

BEST PRACTICE

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

INTRODUCTORY SECTION

DeKalb County Officials

June 30, 2010

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

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

Purchasing Committee

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

FINANCIAL SECTION



**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

September 27, 2010

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, 2010, which collectively comprise DeKalb County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of DeKalb County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented DeKalb County Emergency Communications District, which represent two percent of 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 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 the 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 of the aggregate remaining fund information 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, 2010, 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, each major fund, and the aggregate discretely presented component units of DeKalb County, Tennessee, as of June 30, 2010, 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 September 27, 2010, 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.

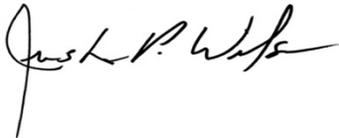
As described in Note V.A., DeKalb County has adopted the provisions of Governmental Accounting Standards Board Statement No. 51, Accounting and Financial Reporting for Intangible Assets; and Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, which became effective for the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

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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise 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,



Justin P. Wilson
Comptroller of the Treasury

JPW/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

DeKalb County, Tennessee
Statement of Net Assets
June 30, 2010

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	DeKalb County School Department	DeKalb County Emergency Communications District	
ASSETS						
Cash	\$ 53,482	\$ 0	\$ 53,482	\$ 0	\$ 323,987	
Equity in Pooled Cash and Investments	9,457,804	1,543,846	11,001,650	3,498,628	0	
Accounts Receivable	594,745	28,729	623,474	0	2,732	
Allowance for Uncollectibles	(152,063)	0	(152,063)	0	0	
Due from Other Governments	810,160	17,500	827,660	390,609	7,324	
Property Taxes Receivable	4,782,820	0	4,782,820	2,416,063	0	
Allowance for Uncollectible Property Taxes	(150,469)	0	(150,469)	(76,010)	0	
Prepaid Items	0	0	0	0	8,767	
Capital Assets:						
Assets Not Depreciated:						
Land	820,116	428,950	1,249,066	736,256	0	
Assets Net of Accumulated Depreciation:						
Buildings and Improvements	1,879,606	2,250	1,881,856	8,484,741	34,133	
Landfill Facilities and Development	0	1,208,883	1,208,883	0	0	
Other Capital Assets	1,497,754	470,273	1,968,027	1,611,931	51,227	
Infrastructure	5,418,393	0	5,418,393	0	0	
Total Assets	\$ 25,012,348	\$ 3,700,431	\$ 28,712,779	\$ 17,062,218	\$ 428,170	
LIABILITIES						
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 4,053	\$ 3,800	
Accrued Payroll	0	0	0	0	11,915	
Payroll Deductions Payable	0	0	0	0	2,286	
Accrued Interest Payable	111,915	0	111,915	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
Deferred Revenue - Current Property Taxes	\$ 4,479,466	\$ 0	\$ 4,479,466	\$ 2,262,823	\$ 0
Noncurrent Liabilities:					
Due Within One Year	820,000	99,469	919,469	59,171	0
Due in More Than One Year	8,948,749	3,209,203	12,157,952	565,974	0
Total Liabilities	\$ 14,360,130	\$ 3,308,672	\$ 17,668,802	\$ 2,892,021	\$ 18,001
<u>NET ASSETS</u>					
Invested in Capital Assets, Net of Related Debt	\$ 6,231,548	\$ 0	\$ 6,231,548	\$ 0	\$ 0
Invested in Capital Assets	0	2,110,356	2,110,356	10,832,928	85,360
Restricted for:					
Courthouse and Jail Maintenance	79,533	0	79,533	0	0
Local Purpose Tax	1,186,520	0	1,186,520	0	0
Drug Control	31,169	0	31,169	0	0
Highway/Public Works	716,256	0	716,256	0	0
School Federal Projects	0	0	0	39,523	0
Central Cafeteria	0	0	0	509,642	0
General Debt Service	1,413,759	0	1,413,759	0	0
Capital Outlay	1,165,064	0	1,165,064	3,945	0
Basic Education Program	0	0	0	2,983,755	0
Other Purposes	62,834	0	62,834	85,381	0
Unrestricted	(296,313)	(1,718,597)	(2,014,910)	(284,977)	324,808
Total Net Assets	\$ 10,590,370	\$ 391,759	\$ 10,982,129	\$ 14,170,197	\$ 410,168

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

Exhibit B

DeKalb County, Tennessee
Statement of Activities
For the Year Ended June 30, 2010

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets									
	Program Revenues					Component Units				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Governmental Activities	Primary Government Business-type Activities	Total	DeKalb County School Department	DeKalb County Emergency Communications District
Primary Government:										
Governmental Activities:										
General Government	\$ 1,033,708	\$ 96,428	\$ 16,380	\$ 0	\$ (920,900)	\$ 0	\$ (920,900)	\$ 0	\$ 0	0
Finance	486,521	415,818	4,346	0	(66,357)	0	(66,357)	0	0	0
Administration of Justice	540,668	381,427	9,000	0	(150,241)	0	(150,241)	0	0	0
Public Safety	2,736,604	381,302	228,589	155,449	(1,971,264)	0	(1,971,264)	0	0	0
Public Health and Welfare	1,043,792	1,152,285	42,895	304,006	455,394	0	455,394	0	0	0
Social, Cultural, and Recreational Services	170,722	0	6,119	0	(164,603)	0	(164,603)	0	0	0
Agriculture and Natural Resources	102,664	0	0	17,000	(85,664)	0	(85,664)	0	0	0
Other Operations	692,452	0	0	0	(692,452)	0	(692,452)	0	0	0
Highways/Public Works	2,841,437	0	1,437,835	233,163	(1,170,439)	0	(1,170,439)	0	0	0
Support Services	2,870	0	0	0	(2,870)	0	(2,870)	0	0	0
Education	1,562,475	0	0	0	(1,562,475)	0	(1,562,475)	0	0	0
Interest on Long-term Debt	281,626	0	0	0	(281,626)	0	(281,626)	0	0	0
Other Debt Service	75,581	0	0	0	(75,581)	0	(75,581)	0	0	0
Total Governmental Activities	\$ 11,571,120	\$ 2,427,260	\$ 1,745,164	\$ 709,618	\$ (6,689,078)	\$ 0	\$ (6,689,078)	\$ 0	\$ 0	0
Business-type Activities:										
Landfill	\$ 2,225,582	\$ 124,354	\$ 7,500	\$ 109,483	\$ (1,984,245)	\$ 0	\$ (1,984,245)	\$ 0	\$ 0	0
Total Business-type Activities	\$ 2,225,582	\$ 124,354	\$ 7,500	\$ 109,483	\$ (1,984,245)	\$ 0	\$ (1,984,245)	\$ 0	\$ 0	0
Total Primary Government	\$ 13,796,702	\$ 2,551,614	\$ 1,752,664	\$ 819,101	\$ (8,673,323)	\$ (6,689,078)	\$ (1,984,245)	\$ (8,673,323)	\$ 0	0
Component Units:										
School Department	\$ 21,703,646	\$ 397,361	\$ 4,706,741	\$ 0	\$ 0	\$ 0	\$ 0	\$ (16,599,544)	\$ 0	0
Emergency Communications District	498,615	260,218	0	0	0	0	0	0	0	(238,397)
Total Component Units	\$ 22,202,261	\$ 657,579	\$ 4,706,741	\$ 0	\$ 0	\$ 0	\$ 0	\$ (16,599,544)	\$ (238,397)	0

(Continued)

Exhibit B

DeKalb County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets									
	Program Revenues					Component Units				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total	DeKalb County				
						Governmental Activities	Primary Government Business-type Activities	School Department	Emergency Communications District	
General Revenues:										
Taxes:										
Property Taxes Levied for General Purposes					\$ 3,430,934	\$ 0	\$ 3,430,934	\$ 2,183,459	\$ 0	0
Property Taxes Levied for Debt Service					891,858	0	891,858	0	0	0
Local Option Sales Taxes					2,583,618	0	2,583,618	1,540,000	0	0
Business Tax					0	109,422	109,422	0	0	0
Hotel/Motel Tax					0	63,398	63,398	0	0	0
Wholesale Beer Tax					0	77,631	77,631	0	0	0
Payments in-Lieu-of Taxes - Local Utilities					0	203,018	203,018	0	0	0
Bank Excise Tax					0	62,448	62,448	0	0	0
Beer Tax					0	12,583	12,583	0	0	0
Alcoholic Beverage Tax					0	31,421	31,421	0	0	0
Mixed Drink Tax					0	12,679	12,679	0	0	0
State Revenue Sharing - T.V.A.					0	380,551	380,551	0	0	0
Other Local Taxes					105,594	63,173	168,767	1,323	0	0
Grants and Contributions Not Restricted to Specific Programs					191,012	0	191,012	12,469,271	275,405	0
Unrestricted Investment Earnings					0	388,722	388,722	16,106	5,465	0
Miscellaneous					73,441	23,175	96,616	72,164	427	0
Total General Revenues					\$ 7,276,457	\$ 1,428,221	\$ 8,704,678	\$ 16,282,323	\$ 281,297	0
Insurance Recovery					\$ 60,438	\$ 16,010	\$ 76,448	\$ 18,000	\$ 0	0
Change in Net Assets					\$ 647,817	\$ (540,014)	\$ 107,803	\$ (299,221)	\$ 42,900	0
Net Assets, July 1, 2009					9,942,553	931,773	10,874,326	14,469,418	367,268	0
Net Assets, June 30, 2010					\$ 10,590,370	\$ 391,759	\$ 10,982,129	\$ 14,170,197	\$ 410,168	0

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, 2010

	Major Funds				Nonmajor Funds		Total Governmental Funds
	Local Purpose Tax	Highway / Public Works	General Debt Service	General Capital Projects	Other Governmental Funds		
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 53,482	\$ 53,482
Equity in Pooled Cash and Investments	2,852,367	818,928	1,494,152	3,729,710	110,606	9,457,804	9,457,804
Accounts Receivable	594,649	0	0	0	96	594,745	594,745
Allowance for Uncollectibles	(152,063)	0	0	0	0	(152,063)	(152,063)
Due from Other Governments	177,589	367,592	264,979	0	0	810,160	810,160
Due from Other Funds	100	0	0	0	0	100	100
Property Taxes Receivable	3,303,597	0	986,148	345,152	0	4,782,820	4,782,820
Allowance for Uncollectible Property Taxes	(103,932)	0	(31,025)	(10,859)	0	(150,469)	(150,469)
Total Assets	\$ 6,672,307	\$ 1,186,520	\$ 2,449,275	\$ 4,064,003	\$ 164,184	\$ 15,396,579	\$ 15,396,579

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

Total Assets

LIABILITIES AND FUND BALANCES

Liabilities

Contracts Payable
 Due to Other Funds
 Deferred Revenue - Current Property Taxes
 Deferred Revenue - Delinquent Property Taxes
 Other Deferred Revenues
 Total Liabilities

Fund Balances

Reserved for Encumbrances
 Reserved for Alcohol and Drug Treatment
 Reserved for Computer System - Register
 Reserved for Automation Purposes - Circuit Court
 Reserved for Automation Purposes - General Sessions Court
 Reserved for Automation Purposes - Juvenile Court
 Reserved for Automation Purposes - Chancery Court
 Reserved for Automation Purposes - Sheriff

(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		
\$	0	0	0	0	0	0	2,575,679
2,876,523	0	0	0	0	0	0	2,876,523
0	1,002,724	595,039	0	0	0	164,084	1,761,847
0	0	0	1,495,094	0	0	0	1,495,094
0	0	0	0	1,154,361	0	0	1,154,361
\$	3,042,351	1,002,724	1,495,094	3,730,040	164,084	164,084	10,029,332
\$	6,672,307	1,186,520	860,290	2,449,275	4,064,003	164,184	15,396,579

LIABILITIES AND FUND BALANCES (Cont.)

Fund Balances (Cont.)
Reserved for Capital Outlay
Unreserved, Reported In:
General Fund
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, 2010

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 10,029,332
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 820,116	
Add: infrastructure net of accumulated depreciation	5,418,393	
Add: buildings and improvements net of accumulated depreciation	1,879,606	
Add: other capital assets net of accumulated depreciation	<u>1,497,754</u>	9,615,869
(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	\$ (9,725,000)	
Less: compensated absences payable	(5,493)	
Less: accrued interest on bonds	(111,915)	
Less: other postemployment benefits liability	<u>(38,256)</u>	(9,880,664)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>825,833</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 10,590,370</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, 2010

	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 Funds			
Revenues										
Local Taxes	\$ 3,424,918	\$ 2,248,852	\$ 153,733	\$ 886,389	\$ 301,166	\$ 64,379	\$ 7,079,437			
Licenses and Permits	15,484	0	0	0	0	0	15,484			
Fines, Forfeitures, and Penalties	103,188	0	0	0	0	0	12,926			116,114
Charges for Current Services	1,083,145	0	0	0	0	0	179,521			1,262,666
Other Local Revenues	94,077	0	1,693	0	375	12,432	108,577			108,577
Fees Received from County Officials	564,650	0	0	0	0	0	564,650			564,650
State of Tennessee	529,549	0	1,663,467	0	0	0	2,193,016			2,193,016
Federal Government	549,086	0	0	0	17,000	0	566,086			566,086
Other Governments and Citizens Groups	0	0	109,975	0	0	0	109,975			109,975
Total Revenues	\$ 6,364,097	\$ 2,248,852	\$ 1,928,868	\$ 886,389	\$ 318,541	\$ 269,258	\$ 12,016,005			
Expenditures										
Current:										
General Government	\$ 761,096	\$ 0	\$ 0	\$ 0	\$ 0	\$ 167,595	\$ 928,691			
Finance	340,453	0	0	0	0	98,452	438,905			
Administration of Justice	516,830	0	0	0	0	30	516,860			
Public Safety	2,236,086	0	0	0	0	41,350	2,277,436			
Public Health and Welfare	1,030,329	0	0	0	0	0	1,030,329			
Social, Cultural, and Recreational Services	152,543	0	0	0	0	0	152,543			
Agriculture and Natural Resources	95,027	0	0	0	0	0	95,027			
Other Operations	701,944	0	0	0	0	197	702,141			
Highways	0	0	2,117,090	0	0	0	2,117,090			
Support Services	0	0	0	0	0	2,870	2,870			
Debt Service:										
Principal on Debt	0	0	0	2,356,078	0	0	2,356,078			
Interest on Debt	0	0	0	254,279	0	0	254,279			
Other Debt Service	0	0	0	75,581	0	0	75,581			
Capital Projects	0	1,562,475	0	0	1,658,375	0	3,220,850			
Total Expenditures	\$ 5,834,308	\$ 1,562,475	\$ 2,117,090	\$ 2,685,938	\$ 1,658,375	\$ 310,494	\$ 14,168,680			
Excess (Deficiency) of Revenues Over Expenditures	\$ 529,789	\$ 686,377	\$ (188,222)	\$ (1,799,549)	\$ (1,339,834)	\$ (41,236)	\$ (2,152,675)			

(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>								
Bonds Issued	\$ 0	\$ 0	\$ 0	\$ 1,452,538	\$ 3,547,462	\$ 0	\$ 0	\$ 5,000,000
Capital Leases Issued	0	0	0	0	150,000	0	0	150,000
Insurance Recovery	9,150	0	51,288	0	0	0	0	60,438
Transfers In	0	0	0	588,545	0	0	0	588,545
Transfers Out	0	(588,545)	0	0	0	0	0	(588,545)
Total Other Financing Sources (Uses)	\$ 9,150	\$ (588,545)	\$ 51,288	\$ 2,041,083	\$ 3,697,462	\$ 0	\$ 0	\$ 5,210,438
Net Change in Fund Balances	\$ 538,939	\$ 97,832	\$ (136,934)	\$ 241,534	\$ 2,357,628	\$ (41,236)	\$	\$ 3,057,763
Fund Balance, July 1, 2009	2,503,412	904,892	731,973	1,253,560	1,372,412	205,320		6,971,569
Fund Balance, June 30, 2010	\$ 3,042,351	\$ 1,002,724	\$ 595,039	\$ 1,495,094	\$ 3,730,040	\$ 164,084	\$	\$ 10,029,332

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, 2010

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ 3,057,763
<p>(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:</p>		
Add: capital assets purchased in the current period	\$ 1,262,689	
Less: current year depreciation expense	<u>(967,199)</u>	295,490
<p>(2) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2010	\$ 825,833	
Less: deferred delinquent property taxes and other deferred June 30, 2009	<u>(683,339)</u>	142,494
<p>(3) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:</p>		
Less: bond proceeds	\$ (5,000,000)	
Less: capital lease proceeds	(150,000)	
Add: principal payments on notes	1,681,078	
Add: principal payments on bonds	525,000	
Add: principal payments on capital lease	<u>150,000</u>	(2,793,922)
<p>(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.</p>		
Change in accrued interest payable on notes	\$ 27,077	
Change in accrued interest payable on bonds	(54,424)	
Change in compensated absences payable	995	
Change in other postemployment benefits liability	<u>(27,656)</u>	<u>(54,008)</u>
Change in net assets of governmental activities (Exhibit B)		<u><u>\$ 647,817</u></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, 2010

	<u>Business-type Activities Major Fund Solid Waste Disposal Fund</u>
<u>ASSETS</u>	
Current Assets:	
Equity in Pooled Cash and Investments	\$ 1,543,846
Accounts Receivable	28,729
Due from Other Governments	17,500
Total Current Assets	<u>\$ 1,590,075</u>
Noncurrent Assets:	
Capital Assets	
Assets not Depreciated:	
Land	\$ 428,950
Assets Net of Accumulated Depreciation	
Landfill Facilities and Development	1,208,883
Buildings and Improvements	2,250
Other Capital Assets	470,273
Total Noncurrent Assets	<u>\$ 2,110,356</u>
Total Assets	<u>\$ 3,700,431</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accrued Liability for Landfill Closure/Postclosure Care Costs	\$ 99,469
Total Current Liabilities	<u>\$ 99,469</u>
Noncurrent Liabilities:	
Accrued Liability for Landfill Closure/Postclosure Care Costs	\$ 3,209,203
Total Noncurrent Liabilities	<u>\$ 3,209,203</u>
Total Liabilities	<u>\$ 3,308,672</u>
<u>NET ASSETS</u>	
Invested in Capital Assets	\$ 2,110,356
Unrestricted	<u>(1,718,597)</u>
Total Net Assets	<u>\$ 391,759</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, 2010

	Business-type Activities
	<u>Major Fund</u>
	<u>Solid Waste</u>
	<u>Disposal Fund</u>
<u>Operating Revenues</u>	
Charges for Current Services	\$ 123,173
Other Local Revenues	1,181
Total Operating Revenues	<u>\$ 124,354</u>
<u>Operating Expenses</u>	
Waste Pickup	\$ 49,003
Convenience Centers	248,323
Landfill Operation and Maintenance	1,572,703
Depreciation	327,708
Other Waste Disposal	16,990
Employee One-Time Bonus	10,855
Total Operating Expenses	<u>\$ 2,225,582</u>
Operating Income (Loss)	<u>\$ (2,101,228)</u>
<u>Nonoperating Revenues (Expenses)</u>	
Local Taxes	\$ 576,668
Licenses and Permits	2,422
Investment Income	388,722
Gain on the Disposal Property	7,750
Sale of Equipment	15,425
Grants	7,500
Other State Revenues	437,234
Total Nonoperating Revenues (Expenses)	<u>\$ 1,435,721</u>
Insurance Recovery	<u>\$ 16,010</u>
Income (Loss) Before Contributions and Transfers	\$ (649,497)
Capital Contributions - Primary Government	109,483
Change in Net Assets	\$ (540,014)
Net Assets, July 1, 2009	<u>931,773</u>
Net Assets, June 30, 2010	<u><u>\$ 391,759</u></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, 2010

	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	\$ 107,970
Payments to Suppliers	(482,581)
Payments to Employees	(496,075)
Other Payments	(16,990)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (887,676)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Local Taxes	\$ 1,043,017
Grants Received	10,500
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 1,053,517</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Acquisition of Capital Assets	\$ (139,573)
Gain on Disposal of Capital Assets	7,750
Sale of Equipment	15,425
Insurance Recovery	16,010
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (100,388)</u>
<u>Cash Flows from Investing Activities</u>	
Interest on Investments	<u>\$ 388,722</u>
Net Increase (Decrease) in Cash	\$ 454,175
Cash, July 1, 2009	<u>1,089,671</u>
Cash, June 30, 2010	<u>\$ 1,543,846</u>
<u>Reconciliation of Operating Loss to Net Cash Provided By (Used In)</u>	
<u>Operating Activities</u>	
Operating Income (Loss)	\$ (2,101,228)
Adjustment to Reconcile Net Operating Loss to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	327,708
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	(6,384)
(Increase) Decrease in Due from Other Governments	(10,000)
Increase (Decrease) in Accounts Payable	(63,317)
Increase (Decrease) in Landfill Closure/Postclosure Care Costs	<u>965,545</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ (887,676)</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, 2010

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,023,283
Accounts Receivable	4,573
Due from Other Governments	157,020
Notes Receivable - Long-term	107,318
Cash Shortage	<u>8,501</u>
Total Assets	<u>\$ 1,300,695</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 157,020
Due to Litigants, Heirs, and Others	<u>1,143,675</u>
Total Liabilities	<u>\$ 1,300,695</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, 2010

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, the proprietary fund, and fiduciary funds. The fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and the 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. An emphasis is placed on major funds within the governmental and proprietary categories. DeKalb County reports only one proprietary fund, an enterprise fund.

Separate financial statements are provided for governmental funds, the proprietary fund, and fiduciary funds. Major individual governmental funds and the major 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 the county’s solid waste landfill operations.

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 funds:

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

School Federal Projects Fund – The School Federal Projects Fund accounts for restricted federal revenues, which must be expended on specific education programs

Additionally, the DeKalb County School Department reports the following fund type:

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 government-wide and 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 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 funds and the discretely presented DeKalb County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the Solid Waste Disposal 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 and investments in the State Treasurer's Investment Pool 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 1.65 percent of total taxes levied.

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

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

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

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

3. Capital Assets

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

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 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, 2010, DeKalb County had \$3,765,000 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. The \$2,575,679 reserved in the General Capital Projects Fund is the unspent portion of the \$5 million in general obligation bonds issued for various county projects.

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 County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, County Mayor/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 \$1,718,597 at June 30, 2010. This deficit primarily resulted from the recognition of a liability (\$3,308,672) 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 numerous bank deposits for the period April 2008 through June 2008 being less than the amount of deposits posted to the general ledger. Tonya Page, a former office employee, has been indicted by the DeKalb County Grand Jury on the charge of theft in excess of \$1,000 and is currently awaiting trial.

D. Expenditures Exceeded Appropriations

General Fund expenditures exceeded appropriations approved by the County Commission in the following major appropriations categories (the legal level of control):

<u>Major Category</u>	<u>Amount Overspent</u>
Other General Administration	\$ 8,420
Traffic Control	7,358
County Coroner/Medical Examiner	600
Other Public Safety	4,576
Other Economic and Community Development	159,844
Other Charges	13,132

Salaries exceeded 14 line-item appropriations in the General Fund by amounts ranging from \$50 to \$21,624. The budget resolution approved by the County Commission states that salaries will not exceed line-item appropriations.

Such over expenditures are a violation of state statutes. These overexpenditures were funded by available fund balance.

E. Actual Fund Balances Exceeded Estimated Beginning Fund Balances by Material Amounts

The General, Local Purpose Tax, Highway/Public Works, General Purpose School, and Central Cafeteria funds' actual beginning fund balances at July 1, 2009, exceeded the estimated fund balances presented to the County Commission by the amounts noted below.

Fund	Actual Fund Balance 7-1-09	Estimated Fund Balance 7-1-09	Variance
General	\$ 2,503,412	\$ 1,683,741	\$ 819,671
Local Purpose Tax	904,892	673,036	231,856
Highway/Public Works	731,973	518,446	213,527
General Purpose School	2,970,876	1,741,641	1,229,235
Central Cafeteria	527,043	177,937	349,106

F. Appropriations Exceeded Available Funds

The budget and subsequent amendments approved by the County Commission for the discretely presented Central Cafeteria Fund resulted in appropriations exceeding estimated available funding by \$59,563. Sound budgetary principles dictate that appropriations be held within estimated available funding.

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 on the balance sheet 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 Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

The county had no pooled and nonpooled investments as of June 30, 2010.

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 \$107,318 in the Constitutional Officers - Agency Fund represent the total of these student loans outstanding at June 30, 2010. 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, 2010, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-09	Increases	Balance 6-30-10
Capital Assets Not Depreciated:			
Land	\$ 558,803	\$ 261,313	\$ 820,116
Total Capital Assets Not Depreciated	<u>\$ 558,803</u>	<u>\$ 261,313</u>	<u>\$ 820,116</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 3,538,177	\$ 520,089	\$ 4,058,266
Roads and Bridges	17,343,509	0	17,343,509
Other Capital Assets	2,602,405	481,287	3,083,692
Total Capital Assets Depreciated	<u>\$ 23,484,091</u>	<u>\$ 1,001,376</u>	<u>\$ 24,485,467</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 2,046,226	\$ 132,434	\$ 2,178,660
Roads and Bridges	11,272,334	652,782	11,925,116
Other Capital Assets	1,403,955	181,983	1,585,938
Total Accumulated Depreciation	<u>\$ 14,722,515</u>	<u>\$ 967,199</u>	<u>\$ 15,689,714</u>
Total Capital Assets Depreciated, Net	<u>\$ 8,761,576</u>	<u>\$ 34,177</u>	<u>\$ 8,795,753</u>
Governmental Activities Capital Assets, Net	<u>\$ 9,320,379</u>	<u>\$ 295,490</u>	<u>\$ 9,615,869</u>

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

Governmental Activities:

General Government	\$ 32,791
Public Safety	142,465
Public Health and Welfare	48,422
Social, Cultural, and Recreational Services	18,179
Highways/Public Works	<u>725,342</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 967,199</u></u>

Business-type Activities:

	Balance 7-1-09	Increases	Decreases	Balance 6-30-10
Capital Assets Not Depreciated:				
Land	\$ 428,950	\$ 0	\$ 0	\$ 428,950
Construction in Progress	<u>1,337,951</u>	0	(1,337,951)	<u>0</u>
Total Capital Assets Not Depreciated	<u>\$ 1,766,901</u>	<u>\$ 0</u>	<u>\$ (1,337,951)</u>	<u>\$ 428,950</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 30,000	\$ 0	\$ 0	\$ 30,000
Machinery and Equipment	922,910	109,483	51,343	1,083,736
Landfill Facilities and Development	<u>1,206,115</u>	<u>1,477,524</u>	0	<u>2,683,639</u>
Total Capital Assets Depreciated	<u>\$ 2,159,025</u>	<u>\$ 1,587,007</u>	<u>\$ 51,343</u>	<u>\$ 3,797,375</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 26,250	\$ 1,500	\$ 0	\$ 27,750
Machinery and Equipment	504,553	57,567	51,343	613,463
Landfill Facilities and Development	<u>1,206,115</u>	<u>268,641</u>	0	<u>1,474,756</u>
Total Accumulated Depreciation	<u>\$ 1,736,918</u>	<u>\$ 327,708</u>	<u>\$ 51,343</u>	<u>\$ 2,115,969</u>
Total Capital Assets Depreciated, Net	<u>\$ 422,107</u>	<u>\$ 1,259,299</u>	<u>\$ 0</u>	<u>\$ 1,681,406</u>
Business-type Activities Capital Assets, Net	<u><u>\$ 2,189,008</u></u>	<u><u>\$ 1,259,299</u></u>	<u><u>\$ (1,337,951)</u></u>	<u><u>\$ 2,110,356</u></u>

Depreciation expense of \$327,708 was recorded by the Solid Waste Disposal Fund.

Discretely Presented DeKalb County School Department

Governmental Activities:

	Balance 7-1-09	Increases	Decreases	Balance 6-30-10
Capital Assets Not Depreciated:				
Land	\$ 736,256	\$ 0	\$ 0	\$ 736,256
Total Capital Assets Not Depreciated	<u>\$ 736,256</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 736,256</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 14,486,201	\$ 113,591	\$ 0	\$ 14,599,792
Other Capital Assets	2,683,862	231,796	(92,446)	2,823,212
Total Capital Assets Depreciated	<u>\$ 17,170,063</u>	<u>\$ 345,387</u>	<u>\$ (92,446)</u>	<u>\$ 17,423,004</u>
Less Accumulated Depreciated For:				
Buildings and Improvements	\$ 5,786,644	\$ 328,407	\$ 0	\$ 6,115,051
Other Capital Assets	1,112,638	180,122	(81,479)	1,211,281
Total Accumulated Depreciation	<u>\$ 6,899,282</u>	<u>\$ 508,529</u>	<u>\$ (81,479)</u>	<u>\$ 7,326,332</u>
Total Capital Assets Depreciated, Net	<u>\$ 10,270,781</u>	<u>\$ (163,142)</u>	<u>\$ (10,967)</u>	<u>\$ 10,096,672</u>
Governmental Activities Capital Assets, Net	<u>\$ 11,007,037</u>	<u>\$ (163,142)</u>	<u>\$ (10,967)</u>	<u>\$ 10,832,928</u>

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

Governmental Activities:

Instruction	\$ 321,726
Support Services	<u>186,803</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 508,529</u></u>

D. Interfund Receivables and Payables

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

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 100

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

Interfund Transfers:

Interfund transfers for the year ended June 30, 2010, consisted of the following amounts:

Primary Government

	<u>Transfer In</u>
	General
	Debt
	Service
<u>Transfer Out</u>	<u>Fund</u>
Local Purpose Tax Fund	\$ 588,545

Discretely Presented DeKalb County School Department

	<u>Transfer In</u>
	General
	Purpose
	School
<u>Transfer Out</u>	<u>Fund</u>
School Federal Projects Fund	\$ 6,692

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. Capital Lease

On November 3, 2009, DeKalb County entered into a five-year lease-purchase agreement for a fire truck. The terms of the agreement require total lease

payments of \$150,000 plus interest of 3.89 percent. Title to the fire truck transfers to DeKalb County at the end of the lease period. The lease was liquidated with proceeds from the \$5 million in general obligation bonds issued on June 10, 2010.

F. Long-term Debt

Primary Government

General Obligation Bonds

The county issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. 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 are direct obligations and pledge the full faith and credit of the government. General obligation bonds were issued for original terms of up to 16 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds included in long-term debt as of June 30, 2010, will be retired from the General Debt Service Fund.

General obligation bonds outstanding as of June 30, 2010, are as follows:

<u>Type</u>	<u>Interest Rate</u>	<u>Original Amount of Issue</u>	<u>Balance 6-30-10</u>
General Obligation Bonds	2 to 3.5 %	\$ 5,000,000	\$ 5,000,000
General Obligation Bonds - Refunding	.1 to 5.5	7,930,000	4,725,000

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

Year Ending June 30	Bonds		
	Principal	Interest	Total
2011	\$ 820,000	\$ 277,673	\$ 1,097,673
2012	850,000	245,575	1,095,575
2013	885,000	208,625	1,093,625
2014	890,000	177,725	1,067,725
2015	920,000	150,925	1,070,925
2016-2025	5,360,000	681,489	6,041,489
Total	\$ 9,725,000	\$ 1,742,012	\$ 11,467,012

There is \$1,495,094 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$558, based on the 2000 federal census.

Changes in Long-term Liabilities

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

Governmental Activities:

	Bonds	Notes
Balance, July 1, 2009	\$ 5,250,000	\$ 1,681,078
Additions	5,000,000	0
Deductions	(525,000)	(1,681,078)
Balance, June 30, 2010	\$ 9,725,000	\$ 0
Balance Due Within One Year	\$ 820,000	\$ 0

	Capital Leases	Other Postemployment Benefits
Balance, July 1, 2009	\$ 0	\$ 10,600
Additions	150,000	32,025
Deductions	(150,000)	(4,369)
Balance, June 30, 2010	\$ 0	\$ 38,256
Balance Due Within One Year	\$ 0	\$ 0

	Compensated Absences
Balance, July 1, 2009	\$ 6,488
Additions	12,947
Deductions	(13,942)
Balance, June 30, 2010	\$ 5,493

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2010	\$ 9,768,749
Less: Balance Due Within One Year	(820,000)
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	\$ 8,948,749

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, 2010, was as follows:

Business-type Activities:

	Closure/ Postclosure Care Costs
	<u> </u>
Balance, July 1, 2009	\$ 2,343,127
Additions	1,022,073
Deductions	<u>(56,528)</u>
Balance, June 30, 2010	<u>\$ 3,308,672</u>
Balance Due Within One Year	<u>\$ 99,469</u>

Discretely Presented DeKalb County School Department

Loan

DeKalb County issued a loan on behalf of the School Department to provide funds for the acquisition and construction of major capital facilities.

The loan is a direct obligation and pledges the full faith and credit of the government. The energy efficiency loan was issued for seven years. Repayment terms are generally structured with one-seventh of the principal maturing each year at a zero percent interest rate. The loan will be retired from the General Purpose School Fund.

The loan outstanding as of June 30, 2010, is as follows:

<u>Type</u>	<u>Interest Rate</u>	<u>Original Amount of Issue</u>	<u>Balance 6-30-10</u>
Loan	0%	\$ 414,198	\$ 355,027

The annual requirements to amortize the loan as of June 30, 2010, are presented in the following table:

Year Ending June 30	Other Loan Principal
2011	\$ 59,171
2012	59,171
2013	59,171
2014	59,171
2015	59,171
2016	<u>59,172</u>
Total	<u>\$ 355,027</u>

Debt per capita, totaled \$20, based on the 2000 federal census.

Changes in Long-term Liabilities

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

Governmental Activities:

	Other Loan	Other Postemployment Benefits
Balance, July 1, 2009	\$ 414,198	\$ 221,084
Additions	0	188,526
Deductions	<u>(59,171)</u>	<u>(139,492)</u>
Balance, June 30, 2010	<u>\$ 355,027</u>	<u>\$ 270,118</u>
Balance Due Within One Year	<u>\$ 59,171</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2010	\$ 625,145
Less: Balance Due Within One Year	<u>(59,171)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 565,974</u>

G. 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, 2010, 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 Fund (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 Financial 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 Ambulance Service provides commercial insurance for employees. Retirees are not allowed to remain on the health insurance program. Settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years.

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. 51, Accounting and Financial Reporting for Intangible Assets; and Statement No. 53, Accounting and Financial Reporting for Derivative Instruments became effective for the year ended June 30, 2010.

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

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by county governments. Derivative instruments are financial arrangements used by governments as investments; hedges against identified financial risks; or to lower the costs of borrowings. Interest rate swaps and locks, options, swaptions, forward contracts, and futures contracts are among the

commonly used types of derivatives mentioned in GASB Statement No. 53. Derivative instruments associated with fluctuating financial and commodity prices result in changing cash flows and fair values that can be used as effective risk management or investment tools. For the same reasons, derivative instruments can expose governments to significant risks and liabilities. The requirements of GASB Statement No. 53 are intended to help users of financial information evaluate the effectiveness and associated risks involved with DeKalb County's derivative transactions. GASB Statement No. 53 requires most derivatives to be reported at fair value in the Statement of Net Assets. Changes in fair value for derivative instruments that are intended for investment purposes or that are reported like investment derivative instruments because of ineffectiveness are reported as investment revenue in the Statement of Activities. Alternatively, the changes in fair value of derivative instruments that are classified as hedging (i.e. effective) derivative instruments are reported in the Statement of Net Assets as deferrals. DeKalb County had not participated in derivative transactions as of June 30, 2010. However, it is reasonably expected that DeKalb County may enter into derivative transactions 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 county's financial statements.

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 the county to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. DeKalb County closed the Midway landfill in 1994 and the Felts Tract in 2002. The \$3,308,672 reported as postclosure care liability at June 30, 2010, represents \$699,477 for the Midway landfill and \$498,012 for the Felts Tract based on what it would cost to perform all postclosure care in 2010. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The amount reported as landfill closure postclosure care liability at June 30, 2010, also represents the cumulative amount reported to date based on the use of 100 percent of the estimated capacity of the extension landfill

(\$1,203,522) and 20 percent estimated capacity of the lateral expansion (\$907,661). The county will recognize the remaining estimated costs of the closure and postclosure care of \$3,630,643 for the Lateral Expansion if or as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2010. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

E. Retirement Commitments

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 Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at <http://www.tn.gov/treasury/tcrs/PS/>.

Funding Policy

DeKalb County requires employees to contribute five percent of earnable compensation.

DeKalb County is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2010, 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, 2010, DeKalb County’s annual pension cost of \$296,876 to TCRS was equal to DeKalb 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, 2009, which established contribution rates effective July 1, 2010.

Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-10	\$296,876	100%	\$0
6-30-09	292,698	100	0
6-30-08	278,340	100	0

Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 81.4 percent funded. The actuarial accrued liability for benefits was \$8.81 million, and the actuarial value of assets was \$7.17 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$1.64 million. The covered payroll (annual payroll of active employees covered by the plan) was \$5.54 million, and the ratio of the UAAL to the covered payroll was 29.59 percent.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs 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. Cost of living adjustments (COLA) are provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer

rate for the fiscal year ended June 30, 2010, was 6.42 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2010, 2009, and 2008, were \$643,671, \$645,436, and \$597,739, respectively, equal to the required contributions for each year

F. Postemployment Healthcare Plan

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, 2010, the county and the discretely presented School Department contributed \$4,369 and \$139,492, respectively, for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Government Group Plan	Local Education Group Plan
ARC	\$ 32,000	\$ 188,000
Interest on the NPO	477	9,949
Adjustment to the ARC	(452)	(9,423)
Annual OPEB cost	\$ 32,025	\$ 188,526
Amount of contribution	(4,369)	(139,492)
Increase/decrease in NPO	\$ 27,656	\$ 49,034
Net OPEB obligation, 7-1-09	10,600	221,084
Net OPEB obligation, 6-30-10	<u>\$ 38,256</u>	<u>\$ 270,118</u>

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-10	Local Government Group	\$ 32,025	14 %	\$ 38,256
6-30-09	"	11,207	48	10,600
6-30-08	"	10,398	54	4,819
6-30-10	Local Education Group	188,525	74	270,118
6-30-09	"	204,365	41	221,084
6-30-08	"	201,208	48	100,589

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2009, was as follows:

	Local Government Group Plan	Local Education Group Plan
Actuarial valuation date	7-1-09	7-1-09
Actuarial accrued liability (AAL)	\$ 272,000	\$ 1,677,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 272,000	\$ 1,677,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 1,421,205	\$ 8,508,105
UAAL as a % of covered payroll	19.14%	19.71%

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

Actuarial Methods and Assumptions

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

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

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 – DISCRETELY PRESENTED 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 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 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	2010 Depreciation
Buildings and Improvements	S/L	10-40	\$ 3,539
Furniture and Fixtures	S/L	5-10	1,194
Office Equipment	S/L	5-10	693
Communications Equipment	S/L	5-10	25,532
Vehicles	S/L	5	1,804
Total			<u>\$ 32,762</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 (TCA), requires Tennessee banks and savings and loan associations to secure a governmental entity's deposits by pledging government securities as collateral. The market value of pledged securities must equal 105 percent of the entity's deposits. The entity may waive collateral requirements for deposits that are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation or Savings Association Insurance Fund.

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

Checking - First Bank	\$ 116,235
CD - First Bank	93,792
CD - DeKalb Community Bank	<u>113,960</u>
Total Deposits	<u>\$ 323,987</u>

At June 30, 2010, the carrying amount of the DeKalb County Emergency Communications District's cash deposits was \$323,987. The district's deposit accounts are covered up to \$250,000 by the Federal Deposit Insurance Corporation. Any amounts over \$250,000 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 TCA.

C. Bonding

DeKalb County Emergency Communications District has a workers' compensation policy covering employees of the district at June 30, 2010. 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, 2010:

Assets	Balance 7-1-09	Additions	Retirements	Balance 6-30-10
Communication Equipment	\$ 282,465	\$ 0	\$ 29,525	\$ 252,940
Furniture and Fixtures	17,214	0	0	17,214
Buildings and Improvements	45,351	12,655	0	58,006
Vehicles	9,018	0	0	9,018
Office Equipment	53,544	0	34,324	19,220
Total	\$ 407,592	\$ 12,655	\$ 63,849	\$ 356,398

Assets	Accumulated Depreciation 7-1-09	Current-year Depreciation	Current-year Retirements	Accumulated Depreciation 6-30-10
Communication Equipment	\$ 216,350	\$ 25,532	\$ (29,526)	\$ 212,356
Furniture and Fixtures	11,406	1,194	0	12,600
Buildings and Improvements	20,334	3,539	0	23,873
Vehicles	3,489	1,804	0	5,293
Office Equipment	50,524	693	(34,301)	16,916
Total	\$ 302,103	\$ 32,762	\$ (63,827)	\$ 271,038

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	\$ 264
Freedom	<u>1</u>
Subtotal	\$ 265
State of Tennessee ECB	<u>7,324</u>
Total	<u>\$ 7,589</u>

G. Compensated Absences

There were no compensated absences for June 30, 2010.

H. Calculation of Invested in Capital Assets

Net Book Value	\$ 85,360
Current and Non-current Debt	<u>0</u>
Invested in Capital Assets	<u>\$ 85,360</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

As of September 8, 2010, funding policy information for the year ending June 30, 2010, was not yet made available from the State of Tennessee, TCRS. Therefore, all amounts used were from the June 30, 2009, TCRS report.

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 4.22 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

As of September 8, 2010, annual pension cost information for the year ending June 30, 2010, was not yet made available from the State of Tennessee, TCRS. Therefore, all amounts used were from the June 30, 2009, TCRS report.

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, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of zero. The covered payroll (annual payroll of active employees covered by the plan) was zero, and the ratio of the UAAL to the covered payroll was zero.

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

The 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**

Exhibit F-1

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 3,424,918	\$ 0	\$ 3,424,918	\$ 3,402,041	\$ 3,402,041	\$ 22,877
Licenses and Permits	15,484	0	15,484	18,200	18,200	(2,716)
Fines, Forfeitures, and Penalties	103,188	0	103,188	109,195	109,195	(6,007)
Charges for Current Services	1,083,145	0	1,083,145	796,626	796,626	286,519
Other Local Revenues	94,077	0	94,077	46,350	47,770	46,307
Fees Received from County Officials	564,650	0	564,650	773,750	773,750	(209,100)
State of Tennessee	529,549	0	529,549	480,201	563,420	(33,871)
Federal Government	549,086	0	549,086	62,000	505,448	43,638
Total Revenues	\$ 6,364,097	\$ 0	\$ 6,364,097	\$ 5,688,363	\$ 6,216,450	\$ 147,647
<u>Expenditures</u>						
<u>General Government</u>						
County Commission	\$ 35,833	\$ 0	\$ 35,833	\$ 45,511	\$ 45,511	\$ 9,678
Board of Equalization	3,400	0	3,400	3,500	3,500	100
Beer Board	2,273	0	2,273	3,100	3,100	827
County Mayor/Executive	146,054	0	146,054	150,441	150,441	4,387
County Attorney	22,719	0	22,719	28,250	28,250	5,531
Election Commission	121,975	0	121,975	154,625	154,625	32,650
Register of Deeds	34,266	0	34,266	138,721	138,721	104,455
Planning	12,799	0	12,799	13,677	13,677	878
County Buildings	128,367	0	128,367	144,870	144,870	16,503
Other General Administration	253,410	0	253,410	244,990	244,990	(8,420)
<u>Finance</u>						
Property Assessor's Office	157,684	0	157,684	179,523	179,523	21,839
County Trustee's Office	30,743	0	30,743	147,240	147,240	116,497

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Finance (Cont.)</u>						
County Clerk's Office	\$ 152,026	\$ 0	\$ 152,026	\$ 160,800	\$ 160,800	\$ 8,774
<u>Administration of Justice</u>						
Circuit Court	171,134	0	171,134	178,205	178,205	7,071
General Sessions Court	109,323	0	109,323	111,045	111,045	1,722
Drug Court	70,639	0	70,639	42,050	103,590	32,951
Chancery Court	100,133	0	100,133	108,134	108,134	8,001
Juvenile Court	40,789	0	40,789	43,204	43,204	2,415
Judicial Commissioners	24,812	0	24,812	25,981	25,980	1,168
<u>Public Safety</u>						
Sheriff's Department	889,427	0	889,427	955,949	974,915	85,488
Special Patrols	39,734	0	39,734	41,050	41,050	1,316
Traffic Control	10,152	0	10,152	2,794	2,794	(7,358)
Correctional Incentive Program Improvements	873,945	0	873,945	804,818	873,943	(2)
Fire Prevention and Control	249,382	0	249,382	120,100	270,149	20,767
Civil Defense	1,977	0	1,977	2,000	2,000	23
Other Emergency Management	110,323	0	110,323	112,379	112,379	2,056
County Coroner/Medical Examiner	45,070	0	45,070	32,500	44,470	(600)
Other Public Safety	16,076	0	16,076	11,500	11,500	(4,576)
<u>Public Health and Welfare</u>						
Local Health Center	57,745	0	57,745	66,834	73,852	16,107
Rabies and Animal Control	5,836	0	5,836	9,000	9,000	3,164
Ambulance/Emergency Medical Services	961,363	0	961,363	1,131,591	1,131,590	170,227
Regional Mental Health Center	5,385	0	5,385	7,180	7,180	1,795
General Welfare Assistance	0	0	0	2,750	2,750	2,750

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Social, Cultural, and Recreational Services</u>						
Senior Citizens Assistance	\$ 21,778	\$ 0	\$ 21,778	\$ 23,264	\$ 23,264	\$ 1,486
Libraries	130,765	0	130,765	140,291	140,291	9,526
<u>Agriculture and Natural Resources</u>						
Agriculture Extension Service	67,728	0	67,728	71,783	71,783	4,055
Soil Conservation	27,299	0	27,299	27,589	27,589	290
<u>Other Operations</u>						
Industrial Development	77	0	77	11,983	11,983	11,906
Other Economic and Community Development	312,518	102,994	415,512	20,500	255,668	(159,844)
Veterans' Services	5,827	0	5,827	6,013	6,013	186
Other Charges	81,392	0	81,392	68,260	68,260	(13,132)
Contributions to Other Agencies	16,000	0	16,000	32,185	32,185	16,185
Employee Benefits	9,689	0	9,689	27,341	27,341	17,652
ARRA Grant # 1	47,437	0	47,437	0	49,189	1,752
ARRA Grant # 2	17,944	0	17,944	0	17,944	0
Miscellaneous	211,060	0	211,060	170,956	245,319	34,259
Total Expenditures	\$ 5,834,308	\$ 102,994	\$ 5,937,302	\$ 5,824,477	\$ 6,519,807	\$ 582,505
<u>Excess (Deficiency) of Revenues</u>						
Over Expenditures	\$ 529,789	\$ (102,994)	\$ 426,795	\$ (136,114)	\$ (303,357)	\$ 730,152
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 9,150	\$ 0	\$ 9,150	\$ 0	\$ 9,150	\$ 0
Total Other Financing Sources (Uses)	\$ 9,150	\$ 0	\$ 9,150	\$ 0	\$ 9,150	\$ 0
Net Change in Fund Balance	\$ 538,939	\$ (102,994)	\$ 435,945	\$ (136,114)	\$ (294,207)	\$ 730,152
Fund Balance, July 1, 2009	2,503,412	0	2,503,412	1,683,741	1,683,741	819,671
Fund Balance, June 30, 2010	\$ 3,042,351	\$ (102,994)	\$ 2,939,357	\$ 1,547,627	\$ 1,389,534	\$ 1,549,823

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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,248,852	\$ 2,000,000	\$ 2,000,000	\$ 248,852
Total Revenues	\$ 2,248,852	\$ 2,000,000	\$ 2,000,000	\$ 248,852
<u>Expenditures</u>				
<u>Capital Projects</u>				
Other General Government Projects	\$ 1,562,475	\$ 1,562,000	\$ 1,562,000	\$ (475)
Total Expenditures	\$ 1,562,475	\$ 1,562,000	\$ 1,562,000	\$ (475)
Excess (Deficiency) of Revenues Over Expenditures	\$ 686,377	\$ 438,000	\$ 438,000	\$ 248,377
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (588,545)	\$ (588,545)	\$ (588,545)	\$ 0
Total Other Financing Sources (Uses)	\$ (588,545)	\$ (588,545)	\$ (588,545)	\$ 0
Net Change in Fund Balance	\$ 97,832	\$ (150,545)	\$ (150,545)	\$ 248,377
Fund Balance, July 1, 2009	904,892	673,036	673,036	231,856
Fund Balance, June 30, 2010	\$ 1,002,724	\$ 522,491	\$ 522,491	\$ 480,233

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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 153,733	\$ 158,348	\$ 158,348	\$ (4,615)
Other Local Revenues	1,693	5,000	5,000	(3,307)
State of Tennessee	1,663,467	1,762,000	1,762,000	(98,533)
Other Governments and Citizens Groups	109,975	0	109,975	0
Total Revenues	<u>\$ 1,928,868</u>	<u>\$ 1,925,348</u>	<u>\$ 2,035,323</u>	<u>\$ (106,455)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 141,251	\$ 160,461	\$ 162,361	\$ 21,110
Highway and Bridge Maintenance	699,634	743,470	949,497	249,863
Operation and Maintenance of Equipment	330,193	373,220	402,814	72,621
Quarry Operations	283,176	217,334	316,568	33,392
Other Charges	84,586	114,500	92,800	8,214
Employee Benefits	224,335	220,285	237,285	12,950
Capital Outlay	353,915	285,000	354,000	85
Total Expenditures	<u>\$ 2,117,090</u>	<u>\$ 2,114,270</u>	<u>\$ 2,515,325</u>	<u>\$ 398,235</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (188,222)</u>	<u>\$ (188,922)</u>	<u>\$ (480,002)</u>	<u>\$ 291,780</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 51,288	\$ 0	\$ 0	\$ 51,288
Total Other Financing Sources (Uses)	<u>\$ 51,288</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 51,288</u>
Net Change in Fund Balance	\$ (136,934)	\$ (188,922)	\$ (480,002)	\$ 343,068
Fund Balance, July 1, 2009	<u>731,973</u>	<u>518,446</u>	<u>518,446</u>	<u>213,527</u>
Fund Balance, June 30, 2010	<u>\$ 595,039</u>	<u>\$ 329,524</u>	<u>\$ 38,444</u>	<u>\$ 556,595</u>

Exhibit F-4

DeKalb County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented DeKalb County School Department
June 30, 2010

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7-1-07	\$ 6,493	\$ 7,371	\$ 878	88.09 %	\$ 4,591	19.12 %
7-1-09	7,173	8,811	1,638	81.4	5,537	30

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 went into effect during the year of the 2007 actuarial valuation; therefore, only the two most recent valuations are presented.

Exhibit F-5

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

(Dollar amounts in thousands)

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

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, 2010

(Dollar amounts in thousands)

Plan	Actuarial Valuation Date *	Actuarial			Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
		Value of Assets (a)	Accrued Liability (AAL) (b)	Value of Assets (a)				
Local Government Group	7-1-07	\$ 0	\$ 70	\$ 70	0 %	\$ 1,224	6 %	
"	7-1-09	0	272	272	0	1,421	19	
Local Education Group	7-1-07	0	1,970	1,970	0	8,124	24	
"	7-1-09	0	1,677	1,677	0	8,508	20	

*Data only available for two actuarial valuations.

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

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 County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, County Mayor/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

General Fund expenditures exceeded appropriations approved by the County Commission in the following major appropriation categories (the legal level of control):

<u>Major Category</u>	<u>Amount Overspent</u>
Other General Administration	\$ 8,420
Traffic Control	7,358
County Coroner/Medical Examiner	600
Other Public Safety	4,576
Other Economic and Community Development	159,844
Other Charges	13,132

Such over expenditures are a violation of state statutes. These overexpenditures were funded by available fund balance.

Salaries exceeded 14 line-item appropriations in the General Fund by amounts ranging from \$50 to \$21,624. The budget resolution approved by the County Commission states that salaries will not exceed line-item appropriations.

C. ACTUAL FUND BALANCES EXCEEDED ESTIMATED BEGINNING FUND BALANCES BY MATERIAL AMOUNTS

The General, Local Purpose Tax, and Highway/Public Works funds' actual beginning fund balances at July 1, 2009, exceeded the estimated fund balances presented to the County Commission by the amounts noted below.

Fund	Actual Fund Balance 7-1-09	Estimated Fund Balance 7-1-09	Variance
General	\$ 2,503,412	\$ 1,683,741	\$ 819,671
Local Purpose Tax	904,892	673,036	231,856
Highway/Public Works	731,973	518,446	213,527

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

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.

Exhibit G-1

DeKalb County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2010

	<u>Special Revenue Funds</u>			
	Courthouse and Jail Maintenance	Drug Control	Constitu - tional Officers - Fees	Total Nonmajor Governmental Funds
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 53,482	\$ 53,482
Equity in Pooled Cash and Investments	79,533	31,073	0	110,606
Accounts Receivable	0	96	0	96
Total Assets	<u>\$ 79,533</u>	<u>\$ 31,169</u>	<u>\$ 53,482</u>	<u>\$ 164,184</u>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Due to Other Funds	\$ 0	\$ 0	\$ 100	\$ 100
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 100</u>	<u>\$ 100</u>
<u>Fund Balances</u>				
Unreserved	\$ 79,533	\$ 31,169	\$ 53,382	\$ 164,084
Total Fund Balances	<u>\$ 79,533</u>	<u>\$ 31,169</u>	<u>\$ 53,382</u>	<u>\$ 164,084</u>
Total Liabilities and Fund Balances	<u>\$ 79,533</u>	<u>\$ 31,169</u>	<u>\$ 53,482</u>	<u>\$ 164,184</u>

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, 2010

	<u>Special Revenue Funds</u>			Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Drug Control	Constitu - tional Officers - Fees	
<u>Revenues</u>				
Local Taxes	\$ 64,379	\$ 0	\$ 0	\$ 64,379
Fines, Forfeitures, and Penalties	0	12,926	0	12,926
Charges for Current Services	0	0	179,521	179,521
Other Local Revenues	0	12,432	0	12,432
Total Revenues	<u>\$ 64,379</u>	<u>\$ 25,358</u>	<u>\$ 179,521</u>	<u>\$ 269,258</u>
<u>Expenditures</u>				
Current:				
General Government	\$ 66,260	\$ 0	\$ 101,335	\$ 167,595
Finance	0	0	98,452	98,452
Administration of Justice	0	0	30	30
Public Safety	0	41,350	0	41,350
Other Operations	0	197	0	197
Support Services	0	2,870	0	2,870
Total Expenditures	<u>\$ 66,260</u>	<u>\$ 44,417</u>	<u>\$ 199,817</u>	<u>\$ 310,494</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (1,881)</u>	<u>\$ (19,059)</u>	<u>\$ (20,296)</u>	<u>\$ (41,236)</u>
Net Change in Fund Balances	\$ (1,881)	\$ (19,059)	\$ (20,296)	\$ (41,236)
Fund Balance, July 1, 2009	<u>81,414</u>	<u>50,228</u>	<u>73,678</u>	<u>205,320</u>
Fund Balance, June 30, 2010	<u>\$ 79,533</u>	<u>\$ 31,169</u>	<u>\$ 53,382</u>	<u>\$ 164,084</u>

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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 64,379	\$ 68,000	\$ 68,000	\$ (3,621)
Other Local Revenues	0	250	250	(250)
Total Revenues	<u>\$ 64,379</u>	<u>\$ 68,250</u>	<u>\$ 68,250</u>	<u>\$ (3,871)</u>
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 66,260	\$ 57,001	\$ 67,001	\$ 741
Total Expenditures	<u>\$ 66,260</u>	<u>\$ 57,001</u>	<u>\$ 67,001</u>	<u>\$ 741</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,881)	\$ 11,249	\$ 1,249	\$ (3,130)
Net Change in Fund Balance	\$ (1,881)	\$ 11,249	\$ 1,249	\$ (3,130)
Fund Balance, July 1, 2009	81,414	80,009	80,009	1,405
Fund Balance, June 30, 2010	<u>\$ 79,533</u>	<u>\$ 91,258</u>	<u>\$ 81,258</u>	<u>\$ (1,725)</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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 12,926	\$ 41,350	\$ 42,682	\$ (29,756)
Other Local Revenues	12,432	975	975	11,457
Total Revenues	<u>\$ 25,358</u>	<u>\$ 42,325</u>	<u>\$ 43,657</u>	<u>\$ (18,299)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Sheriff's Department	\$ 29,350	\$ 39,645	\$ 40,977	\$ 11,627
Drug Enforcement	12,000	12,000	12,000	0
<u>Other Operations</u>				
Other Charges	197	215	215	18
<u>Support Services</u>				
Other Student Support	2,870	5,100	5,100	2,230
Total Expenditures	<u>\$ 44,417</u>	<u>\$ 56,960</u>	<u>\$ 58,292</u>	<u>\$ 13,875</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (19,059)</u>	<u>\$ (14,635)</u>	<u>\$ (14,635)</u>	<u>\$ (4,424)</u>
Net Change in Fund Balance	\$ (19,059)	\$ (14,635)	\$ (14,635)	\$ (4,424)
Fund Balance, July 1, 2009	<u>50,228</u>	<u>49,907</u>	<u>49,907</u>	<u>321</u>
Fund Balance, June 30, 2010	<u><u>\$ 31,169</u></u>	<u><u>\$ 35,272</u></u>	<u><u>\$ 35,272</u></u>	<u><u>\$ (4,103)</u></u>

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.

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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 886,389	\$ 891,387	\$ 891,387	\$ (4,998)
Total Revenues	\$ 886,389	\$ 891,387	\$ 891,387	\$ (4,998)
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 1,441,723	\$ 556,822	\$ 1,441,723	\$ 0
Highways and Streets	195,214	24,353	195,214	0
Education	719,141	436,900	719,141	0
<u>Interest on Debt</u>				
General Government	81,463	77,586	81,463	0
Highways and Streets	12,780	8,765	12,780	0
Education	160,036	150,645	160,036	0
<u>Other Debt Service</u>				
General Government	75,581	45,599	88,014	12,433
Education	0	1,000	1,000	1,000
Total Expenditures	\$ 2,685,938	\$ 1,301,670	\$ 2,699,371	\$ 13,433
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,799,549)	\$ (410,283)	\$ (1,807,984)	\$ 8,435
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 1,452,538	\$ 0	\$ 1,464,838	\$ (12,300)
Transfers In	588,545	588,545	588,545	0
Total Other Financing Sources (Uses)	\$ 2,041,083	\$ 588,545	\$ 2,053,383	\$ (12,300)
Net Change in Fund Balance	\$ 241,534	\$ 178,262	\$ 245,399	\$ (3,865)
Fund Balance, July 1, 2009	1,253,560	1,232,457	1,232,457	21,103
Fund Balance, June 30, 2010	\$ 1,495,094	\$ 1,410,719	\$ 1,477,856	\$ 17,238

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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 301,166	\$ 311,145	\$ 311,145	\$ (9,979)
Other Local Revenues	375	0	0	375
State of Tennessee	0	165,471	165,471	(165,471)
Federal Government	17,000	0	17,000	0
Total Revenues	<u>\$ 318,541</u>	<u>\$ 476,616</u>	<u>\$ 493,616</u>	<u>\$ (175,075)</u>
<u>Expenditures</u>				
<u>Capital Projects</u>				
General Administration Projects	\$ 885,490	\$ 152,243	\$ 929,106	\$ 43,616
Public Safety Projects	663,402	320,000	683,387	19,985
Public Health and Welfare Projects	109,483	0	109,483	0
Total Expenditures	<u>\$ 1,658,375</u>	<u>\$ 472,243</u>	<u>\$ 1,721,976</u>	<u>\$ 63,601</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (1,339,834)</u>	<u>\$ 4,373</u>	<u>\$ (1,228,360)</u>	<u>\$ (111,474)</u>
<u>Other Financing Sources (Uses)</u>				
Bonds Issued	\$ 3,547,462	\$ 0	\$ 3,577,577	\$ (30,115)
Capital Leases Issued	150,000	0	150,000	0
Total Other Financing Sources (Uses)	<u>\$ 3,697,462</u>	<u>\$ 0</u>	<u>\$ 3,727,577</u>	<u>\$ (30,115)</u>
Net Change in Fund Balance	\$ 2,357,628	\$ 4,373	\$ 2,499,217	\$ (141,589)
Fund Balance, July 1, 2009	<u>1,372,412</u>	<u>718,389</u>	<u>718,389</u>	<u>654,023</u>
Fund Balance, June 30, 2010	<u>\$ 3,730,040</u>	<u>\$ 722,762</u>	<u>\$ 3,217,606</u>	<u>\$ 512,434</u>

Fiduciary Funds

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

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

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

Exhibit I-1

DeKalb County, Tennessee

Combining Statement of Fiduciary Assets and Liabilities

Fiduciary Funds

June 30, 2010

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,023,283	\$ 1,023,283
Accounts Receivable	0	4,573	4,573
Due from Other Governments	157,020	0	157,020
Notes Receivable - Long-term	0	107,318	107,318
Cash Shortage	0	8,501	8,501
Total Assets	<u>\$ 157,020</u>	<u>\$ 1,143,675</u>	<u>\$ 1,300,695</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 157,020	\$ 0	\$ 157,020
Due to Litigants, Heirs, and Others	0	1,143,675	1,143,675
Total Liabilities	<u>\$ 157,020</u>	<u>\$ 1,143,675</u>	<u>\$ 1,300,695</u>

Exhibit I-2

DeKalb County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2010

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 951,940	\$ 951,940	\$ 0
Due from Other Governments	150,532	157,020	150,532	157,020
Total Assets	<u>\$ 150,532</u>	<u>\$ 1,108,960</u>	<u>\$ 1,102,472</u>	<u>\$ 157,020</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 150,532	\$ 1,108,960	\$ 1,102,472	\$ 157,020
Total Liabilities	<u>\$ 150,532</u>	<u>\$ 1,108,960</u>	<u>\$ 1,102,472</u>	<u>\$ 157,020</u>
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 2,441,893	\$ 5,025,405	\$ 6,444,015	\$ 1,023,283
Accounts Receivable	2,390	4,573	2,390	4,573
Notes Receivable - Long-term	94,297	20,000	6,979	107,318
Cash Shortage	8,501	0	0	8,501
Total Assets	<u>\$ 2,547,081</u>	<u>\$ 5,049,978</u>	<u>\$ 6,453,384</u>	<u>\$ 1,143,675</u>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 2,547,081	\$ 5,049,978	\$ 6,453,384	\$ 1,143,675
Total Liabilities	<u>\$ 2,547,081</u>	<u>\$ 5,049,978</u>	<u>\$ 6,453,384</u>	<u>\$ 1,143,675</u>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 2,441,893	\$ 5,025,405	\$ 6,444,015	\$ 1,023,283
Equity in Pooled Cash and Investments	0	951,940	951,940	0
Accounts Receivable	2,390	4,573	2,390	4,573
Due from Other Governments	150,532	157,020	150,532	157,020
Notes Receivable - Long-term	94,297	20,000	6,979	107,318
Cash Shortage	8,501	0	0	8,501
Total Assets	<u>\$ 2,697,613</u>	<u>\$ 6,158,938</u>	<u>\$ 7,555,856</u>	<u>\$ 1,300,695</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 150,532	\$ 1,108,960	\$ 1,102,472	\$ 157,020
Due to Litigants, Heirs, and Others	2,547,081	5,049,978	6,453,384	1,143,675
Total Liabilities	<u>\$ 2,697,613</u>	<u>\$ 6,158,938</u>	<u>\$ 7,555,856</u>	<u>\$ 1,300,695</u>

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.

Exhibit J-1

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

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets Total Governmental Activities
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 13,777,756	\$ 0	\$ 3,482,112	\$ (10,295,644)
Support Services	6,047,726	39,539	268,938	(5,739,249)
Operation of Non-Instructional Services	1,878,164	357,822	955,691	(564,651)
Total Governmental Activities	\$ 21,703,646	\$ 397,361	\$ 4,706,741	\$ (16,599,544)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 2,183,459
Local Option Sales Taxes				1,540,000
Other Local Taxes				1,323
Grants and Contributions Not Restricted to Specific Programs				12,469,271
Unrestricted Investment Earnings				16,106
Miscellaneous				72,164
Total General Revenues				\$ 16,282,323
Insurance Recovery				\$ 18,000
Change in Net Assets				\$ (299,221)
Net Assets, July 1, 2009				14,469,418
Net Assets, June 30, 2010				\$ 14,170,197

Exhibit J-2

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

	Major Funds		Nonmajor Funds	Total Govern- mental Funds
	General Purpose School	School Federal Projects	Other Govern- mental Funds	
<u>ASSETS</u>				
Equity in Pooled Cash and Investments	\$ 3,033,192	\$ 16,524	\$ 448,912	\$ 3,498,628
Due from Other Governments	298,882	27,052	64,675	390,609
Property Taxes Receivable	2,416,063	0	0	2,416,063
Allowance for Uncollectible Property Taxes	(76,010)	0	0	(76,010)
Total Assets	\$ 5,672,127	\$ 43,576	\$ 513,587	\$ 6,229,290
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 0	\$ 4,053	\$ 0	\$ 4,053
Deferred Revenue - Current Property Taxes	2,262,823	0	0	2,262,823
Deferred Revenue - Delinquent Property Taxes	74,922	0	0	74,922
Total Liabilities	\$ 2,337,745	\$ 4,053	\$ 0	\$ 2,341,798
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 14,000	\$ 0	\$ 0	\$ 14,000
Reserved for Career Ladder - Extended Contract	18,874	0	0	18,874
Reserved for Career Ladder Program	8,030	0	0	8,030
Reserved for Technology	58,477	0	0	58,477
Reserved for Basic Education Program	2,983,755	0	0	2,983,755
Reserved for Title I Grants to Local Education Agencies	0	39,513	0	39,513
Reserved for Special Education - Grants to States	0	10	0	10
Unreserved, Reported In:				
General Fund	251,246	0	0	251,246
Special Revenue Funds	0	0	509,642	509,642
Capital Projects Funds	0	0	3,945	3,945
Total Fund Balances	\$ 3,334,382	\$ 39,523	\$ 513,587	\$ 3,887,492
Total Liabilities and Fund Balances	\$ 5,672,127	\$ 43,576	\$ 513,587	\$ 6,229,290

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, 2010

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

Total fund balances - balance sheet - governmental funds (Exhibit J-2)		\$ 3,887,492	
(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	8,484,741		
Add: other capital assets net of accumulated depreciation	<u>1,611,931</u>	10,832,928	
(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	\$ (355,027)		
Less: other postemployment benefits liability	<u>(270,118)</u>	(625,145)	
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>74,922</u>
Net assets of governmental activities (Exhibit A)			<u>\$ 14,170,197</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, 2010

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>School</u>	<u>Funds</u>	
	<u>Purpose</u>	<u>Federal</u>	<u>Other</u>	<u>Governmental</u>
	<u>School</u>	<u>Projects</u>	<u>Governmental</u>	<u>Funds</u>
			<u>Funds</u>	<u>Funds</u>
<u>Revenues</u>				
Local Taxes	\$ 2,171,381	\$ 0	\$ 0	\$ 2,171,381
Licenses and Permits	1,004	0	0	1,004
Charges for Current Services	39,539	0	357,822	397,361
Other Local Revenues	75,405	0	19,523	94,928
State of Tennessee	13,453,259	0	0	13,453,259
Federal Government	156,092	2,542,771	939,797	3,638,660
Other Governments and Citizens Groups	1,540,000	0	0	1,540,000
Total Revenues	<u>\$ 17,436,680</u>	<u>\$ 2,542,771</u>	<u>\$ 1,317,142</u>	<u>\$ 21,296,593</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 10,560,181	\$ 1,908,740	\$ 0	\$ 12,468,921
Support Services	5,617,197	654,290	0	6,271,487
Operation of Non-Instructional Services	460,974	1,702	1,334,543	1,797,219
Capital Outlay	866,445	0	0	866,445
Debt Service:				
Principal on Debt	59,171	0	0	59,171
Total Expenditures	<u>\$ 17,563,968</u>	<u>\$ 2,564,732</u>	<u>\$ 1,334,543</u>	<u>\$ 21,463,243</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>\$ (127,288)</u>	<u>\$ (21,961)</u>	<u>\$ (17,401)</u>	<u>\$ (166,650)</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 18,000	\$ 0	\$ 0	\$ 18,000
Transfers In	6,692	0	0	6,692
Transfers Out	0	(6,692)	0	(6,692)
Total Other Financing Sources (Uses)	<u>\$ 24,692</u>	<u>\$ (6,692)</u>	<u>\$ 0</u>	<u>\$ 18,000</u>
Net Change in Fund Balances	\$ (102,596)	\$ (28,653)	\$ (17,401)	\$ (148,650)
Fund Balance, July 1, 2009	<u>3,436,978</u>	<u>68,176</u>	<u>530,988</u>	<u>4,036,142</u>
Fund Balance, June 30, 2010	<u>\$ 3,334,382</u>	<u>\$ 39,523</u>	<u>\$ 513,587</u>	<u>\$ 3,887,492</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, 2010

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

Net change in fund balances - total governmental funds (Exhibit J-4)		\$ (148,650)
(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	\$ 345,387	
Less: current year depreciation expense	<u>(508,529)</u>	(163,142)
(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	\$ (6,453)	
Less: decrease in revenue for the sale of disposed assets	<u>(4,514)</u>	(10,967)
(3) 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, 2010	\$ 74,922	
Less: deferred delinquent property taxes and other deferred June 30, 2009	<u>(61,521)</u>	13,401
(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.		
Add: principal payments on notes		59,171
(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 other postemployment benefits liability		<u>(49,034)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ (299,221)</u>

Exhibit J-6

DeKalb County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented DeKalb County School Department
June 30, 2010

	Special Revenue Fund <u>Central Cafeteria</u>	Capital Projects Fund <u>Education Capital Projects</u>	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 444,967	\$ 3,945	\$ 448,912
Due from Other Governments	64,675	0	64,675
Total Assets	<u>\$ 509,642</u>	<u>\$ 3,945</u>	<u>\$ 513,587</u>
<u>FUND BALANCES</u>			
Unreserved	\$ 509,642	\$ 3,945	\$ 513,587
Total Fund Balances	<u>\$ 509,642</u>	<u>\$ 3,945</u>	<u>\$ 513,587</u>

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, 2010

	Special Revenue Fund <u>Central Cafeteria</u>	Capital Projects Fund <u>Education Capital Projects</u>	Total Nonmajor Governmental Funds
<u>Revenues</u>			
Charges for Current Services	\$ 357,822	\$ 0	\$ 357,822
Other Local Revenues	19,523	0	19,523
Federal Government	939,797	0	939,797
Total Revenues	<u>\$ 1,317,142</u>	<u>\$ 0</u>	<u>\$ 1,317,142</u>
<u>Expenditures</u>			
Current:			
Operation of Non-Instructional Services	\$ 1,334,543	\$ 0	\$ 1,334,543
Total Expenditures	<u>\$ 1,334,543</u>	<u>\$ 0</u>	<u>\$ 1,334,543</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (17,401)</u>	<u>\$ 0</u>	<u>\$ (17,401)</u>
Net Change in Fund Balances	\$ (17,401)	\$ 0	\$ (17,401)
Fund Balance, July 1, 2009	<u>527,043</u>	<u>3,945</u>	<u>530,988</u>
Fund Balance, June 30, 2010	<u><u>\$ 509,642</u></u>	<u><u>\$ 3,945</u></u>	<u><u>\$ 513,587</u></u>

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, 2010

	Actual (GAAP Basis)	Less:		Add:	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Encumbrances 7/1/2009	Encumbrances 6/30/2010			Original	Final	
<u>Revenues</u>								
Local Taxes	\$ 2,171,381	\$ 0	\$ 0	\$ 2,171,381	\$ 3,721,116	\$ 2,181,116	\$ (9,735)	
Licenses and Permits	1,004	0	0	1,004	1,200	1,200	(196)	
Charges for Current Services	39,539	0	0	39,539	18,000	18,000	21,539	
Other Local Revenues	75,405	0	0	75,405	85,000	85,000	(9,595)	
State of Tennessee	13,453,259	0	0	13,453,259	13,080,099	13,478,469	(25,210)	
Federal Government	156,092	0	0	156,092	164,300	164,300	(8,208)	
Other Governments and Citizens Groups	1,540,000	0	0	1,540,000	0	1,540,000	0	
Total Revenues	\$ 17,436,680	\$ 0	\$ 0	\$ 17,436,680	\$ 17,069,715	\$ 17,468,085	\$ (31,405)	
<u>Expenditures</u>								
<u>Instruction</u>								
Regular Instruction Program	\$ 8,390,828	\$ 0	\$ 0	\$ 8,390,828	\$ 8,340,250	\$ 8,582,615	\$ 191,787	
Alternative Instruction Program	95,225	0	0	95,225	97,360	97,360	2,135	
Special Education Program	1,476,193	0	0	1,476,193	1,511,915	1,511,915	35,722	
Vocational Education Program	597,935	0	0	597,935	629,420	629,420	31,485	
<u>Support Services</u>								
Attendance	115,238	0	0	115,238	122,510	129,568	14,330	
Health Services	247,961	0	0	247,961	269,550	269,551	21,590	
Other Student Support	335,319	0	0	335,319	351,320	351,320	16,001	
Regular Instruction Program	653,549	0	0	653,549	723,150	723,150	69,601	
Special Education Program	138,963	0	0	138,963	161,410	161,410	22,447	
Other Programs	86,978	0	0	86,978	0	86,978	0	
Board of Education	277,617	0	0	277,617	298,000	298,000	20,383	
Director of Schools	159,532	0	0	159,532	162,510	162,510	2,978	

(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:		Add:	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Encumbrances 7/1/2009	Encumbrances 6/30/2010			Original	Final	
<u>Expenditures (Cont.)</u>								
<u>Support Services (Cont.)</u>								
Office of the Principal	\$ 959,781	\$ 0	\$ 0	\$ 959,781	\$ 979,400	\$ 979,400	\$ 19,619	
Fiscal Services	150,129	0	0	150,129	169,750	169,750	19,621	
Operation of Plant	1,057,125	0	0	1,057,125	1,234,650	1,234,650	177,525	
Maintenance of Plant	282,201	0	0	282,201	309,400	309,400	27,199	
Transportation	1,152,804	0	14,000	1,166,804	1,272,050	1,272,050	105,246	
<u>Operation of Non-Instructional Services</u>								
Food Service	64,835	0	0	64,835	73,160	73,160	8,325	
Early Childhood Education	396,139	0	0	396,139	450,000	450,000	53,861	
<u>Capital Outlay</u>								
Regular Capital Outlay	866,445	(466,102)	0	400,343	350,000	411,970	11,627	
<u>Principal on Debt</u>								
Education	59,171	0	0	59,171	59,200	59,200	29	
Total Expenditures	\$ 17,563,968	\$ (466,102)	\$ 14,000	\$ 17,111,866	\$ 17,565,005	\$ 17,963,377	\$ 851,511	
<u>Excess (Deficiency) of Revenues</u>								
Over Expenditures	\$ (127,288)	\$ 466,102	\$ (14,000)	\$ 324,814	\$ (495,290)	\$ (495,292)	\$ 820,106	
<u>Other Financing Sources (Uses)</u>								
Insurance Recovery	\$ 18,000	\$ 0	\$ 0	\$ 18,000	\$ 0	\$ 0	\$ 18,000	
Transfers In	6,692	0	0	6,692	5,100	5,100	1,592	
Total Other Financing Sources (Uses)	\$ 24,692	\$ 0	\$ 0	\$ 24,692	\$ 5,100	\$ 5,100	\$ 19,592	
Net Change in Fund Balance	\$ (102,596)	\$ 466,102	\$ (14,000)	\$ 349,506	\$ (490,190)	\$ (490,192)	\$ 839,698	
Fund Balance, July 1, 2009	3,436,978	(466,102)	0	2,970,876	1,741,641	1,741,641	1,229,235	
Fund Balance, June 30, 2010	\$ 3,334,382	\$ 0	\$ (14,000)	\$ 3,320,382	\$ 1,251,451	\$ 1,251,449	\$ 2,068,933	

Exhibit J-9

DeKalb County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented DeKalb County School Department
School Federal Projects Fund
For the Year Ended June 30, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 2,542,771	\$ 3,572,026	\$ 3,572,154	\$ (1,029,383)
Total Revenues	\$ 2,542,771	\$ 3,572,026	\$ 3,572,154	\$ (1,029,383)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 1,204,341	\$ 1,529,805	\$ 1,531,455	\$ 327,114
Special Education Program	647,818	865,625	866,577	218,759
Vocational Education Program	56,581	53,863	56,643	62
<u>Support Services</u>				
Health Services	86,362	103,422	93,475	7,113
Other Student Support	55,215	305,523	311,015	255,800
Regular Instruction Program	264,851	386,306	377,848	112,997
Special Education Program	222,768	337,253	340,084	117,316
Vocational Education Program	837	1,000	837	0
Transportation	24,257	19,369	24,357	100
<u>Operation of Non-Instructional Services</u>				
Community Services	1,702	1,700	1,702	0
Total Expenditures	\$ 2,564,732	\$ 3,603,866	\$ 3,603,993	\$ 1,039,261
Excess (Deficiency) of Revenues Over Expenditures	\$ (21,961)	\$ (31,840)	\$ (31,839)	\$ 9,878
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 102,703	\$ 102,703	\$ (102,703)
Transfers Out	(6,692)	(109,395)	(109,395)	102,703
Total Other Financing Sources (Uses)	\$ (6,692)	\$ (6,692)	\$ (6,692)	\$ 0
Net Change in Fund Balance	\$ (28,653)	\$ (38,532)	\$ (38,531)	\$ 9,878
Fund Balance, July 1, 2009	68,176	38,532	38,531	29,645
Fund Balance, June 30, 2010	\$ 39,523	\$ 0	\$ 0	\$ 39,523

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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 357,822	\$ 414,000	\$ 414,000	\$ (56,178)
Other Local Revenues	19,523	10,000	10,000	9,523
State of Tennessee	0	221,000	0	0
Federal Government	939,797	655,000	901,000	38,797
Total Revenues	<u>\$ 1,317,142</u>	<u>\$ 1,300,000</u>	<u>\$ 1,325,000</u>	<u>\$ (7,858)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	<u>\$ 1,334,543</u>	<u>\$ 1,362,500</u>	<u>\$ 1,562,500</u>	<u>\$ 227,957</u>
Total Expenditures	<u>\$ 1,334,543</u>	<u>\$ 1,362,500</u>	<u>\$ 1,562,500</u>	<u>\$ 227,957</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (17,401)</u>	<u>\$ (62,500)</u>	<u>\$ (237,500)</u>	<u>\$ 220,099</u>
Net Change in Fund Balance	\$ (17,401)	\$ (62,500)	\$ (237,500)	\$ 220,099
Fund Balance, July 1, 2009	<u>527,043</u>	<u>177,937</u>	<u>177,937</u>	<u>349,106</u>
Fund Balance, June 30, 2010	<u><u>\$ 509,642</u></u>	<u><u>\$ 115,437</u></u>	<u><u>\$ (59,563)</u></u>	<u><u>\$ 569,205</u></u>

MISCELLANEOUS SCHEDULES

Exhibit K-1

DeKalb County, Tennessee
Schedule of Changes in Long-term Notes, Bonds, Capital Leases, and Other Loans
Primary Government and Discretely Presented DeKalb County School Department
For the Year Ended June 30, 2010

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-09	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-10
PRIMARY GOVERNMENT								
NOTES PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Land and Equipment	\$ 520,000	3.1 %	8-18-03	6-10-10	\$ 280,110	\$ 0	\$ 280,110	\$ 0
Improvements and Equipment	400,000	3.47	8-25-04	9-1-09	85,647	0	85,647	0
School Roofs	610,000	3.87	7-18-05	6-10-10	369,141	0	369,141	0
Landfill Tract	270,250	3.99	1-18-06	6-10-10	115,966	0	115,966	0
Landfill Project	1,225,000	3.95	1-11-07	6-10-10	635,000	0	635,000	0
Wheel Loader	195,214	4.49	12-1-08	6-10-10	195,214	0	195,214	0
Total Payable through General Debt Service Fund					\$ 1,681,078	\$ 0	\$ 1,681,078	\$ 0
Total Notes Payable					\$ 1,681,078	\$ 0	\$ 1,681,078	\$ 0
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	\$ 5,250,000	\$ 0	\$ 525,000	\$ 4,725,000
General Obligation Bonds, Series 2010	5,000,000	2 to 3.5	6-10-10	6-1-25	0	5,000,000	0	5,000,000
Total Bonds Payable					\$ 5,250,000	\$ 5,000,000	\$ 525,000	\$ 9,725,000
CAPITAL LEASES PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Fire Truck	150,000	3.89	11-3-09	6-10-10	\$ 0	\$ 150,000	\$ 150,000	\$ 0
Total Capital Leases Payable					\$ 0	\$ 150,000	\$ 150,000	\$ 0
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	\$ 414,198	\$ 0	\$ 59,171	\$ 355,027
Total Other Loans Payable					\$ 414,198	\$ 0	\$ 59,171	\$ 355,027

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	Bonds		
	Principal	Interest	Total
2011	\$ 820,000	\$ 277,673	\$ 1,097,673
2012	850,000	245,575	1,095,575
2013	885,000	208,625	1,093,625
2014	890,000	177,725	1,067,725
2015	920,000	150,925	1,070,925
2016	745,000	123,225	868,225
2017	765,000	101,725	866,725
2018	775,000	93,794	868,794
2019	785,000	84,813	869,813
2020	345,000	75,150	420,150
2021	360,000	64,800	424,800
2022	375,000	53,550	428,550
2023	385,000	41,363	426,363
2024	405,000	28,369	433,369
2025	420,000	14,700	434,700
Total	<u>\$ 9,725,000</u>	<u>\$ 1,742,012</u>	<u>\$ 11,467,012</u>

DISCRETELY PRESENTED DEKALB
COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Other Loans		
	Principal	Interest	Total
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	<u>\$ 355,027</u>	<u>\$ 0</u>	<u>\$ 355,027</u>

Exhibit K-3

DeKalb County, Tennessee
Schedule of Notes Receivable
For the Year Ended June 30, 2010

<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 6-30-10</u>
<u>Constitutional Officers - Agency Fund</u>					
Sliger	\$ 5,265	1-4-1995	(1)	(2)	\$ 3,945
Snow	18,000	7-13-04	(1)	(2)	18,000
T. Cantrell	5,000	8-5-04	(1)	(2)	4,585
Evans	15,540	3-10-05	(1)	(2)	15,526
N. Cantrell	15,762	1-10-06	(1)	(2)	14,762
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
Raymond	20,000	7-20-09	(1)	(2)	20,000
Total					<u>\$ 107,318</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, 2010

<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	\$ 588,545
<u>DISCRETELY PRESENTED DEKALB COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ 6,692

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, 2010

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u> , and Chairman of Roads, Chapter 156, Private Acts of 1943, as amended	\$ 67,302 (1)	\$ 50,000	State Farm Fire and Casualty Company
Highway Supervisor	Section 8-24-102, <u>TCA</u> , and DeKalb County Commission	65,527 (2)	100,000	Western Surety Company
Director of Schools	State Board of Education and DeKalb County Board of Education	96,049 (3)	(6)	
Trustee	Section 8-24-102, <u>TCA</u>	57,751	462,700	Western Surety Company
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 and a one-time bonus of \$500 approved by the County Commission.
- (3) Includes a chief executive officer training supplement of \$1,000.
- (4) Does not include special commissioner fees of \$7,150.
- (5) Does not include a \$600 law enforcement training supplement.
- (6) The director of schools is covered by the \$150,000 employee blanket bond.

Exhibit K-6

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

	Special Revenue Funds										Total
	General	Courthouse and Jail Maintenance	Local Purpose Tax	Drug Control	Constitutional Officers - Fees	Highway / Public Works	Debt Service Fund		Capital Projects Fund		
							General	Debt Service	General	Capital Projects	
<u>Charges for Current Services (Cont.)</u>											
<u>Fees</u>											
Telephone Commissions	\$ 9,190	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,190
Constitutional Officers' Fees and Commissions	0	0	0	0	179,521	0	0	0	0	0	179,521
Data Processing Fee - Register	5,468	0	0	0	0	0	0	0	0	0	5,468
Data Processing Fee - Sheriff	110	0	0	0	0	0	0	0	0	0	110
Sexual Offender Registration Fees - Sheriff	1,650	0	0	0	0	0	0	0	0	0	1,650
<u>Education Charges</u>											
TBI Criminal Background Fees	2,535	0	0	0	0	0	0	0	0	0	2,535
Total Charges for Current Services	\$ 1,083,145	\$ 0	\$ 0	\$ 0	\$ 179,521	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,262,666
<u>Other Local Revenues</u>											
<u>Recurring Items</u>											
Lease/Rentals	\$ 21,313	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 21,313
Commissary Sales	12,071	0	0	0	0	0	0	0	0	0	12,071
Cobra Insurance Payments	0	0	0	0	0	201	0	0	0	0	201
Miscellaneous Refunds	37,719	0	0	0	0	112	0	0	0	0	37,831
<u>Nonrecurring Items</u>											
Sale of Equipment	14,033	0	0	12,432	0	1,380	0	0	0	0	27,845
Sale of Property	850	0	0	0	0	0	0	0	375	0	1,225
Contributions and Gifts	1,091	0	0	0	0	0	0	0	0	0	1,091
Performance Bond Forfeitures	7,000	0	0	0	0	0	0	0	0	0	7,000
Total Other Local Revenues	\$ 94,077	\$ 0	\$ 0	\$ 12,432	\$ 0	\$ 1,693	\$ 0	\$ 0	\$ 375	\$ 0	\$ 108,577
<u>Fees Received from County Officials</u>											
<u>Excess Fees</u>											
Register	\$ 1,897	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,897
Trustee	148,059	0	0	0	0	0	0	0	0	0	148,059
<u>Fees in-Lieu-of Salary</u>											
County Clerk	140,299	0	0	0	0	0	0	0	0	0	140,299
Circuit Court Clerk	51,378	0	0	0	0	0	0	0	0	0	51,378
General Sessions Court Clerk	139,257	0	0	0	0	0	0	0	0	0	139,257

(Continued)

Exhibit K-6

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

	Special Revenue Funds										Total	
	General	Courthouse and Jail Maintenance	Local Purpose Tax	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works	Debt Service		Capital Projects			
							General	Debt Service	General	Capital Projects		
<u>Fees in-Lieu-of Salary (Cont.)</u>												
Clerk and Master	\$ 66,685	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 66,685
Juvenile Court Clerk	7,993	0	0	0	0	0	0	0	0	0	0	7,993
Sheriff	9,082	0	0	0	0	0	0	0	0	0	0	9,082
Total Fees Received from County Officials	\$ 564,650	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 564,650
<u>State of Tennessee</u>												
<u>General Government Grants</u>												
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,000
Aging Programs	6,119	0	0	0	0	0	0	0	0	0	0	6,119
State Reappraisal Grant	4,346	0	0	0	0	0	0	0	0	0	0	4,346
<u>Public Safety Grants</u>												
Law Enforcement Training Programs	9,000	0	0	0	0	0	0	0	0	0	0	9,000
Drug Control Grants	48,367	0	0	0	0	0	0	0	0	0	0	48,367
Health and Welfare Grants	6,095	0	0	0	0	0	0	0	0	0	0	6,095
<u>Public Works Grants</u>												
State Aid Program	0	0	0	0	0	233,163	0	0	0	0	0	233,163
Litter Program	36,800	0	0	0	0	0	0	0	0	0	0	36,800
<u>Other State Revenues</u>												
Flood Control	171,222	0	0	0	0	0	0	0	0	0	0	171,222
Income Tax	74,075	0	0	0	0	0	0	0	0	0	0	74,075
Mixed Drink Tax	1,748	0	0	0	0	0	0	0	0	0	0	1,748
Contracted Prisoner Boarding	140,058	0	0	0	0	0	0	0	0	0	0	140,058
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,416,311	0	0	0	0	0	1,416,311
Petroleum Special Tax	0	0	0	0	0	13,993	0	0	0	0	0	13,993
Registrar's Salary Supplement	16,380	0	0	0	0	0	0	0	0	0	0	16,380
Other State Revenues	6,339	0	0	0	0	0	0	0	0	0	0	6,339
Total State of Tennessee	\$ 529,549	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,663,467	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,193,016

(Continued)

Exhibit K-6

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

	Special Revenue Funds										Total
	General	Courthouse and Jail Maintenance	Local Purpose Tax	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works	Debt Service Fund		Capital Projects Fund		
							General	Debt Service	General	Capital Projects	
<u>Federal Government</u>											
<u>Federal Through State</u>											
Community Development	\$ 297,006	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 297,006
ARRA Grant # 1	40,287	0	0	0	0	0	0	0	0	0	40,287
ARRA Grant # 2	17,944	0	0	0	0	0	0	0	0	0	17,944
<u>Direct Federal Revenue</u>											
Police Service (Lake Area)	38,400	0	0	0	0	0	0	0	0	0	38,400
Other Direct Federal Revenue	155,449	0	0	0	0	0	0	0	0	0	172,449
<u>Total Federal Government</u>	\$ 549,086	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 17,000	\$ 566,086
<u>Other Governments and Citizens Groups</u>											
<u>Other Governments</u>											
Paving and Maintenance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 109,975	\$ 0	\$ 0	\$ 0	\$ 0	\$ 109,975
<u>Total Other Governments and Citizens Groups</u>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 109,975	\$ 0	\$ 0	\$ 0	\$ 0	\$ 109,975
<u>Total</u>	\$ 6,364,097	\$ 64,379	\$ 2,248,852	\$ 25,358	\$ 179,521	\$ 1,928,868	\$ 886,389	\$ 318,541	\$ 12,016,005		

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, 2010

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 2,072,198	\$ 0	\$ 0	\$ 2,072,198
Trustee's Collections - Prior Year	55,283	0	0	55,283
Circuit/Clerk & Master Collections - Prior Years	27,693	0	0	27,693
Interest and Penalty	12,664	0	0	12,664
Pick-up Taxes	2,220	0	0	2,220
<u>Statutory Local Taxes</u>				
Interstate Telecommunications Tax	1,323	0	0	1,323
Total Local Taxes	\$ 2,171,381	\$ 0	\$ 0	\$ 2,171,381
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 1,004	\$ 0	\$ 0	\$ 1,004
Total Licenses and Permits	\$ 1,004	\$ 0	\$ 0	\$ 1,004
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Lunch Payments - Children	\$ 0	\$ 0	\$ 189,222	\$ 189,222
Lunch Payments - Adults	0	0	37,667	37,667
Income from Breakfast	0	0	36,934	36,934
A la carte Sales	0	0	93,999	93,999
Receipts from Individual Schools	34,902	0	0	34,902
TBI Criminal Background Fees	3,216	0	0	3,216
<u>Other Charges for Services</u>				
Other Charges for Services	1,421	0	0	1,421
Total Charges for Current Services	\$ 39,539	\$ 0	\$ 357,822	\$ 397,361
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 16,106	\$ 16,106
Refund of Telecommunication & Internet Fees (E-Rate)	32,232	0	0	32,232
Miscellaneous Refunds	37,740	0	1,805	39,545
<u>Nonrecurring Items</u>				
Sale of Equipment	4,514	0	0	4,514
Damages Recovered from Individuals	387	0	0	387
Contributions and Gifts	532	0	1,612	2,144
Total Other Local Revenues	\$ 75,405	\$ 0	\$ 19,523	\$ 94,928
<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	11,828,765	0	0	11,828,765
Basic Education Program - ARRA	518,000	0	0	518,000
Early Childhood Education	396,142	0	0	396,142
School Food Service	15,894	0	0	15,894
Energy Efficient School Initiative	61,970	0	0	61,970
Driver Education	8,979	0	0	8,979
Other State Education Funds	2,437	0	0	2,437

(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>				
Coordinated School Health - ARRA	\$ 100,000	\$ 0	\$ 0	\$ 100,000
Internet Connectivity - ARRA	8,124	0	0	8,124
Statewide Student Management System (SSMS) - ARRA	7,058	0	0	7,058
Career Ladder Program	103,156	0	0	103,156
Career Ladder - Extended Contract - ARRA	64,484	0	0	64,484
<u>Other State Revenues</u>				
Other State Grants	243,764	0	0	243,764
Safe Schools - ARRA	7,508	0	0	7,508
Total State of Tennessee	\$ 13,453,259	\$ 0	\$ 0	\$ 13,453,259
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 661,645	\$ 661,645
Breakfast	0	0	242,315	242,315
USDA - Other	0	0	11,039	11,039
USDA Food Service Equipment Grant - ARRA	0	0	24,798	24,798
Vocational Education - Basic Grants to States	0	59,658	0	59,658
Community Based Organizations	0	7,000	0	7,000
Title I Grants to Local Education Agencies	0	907,867	0	907,867
Special Education - Grants to States	17,724	936,374	0	954,098
Special Education Preschool Grants	0	30,349	0	30,349
English Language Acquisition Grants	0	24,646	0	24,646
Safe and Drug-Free Schools - State Grants	0	285,259	0	285,259
Rural Education	0	68,284	0	68,284
Eisenhower Professional Development State Grants	0	205,567	0	205,567
Job Training Partnership Act	19,010	0	0	19,010
Other Federal through State	0	17,767	0	17,767
<u>Direct Federal Revenue</u>				
Public Law 874 - Maintenance and Operation	119,358	0	0	119,358
Total Federal Government	\$ 156,092	\$ 2,542,771	\$ 939,797	\$ 3,638,660
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 1,540,000	\$ 0	\$ 0	\$ 1,540,000
Total Other Governments and Citizens Groups	\$ 1,540,000	\$ 0	\$ 0	\$ 1,540,000
Total	\$ 17,436,680	\$ 2,542,771	\$ 1,317,142	\$ 21,296,593

Exhibit K-8

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

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	16,125	
Social Security		1,000	
State Retirement		713	
Unemployment Compensation		6	
Employer Medicare		234	
Audit Services		5,227	
Legal Notices, Recording, and Court Costs		7,048	
Judgments		5,000	
Other Charges		480	
Total County Commission			\$ 35,833

Board of Equalization

Board and Committee Members Fees	\$	3,400	
Total Board of Equalization			3,400

Beer Board

Board and Committee Members Fees	\$	2,225	
Social Security		23	
State Retirement		19	
Unemployment Compensation		1	
Employer Medicare		5	
Total Beer Board			2,273

County Mayor/Executive

County Official/Administrative Officer	\$	66,702	
Assistant(s)		43,248	
Part-time Personnel		9,008	
Longevity Pay		400	
Social Security		7,154	
State Retirement		2,240	
Employee and Dependent Insurance		2,070	
Unemployment Compensation		333	
Employer Medicare		1,673	
Data Processing Services		7,115	
Travel		1,365	
Office Supplies		4,066	
Other Charges		680	
Total County Mayor/Executive			146,054

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

County Attorney

County Official/Administrative Officer	\$	18,000	
Legal Services		4,497	
Travel		222	
Total County Attorney			\$ 22,719

Election Commission

County Official/Administrative Officer	\$	51,976	
Part-time Personnel		740	
Other Salaries and Wages		21,054	
Election Commission		3,650	
Election Workers		14,240	
In-Service Training		675	
Social Security		4,031	
State Retirement		3,783	
Employee and Dependent Insurance		2,678	
Unemployment Compensation		351	
Employer Medicare		943	
Advertising		1,153	
Maintenance and Repair Services - Equipment		70	
Printing, Stationery, and Forms		2,803	
Other Contracted Services		8,855	
Office Supplies		1,299	
Other Charges		3,674	
Total Election Commission			121,975

Register of Deeds

Longevity Pay	\$	950	
Social Security		5,881	
State Retirement		5,232	
Employee and Dependent Insurance		4,944	
Unemployment Compensation		224	
Employer Medicare		1,375	
Other Contracted Services		3,669	
Office Supplies		2,234	
Other Supplies and Materials		1,798	
Data Processing Equipment		7,959	
Total Register of Deeds			34,266

Planning

Board and Committee Members Fees	\$	3,360	
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(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Planning (Cont.)

Social Security	\$	94	
State Retirement		73	
Employer Medicare		22	
Other Contracted Services		9,250	
Total Planning			\$ 12,799

County Buildings

Custodial Personnel	\$	34,280	
Longevity Pay		400	
Other Salaries and Wages		350	
Social Security		2,079	
State Retirement		1,776	
Unemployment Compensation		224	
Employer Medicare		486	
Maintenance and Repair Services - Buildings		26,296	
Utilities		59,281	
Building and Contents Insurance		3,195	
Total County Buildings			128,367

Other General Administration

Other Salaries and Wages	\$	5,910	
Social Security		365	
State Retirement		306	
Unemployment Compensation		24	
Employer Medicare		85	
Communication		35,951	
Contributions		1,600	
Dues and Memberships		8,967	
Operating Lease Payments		14,274	
Postal Charges		31,101	
Office Supplies		2,724	
Periodicals		1,009	
Premiums on Corporate Surety Bonds		4,727	
Workers' Compensation Insurance		127,285	
Tax Relief Program		17,434	
Other Charges		1,648	
Total Other General Administration			253,410

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	57,751	
Assistant(s)		21,624	
Secretary(ies)		21,624	
Longevity Pay		750	
Other Salaries and Wages		27,179	
Social Security		7,490	
State Retirement		6,653	
Employee and Dependent Insurance		4,944	
Unemployment Compensation		336	
Employer Medicare		1,752	
Data Processing Services		324	
Travel		2,441	
Other Contracted Services		3,086	
Office Supplies		1,730	
Total Property Assessor's Office			\$ 157,684

County Trustee's Office

Social Security	\$	5,935	
State Retirement		5,003	
Unemployment Compensation		310	
Employer Medicare		1,388	
Data Processing Services		15,150	
Legal Notices, Recording, and Court Costs		347	
Office Supplies		2,610	
Total County Trustee's Office			30,743

County Clerk's Office

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		64,532	
Longevity Pay		250	
Social Security		7,298	
State Retirement		6,106	
Employee and Dependent Insurance		2,472	
Unemployment Compensation		389	
Employer Medicare		1,707	
Contracts with Private Agencies		9,512	
Office Supplies		1,500	
Other Charges		509	
Total County Clerk's Office			152,026

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		67,723	
Jury and Witness Fees		8,016	
Social Security		7,527	
State Retirement		6,244	
Employee and Dependent Insurance		2,472	
Unemployment Compensation		572	
Employer Medicare		1,760	
Data Processing Services		9,955	
Other Contracted Services		1,500	
Office Supplies		5,717	
Other Charges		1,897	
Total Circuit Court			\$ 171,134

General Sessions Court

Judge(s)	\$	82,324	
Secretary(ies)		8,062	
Social Security		5,604	
State Retirement		4,264	
Employee and Dependent Insurance		2,472	
Unemployment Compensation		140	
Employer Medicare		1,311	
Travel		570	
Office Supplies		2,220	
Other Charges		2,356	
Total General Sessions Court			109,323

Drug Court

Other Salaries and Wages	\$	3,808	
Other Charges		66,831	
Total Drug Court			70,639

Chancery Court

County Official/Administrative Officer	\$	57,751	
Secretary(ies)		18,321	
Longevity Pay		400	
Social Security		4,542	
State Retirement		3,940	
Employee and Dependent Insurance		4,738	
Unemployment Compensation		201	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Employer Medicare	\$	1,062	
Data Processing Services		4,745	
Office Supplies		3,041	
Other Charges		1,392	
Total Chancery Court			\$ 100,133

Juvenile Court

Youth Service Officer(s)	\$	26,324	
Longevity Pay		450	
Social Security		1,407	
State Retirement		1,364	
Employee and Dependent Insurance		2,472	
Unemployment Compensation		112	
Employer Medicare		329	
Contracts with Other Public Agencies		6,900	
Other Charges		1,431	
Total Juvenile Court			40,789

Judicial Commissioners

County Official/Administrative Officer	\$	22,566	
Social Security		1,399	
Unemployment Compensation		270	
Employer Medicare		327	
Office Supplies		250	
Total Judicial Commissioners			24,812

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	64,127	
Assistant(s)		21,784	
Deputy(ies)		360,651	
Secretary(ies)		21,624	
Part-time Personnel		33,271	
Longevity Pay		1,250	
Overtime Pay		21,117	
In-Service Training		11,873	
Social Security		32,153	
State Retirement		25,471	
Employee and Dependent Insurance		7,496	
Unemployment Compensation		2,339	

(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.)

Employer Medicare	\$	7,520	
Communication		16,710	
Contracts with Private Agencies		2,180	
Contributions		872	
Maintenance and Repair Services - Buildings		140	
Maintenance and Repair Services - Vehicles		51,261	
Travel		3,661	
Gasoline		58,396	
Office Supplies		9,397	
Tires and Tubes		3,618	
Uniforms		8,379	
Utilities		52,321	
Other Supplies and Materials		14,526	
Other Charges		400	
Motor Vehicles		56,890	
Total Sheriff's Department			\$ 889,427

Special Patrols

Guards	\$	21,692	
Longevity Pay		550	
Other Salaries and Wages		4,200	
Social Security		1,494	
State Retirement		1,341	
Employee and Dependent Insurance		2,852	
Unemployment Compensation		131	
Employer Medicare		349	
Gasoline		2,565	
Instructional Supplies and Materials		4,494	
Other Charges		66	
Total Special Patrols			39,734

Traffic Control

Part-time Personnel	\$	7,004	
Other Salaries and Wages		1,650	
Social Security		434	
Unemployment Compensation		112	
Employer Medicare		102	
Other Charges		850	
Total Traffic Control			10,152

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Correctional Incentive Program Improvements

Cafeteria Personnel	\$	20,624	
Longevity Pay		1,150	
Other Salaries and Wages		401,649	
Social Security		25,261	
State Retirement		21,927	
Employee and Dependent Insurance		12,508	
Unemployment Compensation		2,254	
Employer Medicare		5,908	
Contracts with Private Agencies		91,126	
Medical and Dental Services		75,961	
Food Supplies		161,003	
Other Supplies and Materials		17,211	
Other Charges		37,363	
Total Correctional Incentive Program Improvements			\$ 873,945

Fire Prevention and Control

In-Service Training	\$	7,117	
Forest Resource Services		1,500	
Maintenance and Repair Services - Buildings		3,144	
Maintenance and Repair Services - Equipment		6,694	
Equipment and Machinery Parts		17,193	
Gasoline		29,138	
Instructional Supplies and Materials		1,993	
Law Enforcement Supplies		18,273	
Utilities		19,746	
Other Supplies and Materials		4,785	
Liability Insurance		2,809	
Other Charges		6,914	
Communication Equipment		2,709	
Law Enforcement Equipment		14,557	
Other Equipment		112,810	
Total Fire Prevention and Control			249,382

Civil Defense

Other Charges	\$	1,977	
Total Civil Defense			1,977

Other Emergency Management

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

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

County Coroner/Medical Examiner

Evaluation and Testing	\$	34,020	
Medical and Dental Services		8,200	
Other Contracted Services		2,850	
Total County Coroner/Medical Examiner			\$ 45,070

Other Public Safety

Social Security	\$	264	
Employer Medicare		62	
Contributions		11,500	
Other Charges		4,250	
Total Other Public Safety			16,076

Public Health and Welfare

Local Health Center

Custodial Personnel	\$	5,012	
Social Security		28	
State Retirement		24	
Employer Medicare		7	
Communication		1,781	
Contracts with Government Agencies		11,208	
Maintenance and Repair Services - Equipment		156	
Other Contracted Services		5,971	
Custodial Supplies		950	
Drugs and Medical Supplies		314	
Office Supplies		1,749	
Utilities		11,188	
Other Charges		19,357	
Total Local Health Center			57,745

Rabies and Animal Control

Contracts with Other Public Agencies	\$	5,435	
Maintenance and Repair Services - Buildings		401	
Total Rabies and Animal Control			5,836

Ambulance/Emergency Medical Services

County Official/Administrative Officer	\$	45,624	
Medical Personnel		451,626	
Secretary(ies)		21,624	
Part-time Personnel		108,463	
Overtime Pay		8,854	

(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.)

In-Service Training	\$	8,105	
Social Security		37,926	
State Retirement		28,312	
Medical Insurance		20,394	
Unemployment Compensation		3,367	
Employer Medicare		8,870	
Advertising		1,310	
Communication		7,658	
Freight Expenses		303	
Operating Lease Payments		9,400	
Licenses		1,900	
Maintenance and Repair Services - Buildings		2,747	
Maintenance and Repair Services - Equipment		1,813	
Maintenance and Repair Services - Vehicles		23,529	
Postal Charges		217	
Printing, Stationery, and Forms		1,176	
Travel		169	
Disposal Fees		293	
Other Contracted Services		5,042	
Custodial Supplies		1,480	
Diesel Fuel		38,208	
Drugs and Medical Supplies		38,442	
Office Supplies		7,686	
Uniforms		5,905	
Utilities		7,408	
Other Supplies and Materials		929	
Refunds		12,167	
Workers' Compensation Insurance		48,057	
Other Charges		1,034	
Other Equipment		1,325	
Total Ambulance/Emergency Medical Services			\$ 961,363

Regional Mental Health Center

Contributions	\$	5,385	
Total Regional Mental Health Center			5,385

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Clerical Personnel	\$	15,624	
Longevity Pay		350	

(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.)

Senior Citizens Assistance (Cont.)

Social Security	\$	753	
State Retirement		809	
Employee and Dependent Insurance		2,472	
Unemployment Compensation		112	
Employer Medicare		176	
Travel		132	
Other Supplies and Materials		900	
Other Charges		450	
Total Senior Citizens Assistance			\$ 21,778

Libraries

Librarians	\$	23,624	
Clerical Personnel		32,248	
Part-time Personnel		24,859	
Longevity Pay		450	
Social Security		5,033	
State Retirement		2,894	
Unemployment Compensation		768	
Employer Medicare		1,177	
Communication		7,110	
Library Books/Media		9,577	
Periodicals		1,492	
Utilities		9,774	
Other Supplies and Materials		4,436	
Other Charges		5,964	
Other Equipment		1,359	
Total Libraries			130,765

Agriculture and Natural Resources

Agriculture Extension Service

Assistant(s)	\$	27,304	
Supervisor/Director		14,744	
Clerical Personnel		10,055	
Other Fringe Benefits		6,775	
Rentals		8,850	
Total Agriculture Extension Service			67,728

Soil Conservation

Secretary(ies)	\$	21,624	
Longevity Pay		350	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Soil Conservation (Cont.)

Social Security	\$	1,314	
State Retirement		1,120	
Employee and Dependent Insurance		2,472	
Unemployment Compensation		112	
Employer Medicare		307	
Total Soil Conservation			\$ 27,299

Other Operations

Industrial Development

Other Charges	\$	77	
Total Industrial Development			77

Other Economic and Community Development

Contributions	\$	10,000	
Engineering Services		3,333	
Travel		432	
Other Charges		1,747	
Other Construction		297,006	
Total Other Economic and Community Development			312,518

Veterans' Services

Supervisor/Director	\$	4,905	
Social Security		279	
Unemployment Compensation		78	
Employer Medicare		65	
Travel		500	
Total Veterans' Services			5,827

Other Charges

Trustee's Commission	\$	81,392	
Total Other Charges			81,392

Contributions to Other Agencies

Contributions	\$	16,000	
Total Contributions to Other Agencies			16,000

Employee Benefits

State Retirement	\$	4	
Employee and Dependent Insurance		9,685	
Total Employee Benefits			9,689

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Other Operations (Cont.)

ARRA Grant # 1

Other Salaries and Wages	\$	22,615	
Social Security		1,548	
State Retirement		1,369	
Employee and Dependent Insurance		2,060	
Unemployment Compensation		322	
Employer Medicare		362	
Other Charges		19,161	
Total ARRA Grant # 1			\$ 47,437

ARRA Grant # 2

Law Enforcement Supplies	\$	17,944	
Total ARRA Grant # 2			17,944

Miscellaneous

Laborers	\$	7,170	
Other Salaries and Wages		37,312	
Social Security		2,413	
Unemployment Compensation		26	
Employer Medicare		564	
Operating Lease Payments		8,280	
Pauper Burials		1,250	
Road Signs		5,229	
Liability Insurance		132,236	
Refunds		3,606	
Other Charges		12,974	
Total Miscellaneous			211,060

Total General Fund \$ 5,834,308

Courthouse and Jail Maintenance Fund

General Government

County Buildings

Maintenance and Repair Services - Buildings	\$	42,808	
Custodial Supplies		22,809	
Trustee's Commission		643	
Total County Buildings			\$ 66,260

Total Courthouse and Jail Maintenance Fund 66,260

(Continued)

Exhibit K-8

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

<u>Local Purpose Tax Fund</u>		
<u>Capital Projects</u>		
<u>Other General Government Projects</u>		
Contributions	\$ 1,540,000	
Trustee's Commission	<u>22,475</u>	
Total Other General Government Projects		<u>\$ 1,562,475</u>
Total Local Purpose Tax Fund		\$ 1,562,475
<u>Drug Control Fund</u>		
<u>Public Safety</u>		
<u>Sheriff's Department</u>		
Investigator(s)	\$ 24,500	
Overtime Pay	708	
Social Security	1,435	
State Retirement	1,180	
Employee and Dependent Insurance	309	
Unemployment Compensation	112	
Employer Medicare	328	
Other Charges	<u>778</u>	
Total Sheriff's Department		\$ 29,350
<u>Drug Enforcement</u>		
Confidential Drug Enforcement Payments	<u>\$ 12,000</u>	
Total Drug Enforcement		12,000
<u>Other Operations</u>		
<u>Other Charges</u>		
Trustee's Commission	<u>\$ 197</u>	
Total Other Charges		197
<u>Support Services</u>		
<u>Other Student Support</u>		
Other Supplies and Materials	<u>\$ 2,870</u>	
Total Other Student Support		<u>2,870</u>
Total Drug Control Fund		44,417
<u>Constitutional Officers - Fees Fund</u>		
<u>General Government</u>		
<u>Register of Deeds</u>		
Constitutional Officers' Operating Expenses	<u>\$ 101,335</u>	
Total Register of Deeds		\$ 101,335

(Continued)

Exhibit K-8

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

Constitutional Officers - Fees Fund (Cont.)

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$ 97,658	
Total County Trustee's Office		\$ 97,658

County Clerk's Office

Constitutional Officers' Operating Expenses	\$ 794	
Total County Clerk's Office		794

Administration of Justice

Circuit Court Clerk

Constitutional Officers' Operating Expenses	\$ 30	
Total Circuit Court Clerk		<u>30</u>

Total Constitutional Officers - Fees Fund		\$ 199,817
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Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 65,527	
Accountants/Bookkeepers	23,800	
Secretary(ies)	22,334	
Board and Committee Members Fees	600	
Communication	6,475	
Data Processing Services	3,859	
Dues and Memberships	4,270	
Postal Charges	264	
Printing, Stationery, and Forms	54	
Rentals	1,077	
Electricity	4,090	
Natural Gas	8,170	
Office Supplies	546	
Water and Sewer	133	
Data Processing Equipment	<u>52</u>	
Total Administration		\$ 141,251

Highway and Bridge Maintenance

Foremen	\$ 27,650
Equipment Operators	101,735
Truck Drivers	62,076
Laborers	52,297
Rentals	165

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Other Contracted Services	\$	11,912	
Asphalt - Liquid		233,779	
Concrete		5,654	
Crushed Stone		170,345	
Pipe - Metal		20,237	
Salt		3,881	
Structural Steel		604	
Wood Products		3,033	
Other Supplies and Materials		6,266	
Total Highway and Bridge Maintenance			\$ 699,634

Operation and Maintenance of Equipment

Mechanic(s)	\$	73,674	
Maintenance and Repair Services - Equipment		49,663	
Diesel Fuel		83,016	
Equipment and Machinery Parts		56,906	
Garage Supplies		6,945	
Gasoline		25,574	
Lubricants		6,839	
Small Tools		2,437	
Tires and Tubes		25,139	
Total Operation and Maintenance of Equipment			330,193

Quarry Operations

Foremen	\$	20,969	
Equipment Operators		64,420	
Explosive and Drilling Services		51,317	
Maintenance and Repair Services - Equipment		35,445	
Rentals		840	
Electricity		9,943	
Equipment and Machinery Parts		93,957	
Motor Vehicles		6,285	
Total Quarry Operations			283,176

Other Charges

Liability Insurance	\$	35,175	
Trustee's Commission		17,083	
Workers' Compensation Insurance		31,748	
Other Charges		580	
Total Other Charges			84,586

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Employee Benefits

Social Security	\$ 39,404	
State Retirement	26,192	
Employee and Dependent Insurance	152,560	
Unemployment Compensation	<u>6,179</u>	
Total Employee Benefits		\$ 224,335

Capital Outlay

Highway Equipment	\$ 36,000	
State Aid Projects	<u>317,915</u>	
Total Capital Outlay		<u>353,915</u>

Total Highway/Public Works Fund \$ 2,117,090

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 175,000	
Principal on Notes	1,116,723	
Principal on Capital Leases	<u>150,000</u>	
Total General Government		\$ 1,441,723

Highways and Streets

Principal on Notes	<u>\$ 195,214</u>	
Total Highways and Streets		195,214

Education

Principal on Bonds	\$ 350,000	
Principal on Notes	<u>369,141</u>	
Total Education		719,141

Interest on Debt

General Government

Interest on Bonds	\$ 38,458	
Interest on Notes	<u>43,005</u>	
Total General Government		81,463

Highways and Streets

Interest on Notes	<u>\$ 12,780</u>	
Total Highways and Streets		12,780

(Continued)

Exhibit K-8

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

<u>General Debt Service Fund (Cont.)</u>		
<u>Interest on Debt (Cont.)</u>		
<u>Education</u>		
Interest on Bonds	\$ 136,392	
Interest on Notes	<u>23,644</u>	
Total Education		\$ 160,036
 <u>Other Debt Service</u>		
<u>General Government</u>		
Fiscal Agent Charges	\$ 15,000	
Trustee's Commission	17,666	
Underwriter's Discount	42,415	
Other Debt Service	<u>500</u>	
Total General Government		<u>75,581</u>
Total General Debt Service Fund		\$ 2,685,938
 <u>General Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>General Administration Projects</u>		
Engineering Services	\$ 2,700	
Trustee's Commission	6,061	
Underwriter's Discount	41,436	
Building Construction	56,236	
Land	766,402	
Other Equipment	<u>12,655</u>	
Total General Administration Projects		\$ 885,490
 <u>Public Safety Projects</u>		
Building Construction	\$ 62,700	
Heating and Air Conditioning Equipment	77,315	
Motor Vehicles	<u>523,387</u>	
Total Public Safety Projects		663,402
 <u>Public Health and Welfare Projects</u>		
Contributions	\$ 109,483	
Total Public Health and Welfare Projects		<u>109,483</u>
Total General Capital Projects Fund		<u>1,658,375</u>
Total Governmental Funds - Primary Government		<u>\$ 14,168,680</u>

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, 2010

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 5,810,187	
Career Ladder Program	58,102	
Career Ladder Extended Contracts	5,062	
Educational Assistants	132,807	
Other Salaries and Wages	17,885	
Certified Substitute Teachers	14,739	
Non-certified Substitute Teachers	62,019	
Social Security	346,911	
State Retirement	382,293	
Medical Insurance	777,541	
Dental Insurance	53,218	
Unemployment Compensation	8,101	
Employer Medicare	81,615	
Food Supplies	241	
Instructional Supplies and Materials	301,534	
Textbooks	258,872	
Fee Waivers	20,540	
Other Charges	9,918	
Regular Instruction Equipment	49,243	
Total Regular Instruction Program		\$ 8,390,828

Alternative Instruction Program

Teachers	\$ 54,984	
Career Ladder Program	3,000	
Career Ladder Extended Contracts	6,300	
Educational Assistants	11,467	
Social Security	4,423	
State Retirement	4,721	
Medical Insurance	8,334	
Dental Insurance	378	
Unemployment Compensation	84	
Employer Medicare	1,034	
Instructional Supplies and Materials	500	
Total Alternative Instruction Program		95,225

Special Education Program

Teachers	\$ 817,916
Career Ladder Program	9,800
Homebound Teachers	43,805

(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.)

Educational Assistants	\$	151,719	
Speech Pathologist		89,255	
Certified Substitute Teachers		2,400	
Non-certified Substitute Teachers		12,906	
Social Security		64,543	
State Retirement		68,127	
Medical Insurance		127,529	
Dental Insurance		8,338	
Unemployment Compensation		1,748	
Employer Medicare		15,102	
Contracts with Other School Systems		28,665	
Contracts with Parents		2,050	
Other Contracted Services		12,994	
Instructional Supplies and Materials		4,724	
Other Supplies and Materials		219	
Special Education Equipment		14,353	
Total Special Education Program			\$ 1,476,193

Vocational Education Program

Teachers	\$	389,478	
Career Ladder Program		5,000	
Other Salaries and Wages		40,635	
Certified Substitute Teachers		570	
Non-certified Substitute Teachers		6,939	
Social Security		25,021	
State Retirement		27,934	
Medical Insurance		62,513	
Dental Insurance		3,777	
Unemployment Compensation		564	
Employer Medicare		5,860	
Other Contracted Services		150	
Instructional Supplies and Materials		14,494	
Textbooks		15,000	
Total Vocational Education Program			597,935

Support Services

Attendance

Supervisor/Director	\$	62,057	
Career Ladder Program		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.)

Attendance (Cont.)

Clerical Personnel	\$	22,598	
Social Security		5,159	
State Retirement		5,347	
Medical Insurance		6,741	
Dental Insurance		373	
Unemployment Compensation		94	
Employer Medicare		1,206	
Travel		1,075	
Other Contracted Services		7,058	
Other Supplies and Materials		530	
Total Attendance			\$ 115,238

Health Services

Supervisor/Director	\$	58,480	
Medical Personnel		106,974	
Clerical Personnel		13,929	
Social Security		10,199	
State Retirement		10,622	
Medical Insurance		24,148	
Dental Insurance		1,506	
Unemployment Compensation		234	
Employer Medicare		2,385	
Travel		3,529	
Other Contracted Services		4,942	
Drugs and Medical Supplies		725	
Food Supplies		128	
Other Supplies and Materials		10,160	
Total Health Services			247,961

Other Student Support

Career Ladder Program	\$	1,000	
Guidance Personnel		258,951	
Social Security		15,186	
State Retirement		16,689	
Medical Insurance		23,615	
Dental Insurance		2,324	
Unemployment Compensation		307	
Employer Medicare		3,552	
Evaluation and Testing		13,695	
Total Other Student Support			335,319

(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	\$	117,459	
Career Ladder Program		5,000	
Career Ladder Extended Contracts		11,250	
Librarians		214,968	
Instructional Computer Personnel		75,186	
Educational Assistants		26,965	
Social Security		25,860	
State Retirement		27,677	
Medical Insurance		52,822	
Dental Insurance		2,663	
Unemployment Compensation		555	
Employer Medicare		6,048	
Maintenance and Repair Services - Equipment		62,158	
Travel		3,091	
Food Supplies		182	
Library Books/Media		18,275	
Other Supplies and Materials		2,069	
Other Charges		1,022	
Other Equipment		299	
Total Regular Instruction Program			\$ 653,549

Special Education Program

Supervisor/Director	\$	61,527	
Career Ladder Program		1,000	
Social Security		3,588	
State Retirement		4,014	
Medical Insurance		8,280	
Dental Insurance		373	
Unemployment Compensation		47	
Employer Medicare		839	
Travel		4,242	
Other Contracted Services		52,055	
In Service/Staff Development		2,998	
Total Special Education Program			138,963

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	\$	4,635	
Social Security		287	
Employer Medicare		67	
Audit Services		6,000	
Dues and Memberships		11,619	
Legal Services		1,118	
Travel		3,002	
Other Contracted Services		1,565	
Liability Insurance		25,000	
Trustee's Commission		72,312	
Workers' Compensation Insurance		138,068	
Criminal Investigation of Applicants - TBI		3,680	
Refund to Applicant for Criminal Investigation		2,160	
Other Charges		8,104	
Total Board of Education			\$ 277,617

Director of Schools

County Official/Administrative Officer	\$	95,049	
Career Ladder Program		1,000	
Social Security		5,612	
State Retirement		6,166	
Medical Insurance		9,034	
Dental Insurance		373	
Unemployment Compensation		47	
Employer Medicare		1,313	
Communication		34,678	
Dues and Memberships		206	
Postal Charges		3,196	
Travel		1,470	
Other Charges		1,388	
Total Director of Schools			159,532

Office of the Principal

Principals	\$	322,369	
Career Ladder Program		8,000	
Career Ladder Extended Contracts		32,918	
Assistant Principals		140,139	
Secretary(ies)		255,257	
Clerical Personnel		15,259	

(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	\$	45,750	
State Retirement		45,542	
Medical Insurance		49,057	
Dental Insurance		2,600	
Unemployment Compensation		1,000	
Employer Medicare		10,700	
Communication		13,700	
Dues and Memberships		8,250	
Travel		3,030	
Other Contracted Services		6,210	
Total Office of the Principal			\$ 959,781

Fiscal Services

Accountants/Bookkeepers	\$	61,728	
Secretary(ies)		33,009	
Clerical Personnel		7,207	
Social Security		5,552	
State Retirement		5,281	
Medical Insurance		11,885	
Unemployment Compensation		149	
Employer Medicare		1,298	
Data Processing Services		10,005	
Travel		2,903	
Other Contracted Services		4,450	
Data Processing Supplies		3,044	
Office Supplies		3,558	
Other Charges		60	
Total Fiscal Services			150,129

Operation of Plant

Custodial Personnel	\$	244,831	
Social Security		14,105	
State Retirement		10,764	
Medical Insurance		19,260	
Unemployment Compensation		923	
Employer Medicare		3,299	
Maintenance and Repair Services - Equipment		670	
Permits		80	
Custodial Supplies		46,382	

(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.)

Electricity	\$	430,330	
Natural Gas		141,780	
Uniforms		2,263	
Water and Sewer		27,544	
Other Supplies and Materials		28,119	
Boiler Insurance		5,500	
Building and Contents Insurance		76,589	
Other Charges		2,914	
Plant Operation Equipment		1,772	
Total Operation of Plant			\$ 1,057,125

Maintenance of Plant

Supervisor/Director	\$	45,057	
Maintenance Personnel		76,127	
Other Salaries and Wages		6,235	
Social Security		7,217	
State Retirement		6,596	
Medical Insurance		9,241	
Unemployment Compensation		209	
Employer Medicare		1,688	
Maintenance and Repair Services - Buildings		3,021	
Maintenance and Repair Services - Equipment		130	
Pest Control		8,968	
Travel		768	
Other Contracted Services		17,724	
Other Supplies and Materials		95,790	
Maintenance Equipment		3,430	
Total Maintenance of Plant			282,201

Transportation

Supervisor/Director	\$	20,000	
Mechanic(s)		53,204	
Bus Drivers		411,122	
Other Salaries and Wages		65,559	
Social Security		32,399	
State Retirement		27,727	
Medical Insurance		29,675	
Unemployment Compensation		1,799	
Employer Medicare		7,577	

(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.)

Contracts with Other School Systems	\$	3,000	
Maintenance and Repair Services - Equipment		2,865	
Maintenance and Repair Services - Vehicles		72	
Travel		1,090	
Other Contracted Services		7,746	
Diesel Fuel		121,694	
Food Supplies		260	
Garage Supplies		287	
Gasoline		14,597	
Lubricants		2,458	
Tires and Tubes		6,842	
Uniforms		3,070	
Vehicle Parts		50,538	
Other Supplies and Materials		3,573	
Vehicle and Equipment Insurance		46,000	
Other Charges		3,644	
Transportation Equipment		236,006	
Total Transportation			\$ 1,152,804

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	48,236	
Career Ladder Program		1,000	
Social Security		2,782	
State Retirement		3,161	
Medical Insurance		7,606	
Dental Insurance		344	
Unemployment Compensation		29	
Employer Medicare		651	
Travel		1,026	
Total Food Service			64,835

Early Childhood Education

Supervisor/Director	\$	6,300
Teachers		189,971
Educational Assistants		95,064
Certified Substitute Teachers		96
Non-certified Substitute Teachers		6,409
Social Security		17,159

(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.)

State Retirement	\$	17,531	
Medical Insurance		32,487	
Dental Insurance		1,909	
Unemployment Compensation		558	
Employer Medicare		4,014	
Communication		1,570	
Travel		2,311	
Other Contracted Services		6,527	
Food Supplies		532	
Instructional Supplies and Materials		5,984	
Other Supplies and Materials		7,113	
Other Charges		604	
Total Early Childhood Education			\$ 396,139

Capital Outlay

Regular Capital Outlay

Architects	\$	12,600	
Building Improvements		654,223	
Communication Equipment		2,102	
Furniture and Fixtures		15,293	
Heating and Air Conditioning Equipment		17,638	
Site Development		2,932	
Building Purchases		113,591	
Other Capital Outlay		48,066	
Total Regular Capital Outlay			866,445

Principal on Debt

Education

Principal on Other Loans	\$	59,171	
Total Education			59,171

Total General Purpose School Fund \$ 17,563,968

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	583,138	
Educational Assistants		73,652	
Other Salaries and Wages		26,516	

(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.)

Certified Substitute Teachers	\$	1,890	
Non-certified Substitute Teachers		12,837	
Social Security		41,044	
State Retirement		42,887	
Medical Insurance		52,791	
Dental Insurance		4,562	
Unemployment Compensation		922	
Employer Medicare		9,620	
Other Contracted Services		46,500	
Instructional Supplies and Materials		307,907	
In Service/Staff Development		75	
Total Regular Instruction Program			\$ 1,204,341

Special Education Program

Teachers	\$	140,871	
Educational Assistants		245,246	
Certified Substitute Teachers		940	
Non-certified Substitute Teachers		15,093	
Social Security		21,540	
State Retirement		20,981	
Medical Insurance		73,237	
Dental Insurance		1,540	
Unemployment Compensation		1,285	
Employer Medicare		5,179	
Other Contracted Services		35,478	
Instructional Supplies and Materials		40,539	
Other Supplies and Materials		14,430	
Special Education Equipment		31,459	
Total Special Education Program			647,818

Vocational Education Program

Other Salaries and Wages	\$	2,839	
Non-certified Substitute Teachers		959	
Social Security		176	
State Retirement		182	
Employer Medicare		41	
Instructional Supplies and Materials		16,848	
Other Supplies and Materials		1,765	
In Service/Staff Development		2,980	

(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.)

Vocational Education Program (Cont.)

Vocational Instruction Equipment	\$ 30,791	
Total Vocational Education Program		\$ 56,581

Support Services

Health Services

Medical Personnel	\$ 33,342	
Other Salaries and Wages	32,024	
Social Security	3,726	
State Retirement	2,134	
Medical Insurance	5,052	
Dental Insurance	407	
Unemployment Compensation	94	
Employer Medicare	872	
Other Contracted Services	8,711	
Total Health Services		86,362

Other Student Support

Social Workers	\$ 32,046	
Social Security	1,987	
State Retirement	1,660	
Unemployment Compensation	47	
Employer Medicare	465	
Contracts with Private Agencies	1,878	
Travel	6,656	
Other Supplies and Materials	152	
In Service/Staff Development	545	
Other Charges	9,779	
Total Other Student Support		55,215

Regular Instruction Program

Supervisor/Director	\$ 87,006	
Other Salaries and Wages	31,080	
Social Security	5,711	
State Retirement	5,864	
Medical Insurance	8,280	
Dental Insurance	373	
Unemployment Compensation	141	
Employer Medicare	1,637	
Contracts with Private Agencies	1,920	

(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Travel	\$	24,148	
Library Books/Media		1,320	
Other Supplies and Materials		12,449	
In Service/Staff Development		81,544	
Other Charges		1,205	
Other Equipment		2,173	
Total Regular Instruction Program			\$ 264,851

Special Education Program

Psychological Personnel	\$	74,123	
Assessment Personnel		36,625	
Secretary(ies)		32,928	
Other Salaries and Wages		17,596	
Social Security		9,299	
State Retirement		9,945	
Medical Insurance		14,408	
Dental Insurance		944	
Unemployment Compensation		210	
Employer Medicare		2,175	
Consultants		1,345	
Travel		7,406	
Other Contracted Services		642	
Other Supplies and Materials		7,337	
In Service/Staff Development		7,785	
Total Special Education Program			222,768

Vocational Education Program

Travel	\$	837	
Total Vocational Education Program			837

Transportation

Bus Drivers	\$	21,455	
Social Security		1,330	
State Retirement		1,104	
Unemployment Compensation		57	
Employer Medicare		311	
Total Transportation			24,257

(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.)

Operation of Non-Instructional Services

Community Services

Other Salaries and Wages	\$	1,515	
Social Security		94	
State Retirement		70	
Unemployment Compensation		1	
Employer Medicare		22	
Total Community Services			<u>\$ 1,702</u>

Total School Federal Projects Fund \$ 2,564,732

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	4,385	
Accountants/Bookkeepers		21,393	
Cafeteria Personnel		408,684	
Social Security		23,097	
State Retirement		19,170	
Medical Insurance		73,584	
Dental Insurance		29	
Unemployment Compensation		1,652	
Employer Medicare		5,498	
Communication		2,547	
Maintenance and Repair Services - Equipment		11,719	
Travel		2,167	
Other Contracted Services		3,383	
Food Supplies		587,843	
Other Supplies and Materials		27,477	
In Service/Staff Development		802	
Other Charges		5,944	
Food Service Equipment		135,169	
Total Food Service			<u>\$ 1,334,543</u>

Total Central Cafeteria Fund 1,334,543

Total Governmental Funds - DeKalb County School Department \$ 21,463,243

Exhibit K-10

DeKalb County, Tennessee
Schedule of Detailed Revenues and Expenses
Proprietary Fund
For the Year Ended June 30, 2010

	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	\$ 9,800
Residential Waste Collection Charge	4,247
Tipping Fees	109,126
Total Charges for Current Services	<u>\$ 123,173</u>
<u>Other Local Revenues</u>	
<u>Recurring Items</u>	
Sale of Recycled Materials	\$ 1,181
Total Operating Revenue	<u>\$ 124,354</u>
<u>Nonoperating Revenues</u>	
<u>Local Taxes</u>	
Interest and Penalty	\$ 1,048
Pick-up Taxes	403
Payments in-Lieu-of Taxes - T.V.A.	75
Payments in-Lieu-of Taxes - Local Utilities	203,018
Payments in-Lieu-of Taxes - Other	59,225
Hotel/Motel Tax	63,398
Business Tax	109,422
Bank Excise Tax	62,448
Wholesale Beer Tax	77,631
Total Local Taxes	<u>\$ 576,668</u>
<u>Licenses and Permits</u>	
Beer Permits	\$ 2,422
<u>Other Local Revenues</u>	
<u>Recurring Items</u>	
Investment Income	\$ 388,722
<u>Nonrecurring Items</u>	
Gain on Disposal of Property	7,750
Sale of Equipment	15,425
Total Other Local Revenues	<u>\$ 411,897</u>
<u>State of Tennessee</u>	
<u>General Government Grants</u>	
Solid Waste Grants	\$ 7,500
<u>Other State of Tennessee Revenues</u>	
Beer Tax	12,583
Alcoholic Beverage Tax	31,421
Mixed Drink Tax	12,679
State Revenue Sharing - T.V.A.	380,551
Total Other State of Tennessee Revenues	<u>\$ 444,734</u>
Total Nonoperating Revenues	<u>\$ 1,435,721</u>
Total Revenues	<u>\$ 1,560,075</u>

(Continued)

Exhibit K-10

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

	Business-type Activities
	<u>Enterprise Fund</u>
	Solid Waste <u>Disposal Fund</u>
<hr/>	
<u>Expenses</u>	
<u>Operating Expenses</u>	
<u>Waste Pickup</u>	
Laborers	\$ 42,571
Longevity Pay	701
Social Security	2,683
State Retirement	2,205
Unemployment Compensation	216
Employer Medicare	627
Total Waste Pickup	<u>\$ 49,003</u>
 <u>Convenience Centers</u>	
Laborers	\$ 213,087
Social Security	12,973
State Retirement	147
Employee and Dependent Insurance	309
Unemployment Compensation	3,286
Employer Medicare	3,034
Communication	3,715
Other Supplies and Materials	8,763
Building Purchases	2,087
Other Construction	922
Total Convenience Centers	<u>\$ 248,323</u>
 <u>Landfill Operation and Maintenance</u>	
Laborers	\$ 172,380
Longevity Pay	1,000
Overtime Pay	5,341
Social Security	10,419
State Retirement	5,762
Employee and Dependent Insurance	5,042
Unemployment Compensation	1,000
Employer Medicare	2,437
Communication	520
Engineering Services	3,742
Operating Lease Payments	18,331
Maintenance and Repair Services - Vehicles	89,571
Rentals	14,523
Other Contracted Services	35,329
Crushed Stone	18,000
Diesel Fuel	104,761
Utilities	12,548
Other Supplies and Materials	28,289
Depreciation	327,708
Landfill Closure/Postclosure Care Costs	1,022,073
Other Charges	21,635
Total Landfill Operation and Maintenance	<u>\$ 1,900,411</u>
 <u>Other Waste Disposal</u>	
Trustee's Commission	\$ 16,990
Total Other Waste Disposal	<u>\$ 16,990</u>

(Continued)

Exhibit K-10

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

	Business-type Activities
	<u>Enterprise Fund</u>
	Solid Waste Disposal Fund
<hr/>	
<u>Expenses (Cont.)</u>	
<u>Operating Expenses (Cont.)</u>	
<u>Miscellaneous</u>	
Other Salaries and Wages	\$ 10,082
Social Security	625
Unemployment Compensation	2
Employer Medicare	146
Total Miscellaneous	<u>\$ 10,855</u>
 Total Operating Expenses	 <u><u>\$ 2,225,582</u></u>

Exhibit K-11

DeKalb County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2010

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 951,940
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 942,421
Trustee's Commission	9,519
Total Cash Disbursements	<u>\$ 951,940</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0
Cash Balance, July 1, 2009	<u>0</u>
Cash Balance, June 30, 2010	<u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



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

September 27, 2010

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, 2010, which collectively comprise DeKalb County's basic financial statements and have issued our report thereon dated September 27, 2010. 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses: 10.01, 10.02, 10.03, 10.04(C), 10.06, 10.07, and 10.11.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 10.05 and 10.12.

Compliance and Other Matters

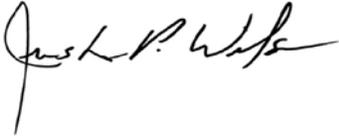
As part of obtaining reasonable assurance about whether DeKalb County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 10.04(A,B), 10.08, 10.09, and 10.10.

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

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

This report is intended solely for the information and use of management, county mayor, road supervisor, director of schools, 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 long vertical stroke at the end.

Justin P. Wilson
Comptroller of the Treasury

JPW/yu



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

September 27, 2010

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, 2010. 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 of 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, 2010.

Internal Control Over Compliance

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

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

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

Schedule of Expenditures of Federal Awards

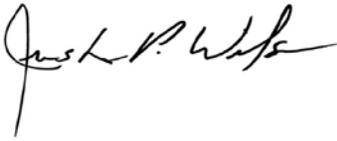
We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of DeKalb County as of and for the year ended June 30, 2010, and have issued our reports thereon dated September 27, 2010. 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.

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

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

Yours very truly,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is written in a cursive style with a long vertical stroke at the end.

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Program:			
Community Facilities Loans and Grants	10.766	N/A	\$ 17,000
Passed-through Tennessee Technological University:			
Grants for Agriculture Research - Competitive Research Grant	10.206	N/A	5,794
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	80,945 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	242,315
National School Lunch Program	10.555	N/A	672,684 (3)
Child Nutrition Discretionary - Food Service Equipment, Recovery Act	10.579	N/A	24,798
Total U.S. Department of Agriculture			\$ 1,043,536
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	(2)	\$ 297,006
U.S. Department of Justice:			
Direct Program:			
Edward Byrne Memorial Justice Assistance Grant (JAG), Recovery Act	16.804	N/A	\$ 17,944
Passed-through State Office of Criminal Justice Programs:			
Edward Byrne Memorial Justice Assistance Grant (JAG) Programs/Grants to States and Territories, Recovery Act	16.803	(2)	47,437
Total U.S. Department of Justice			\$ 65,381
U.S. Department of Labor:			
Passed-through Upper Cumberland Human Resource Agency:			
WIA Youth Activities	17.259	(2)	\$ 19,010
U.S. Department of Education:			
Direct Program:			
Impact Aid	84.041	N/A	\$ 119,358
Passed-through State Department of Education:			
Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	N/A	739,972
Title I Grants to Local Educational Agencies, Recovery Act	84.389	N/A	185,239
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	597,678
Special Education - Grants to States, Recovery Act	84.391	N/A	383,004
Special Education - Preschool Grants	84.173	N/A	23,535
Special Education - Preschool Grants, Recovery Act	84.392	N/A	6,814
Vocational Education - Basic Grants to States	84.048	N/A	60,864
Safe and Drug-free Schools and Communities - State Grants	84.186A	N/A	19,128
Safe and Drug-free Schools and Communities - Governor's Grants	84.186B	N/A	49,880
Twenty-first Century Community Learning Centers	84.287	N/A	216,250
Education Technology State Grants Cluster:			
Education Technology State Grants	84.318	N/A	6,833
Education Technology State Grants, Recovery Act	84.386	N/A	10,933
Rural Education	84.358	N/A	68,284
English Language Acquisition Grants	84.365	N/A	24,647
Improving Teacher Quality State Grants	84.367	N/A	207,866
State Fiscal Stabilization Fund Cluster:			
State Fiscal Stabilization Fund - Education State Grants, Recovery Act	84.394	N/A	518,000
State Fiscal Stabilization Fund - Government Service, Recovery Act	84.397	N/A	187,174 (4)
Total U.S. Department of Education			\$ 3,425,459

(Continued)

DeKalb County, Tennessee

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Homeland Security:			
Direct Program:			
Assistance to Firefighters Grant	97.044	N/A	\$ 150,049
Total U.S. Department of Homeland Security			\$ 150,049
Total Expenditures of Federal Awards			\$ 5,000,441
		Contract Number	
<u>State Grants</u>			
Litter Program - State Department of Transportation	N/A	(2)	\$ 36,800
Continuity of Quality Health Services - State Department of Health	N/A	Z-10-219786-01	4,971
Local Health Services - State Department of Health	N/A	Z-09-219782-01	1,124
Drug Court Grant - State Office of Criminal Justice Programs	N/A	(2)	48,367
Law Enforcement Training - State Department of Safety	N/A	(2)	9,000
State Reappraisal Program - State Comptroller of the Treasury	N/A	(2)	4,346
Aging Program - State Commission on Aging	N/A	(2)	6,119
Youth Services Program - State Commission on Children and Youth	N/A	(2)	9,000
DROP Dropout Prevention Summit - State Department of Education	N/A	(2)	1,400
Rural Technical Assistance Grant - State Department of Economic and Community Development	N/A	(2)	242,364
Internet Connectivity - State Department of Education	N/A	(2)	1,933
Energy Efficient Schools Initiative Grant - State Department of Education	N/A	(2)	61,970
Early Childhood Education (Pre-K) - State Department of Education	N/A	(2)	396,142
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	7,500
Total State Grants			\$ 831,036

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 \$753,629.
- (4) Coordinated School Health: \$100,000; Internet Connectivity: \$8,124; Statewide Student Management System: \$7,058; Career Ladder - Extended Contract: \$64,484; Safe Schools: \$7,508.

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

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report for DeKalb County, Tennessee, for the year ended June 30, 2009, which have not been corrected.

DEKALB COUNTY AND DEKALB COUNTY SCHOOL DEPARTMENT

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
09.01	178	DeKalb County and the School Department do not have the resources to produce financial statements and notes to the financial statements
09.02	179	The Solid Waste Disposal Fund had a deficit in unrestricted net assets

OFFICE OF ROAD SUPERVISOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
09.04	179	The office did not maintain adequate controls over consumable assets

OFFICE OF TRUSTEE

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
09.05	180	Unauthorized securities were pledged as collateral

OFFICE OF REGISTER

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
09.08	181	Excess fees were not reported and paid to the county in compliance with state statute

OTHER FINDING

Finding Number	Page Number	Subject
09.11	184	Duties were not adequately segregated in the Offices of Road Supervisor, Trustee, Clerk and Master, Register, and Sheriff

DEKALB COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2010

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. Seven 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 Community Development Block Grant (CFDA No. 14.228); the Title I, Part A Cluster: Title I Grants to Local Educational Agencies and Title I Grants to Local Educational Agencies, Recovery Act (CFDA Nos. 84.010 and 84.389); the Special Education Cluster: Special Education – Grants to States, Special Education – Grants to States, Recovery Act, Special Education – Preschool Grants, and Special Education – Preschool Grants, Recovery Act (CFDA Nos. 84.027, 84.391, 84.173, and 84.392); the State Fiscal Stabilization Fund Cluster: State Fiscal Stabilization Fund – Education State Grants, Recovery Act and State Fiscal Stabilization Fund – Governmental Services, Recovery Act (CFDA Nos. 84.394 and 84.397) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. DeKalb County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The clerk and master and assessor of property provided written responses on certain findings, which are paraphrased in this report.

DEKALB COUNTY AND DEKALB COUNTY SCHOOL DEPARTMENT

FINDING 10.01 **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 DeKalb 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 10.02 **THE SOLID WASTE DISPOSAL FUND REQUIRED MATERIAL
AUDIT ADJUSTMENTS FOR PROPER FINANCIAL STATEMENT
PRESENTATION****

(Internal Control – Material Weakness Under Government Auditing
Standards)

At June 30, 2010, various general ledger account balances of the Solid Waste Disposal Fund were not materially correct, and audit adjustments were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require DeKalb County to have adequate internal controls over the maintenance of its accounting records. Material audit adjustments were required because the county's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the county has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

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

**FINDING 10.03 **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 \$1,718,597 in unrestricted net assets at June 30, 2010. This deficit resulted from the recognition of a liability (\$3,308,672) 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. This deficiency exists due to the failure of management to correct the finding noted in the prior-year audit report.

RECOMMENDATION

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

FINDING 10.04 THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS
 (A. and B. – Noncompliance Under Government Auditing Standards;
 C. – Internal Control – Material Weakness Under Government Auditing Standards)

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

- A. General Fund expenditures exceeded appropriations approved by the County Commission in the following major appropriation categories (the legal level of control). Section 5-9-401, Tennessee Code Annotated, states that “All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs for the various departments, commissions, institutions, boards, offices, and agencies of county governments shall be appropriated to such use by the county legislative bodies.”

<u>Major Category</u>	<u>Amount Overspent</u>
Other General Administration	\$ 8,420
Traffic Control	7,358
County Coroner/Medical Examiner	600
Other Public Safety	4,576
Other Economic and Community Development	159,844
Other Charges	13,132

- B. Salaries exceeded appropriations in 14 line items in the General Fund by amounts ranging from \$50 to \$21,624. The budget resolution approved by the County Commission states that the salary, wages, or enumeration of each official, employee, or agent of the county will not exceed expenditures that accompany this resolution. Therefore, the salaries that exceeded line-item appropriations were expenditures not approved by the County Commission.
- C. The General, Local Purpose Tax, and General Capital Projects funds’ actual beginning fund balances at July 1, 2009, exceeded the estimated fund balances presented to the County Commission by the amounts noted below. Sound business practices dictate that realistic estimates of beginning fund balances should be presented to the County Commission during the budget process. This deficiency is due to management’s failure to properly estimate the actual ending fund balance for June 30, 2009, and resulted in materially understating the estimated beginning fund balances.

<u>Fund</u>	Actual Fund Balance 7-1-09	Estimated Fund Balance 7-1-09	Variance
General	\$ 2,503,412	\$ 1,683,741	\$ 819,671
Local Purpose Tax	904,892	673,036	231,856
General Capital Projects	1,372,412	718,389	654,023

RECOMMENDATION

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

OFFICE OF ROAD SUPERVISOR

FINDING 10.05 **THE OFFICE DID NOT MAINTAIN ADEQUATE CONTROLS OVER CONSUMABLE ASSETS**
 (Internal Control – Significant Deficiency Under Government Auditing Standards)

The office did not maintain inventory records of consumable assets, such as fuel and tile. Generally accepted accounting principles require accountability for all consumable assets. 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.

FINDING 10.06 **THE ACTUAL FUND BALANCE EXCEEDED THE ESTIMATED BEGINNING FUND BALANCE BY A MATERIAL AMOUNT**
 (Internal Control – Material Weakness Under Government Auditing Standards)

The Highway/Public Works Fund’s actual beginning fund balance (\$731,973) at July 1, 2009, exceeded the estimated fund balance (\$518,446) presented to the County Commission by \$213,527. Sound business practices dictate that realistic estimates of beginning fund balances should be presented to the County Commission during the budget

process. This deficiency is due to management’s failure to properly estimate the actual ending fund balance for June 30, 2009, and resulted in materially understating the estimated beginning fund balance.

RECOMMENDATION

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

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 10.07 **THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS**
 (Internal Control – Material Weakness Under Government Auditing Standards)

Our examination revealed the following deficiencies in budget operations. These deficiencies can be attributed to the failure of management to adequately monitor and review budget procedures.

- A. The budget and subsequent amendments approved by the County Commission for the Central Cafeteria Fund resulted in appropriations exceeding estimated available funding by \$59,563. Sound budgetary principles dictate that appropriations be held within estimated available funding.

- B. The General Purpose School and Central Cafeteria funds’ actual beginning fund balances at July 1, 2009, exceeded the estimated fund balances presented to the County Commission by the amounts noted below. Sound business practices dictate that realistic estimates of beginning fund balances should be presented to the County Commission during the budget process. This deficiency is due to management’s failure to properly estimate the actual ending fund balance for June 30, 2009, and resulted in materially understating the estimated beginning fund balances.

<u>Fund</u>	<u>Actual Fund Balance 7-1-09</u>	<u>Estimated Fund Balance 7-1-09</u>	<u>Variance</u>
General Purpose School	\$ 2,970,876	\$ 1,741,641	\$ 1,229,235
Central Cafeteria	527,043	177,937	349,106

RECOMMENDATION

Appropriations that exceed estimated available funding should not be submitted to the County Commission, and the County Commission should not approve such appropriations. Estimates of the beginning fund balances should be made on a more realistic basis to provide county officials with accurate information to base funding decisions. The estimated beginning fund balance should be amended during the year when it becomes apparent that the original estimate varies from the actual by a material amount.

OFFICE OF TRUSTEE

FINDING 10.08 **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. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

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

OFFICE OF REGISTER

FINDING 10.09 **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 \$8,460 to \$27,347 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 ASSESSOR OF PROPERTY

FINDING 10.10 **THE STATE DIVISION OF PROPERTY ASSESSMENTS NOTED DEFICIENCIES IN THE MAINTENANCE OF VARIOUS RECORDS BY THE ASSESSOR OF PROPERTY** (Noncompliance Under Government Auditing Standards)

The monitoring report prepared by the state Division of Property Assessments disclosed the following deficiencies in the maintenance of records by the assessor of property.

- A. The assessor of property did not pick up new construction or recognize changes to improvements for one quarter during the year. Section 67-5-1601, Tennessee Code Annotated (TCA), requires the assessor to complete an on-site review of each parcel of real property over a six-year cycle. The review of property is reported to the state Division of Property Assessments who tests inspection compliance. Upon notification of noncompliance, the assessor of property corrected errors noted by the Division of Property Assessments.

- B. Mobile home schedules were not mailed to the land owners of mobile home parks. Section 67-5-802, TCA, requires the assessor of property to furnish a schedule to each owner of a mobile home park by March 1 each year. It is the land owner's responsibility to complete the schedule to report the number of mobile homes, make, serial number, size, original cost, and any other information necessary for proper assessment of the mobile homes. Without the schedule, the assessor is assessing mobile homes based upon visual inspection only.

RECOMMENDATION

The assessor of property should complete visual inspections of real property and update assessment records in compliance with state statutes. Also, mobile home schedules should be mailed to the land owners of mobile home parks before March 1 each year.

MANAGEMENT'S RESPONSE – ASSESSOR OF PROPERTY

It is my understanding that Part A has been corrected, and no further action is required. As for Part B, our office planned to wait for re-appraisal year 2011 to mail the mobile home schedules. We did not realize that mailing mobile home schedules yearly is a requirement. They will be mailed January of each year.

OTHER FINDINGS AND RECOMMENDATIONS

FINDING 10.11 **DEKALB COUNTY HAS A MATERIAL RECURRING AUDIT FINDING
(Internal Control – Material Weakness Under Government Auditing Standards)**

DeKalb County has a material audit finding that has been reported in its annual financial reports for three or more consecutive years. This recurring material finding is listed below:

<u>Finding Numbers</u>	<u>Description</u>
10.01, 09.01, 08.01	DeKalb County and the DeKalb County School Department do not have the resources to produce financial statements and notes to the financial statements

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

RECOMMENDATION

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

FINDING 10.12 **DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF ROAD SUPERVISOR, 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, 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.

MANAGEMENT'S RESPONSE – CLERK AND MASTER

The clerk and one deputy clerk operate the Office of Clerk and Master. Due to this fact, both are involved in receipting and disbursements. The deputy clerk performs the daily closeout, with the clerk preparing the daily deposit, followed by the deputy clerk delivering the deposit to the bank. The clerk reconciles the monthly bank statements. When either the clerk or deputy clerk is absent from the office, the other must do all receipting, the daily closeout and preparation of bank deposits. If the County Commission should someday allow the addition of a deputy clerk, the office will then be able to adequately segregate the duties.

AUDITOR'S COMMENT

The clerk and master did have limited segregation of duties in her office; however, these controls were not sufficient to detect or prevent errors in the receipting and disbursing of funds.

BEST PRACTICE

A CENTRAL SYSTEM OF ACCOUNTING AND BUDGETING HAS NOT BEEN ADOPTED

DeKalb County does not have a central system of accounting and budgeting. Sound business practices dictate that establishing a central system of accounting and budgeting would significantly improve internal controls over the accounting and budgeting processes. 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. The Division of County Audit strongly believes that the adoption of a central system of accounting and budgeting is a best practice and would significantly improve accountability and the quality of services provided to the citizens of DeKalb County. Therefore, we recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting and budgeting covering all county departments.

**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, 2010**

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