

ANNUAL FINANCIAL REPORT
DEKALB COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2011



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FOR THE YEAR ENDED JUNE 30, 2011

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

DIVISION OF COUNTY AUDIT
JAMES R. ARNETTE
Director

CARL LOWE, CGFM
Audit Manager

ANITA SCARLETT, CPA
Auditor 4

AMY HEWITT, CPA, CFE
KELLEY J. McNEAL, CPA, CGFM
State Auditors

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, 2011

Scope

We have audited the basic financial statements of DeKalb County as of and for the year ended June 30, 2011.

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

Findings and Best Practice

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

OFFICE OF COUNTY MAYOR

- ◆ The Solid Waste Disposal Fund had a deficit of \$931,422 in unrestricted net assets at June 30, 2011.
- ◆ The actual beginning fund balances of the General, Local Purpose Tax, General Debt Service, and General Capital Projects funds at July 1, 2010, differed from the estimated beginning fund balances presented to the County Commission by material amounts.
- ◆ Deficiencies were noted in the maintenance of payroll records.
- ◆ The landfill had deficiencies in collection procedures for tipping fees.

OFFICE OF ROAD SUPERVISOR

- ◆ The office did not maintain adequate controls over consumable assets.
- ◆ The office had deficiencies in payroll procedures.
- ◆ Competitive bids were not solicited for crushed stone.
- ◆ A property owner erected a gate on a county road.

- ◆ A complete county road list was not submitted to the County Commission for approval.
 - ◆ The Highway Department performed work and provided materials on roads to private cemeteries without authorization.
-

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ The General Purpose School and Central Cafeteria funds' actual beginning fund balances at July 1, 2010, exceeded the estimated fund balances presented to the County Commission by material amounts.
-

OFFICES OF TRUSTEE; CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK; AND REGISTER

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

OFFICE OF REGISTER

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

OTHER FINDINGS

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

INTRODUCTORY SECTION

DeKalb County Officials

June 30, 2011

Officials

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

Board of County Commissioners

Mike Foster, County Mayor, Chairman	
Jerry Adcock	John Green
Jeff Barnes	Bradley Hendrix
Jack Barton	Bobby Joines
Wayne Cantrell	David McDowell
Mason Carter	Jimmy Poss
Elmer Ellis	Jerry Scott
Marshall Ferrell	Larry Summers

Board of Education

Charles Robinson, Chairman
W.J. Evins, III
John David Foutch
Johnny Lattimore
Billy Miller
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 30, 2011

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, 2011, 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 DeKalb County Emergency Communications District, which represent three percent and 2.6 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the DeKalb County Emergency Communications District, is based on the report of other auditors.

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

The financial statements of the Justin Potter Library, a nonmajor special revenue fund, had not been made available by other auditors as of the date of this report. Accordingly, the aggregate remaining fund information of DeKalb County, Tennessee, referred to above does not include the financial statements of the Justin Potter Library, which should be included to conform with accounting principles generally accepted in the United States of America. The effects on the financial statements 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, 2011, and the results of operations of the aggregate remaining fund information, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Additionally, in our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, and each major fund of DeKalb County, Tennessee, as of June 30, 2011, 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 30, 2011, on our consideration of DeKalb County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

As described in Note V.B., DeKalb County has adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which became effective for the year ended June 30, 2011.

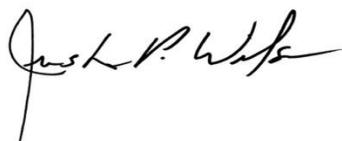
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required 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 68 through 76 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 financial statements as a whole. 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 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

DeKalb County, Tennessee
Statement of Net Assets
June 30, 2011

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	DeKalb	DeKalb
				School Department	County Emergency Communications District
<u>ASSETS</u>					
Cash	\$ 82,012	\$ 0	\$ 82,012	\$ 0	\$ 433,624
Equity in Pooled Cash and Investments	8,951,236	2,186,282	11,137,518	3,986,077	0
Accounts Receivable	767,315	35,519	802,834	2,466	3,085
Allowance for Uncollectibles	(230,733)	0	(230,733)	0	0
Due from Other Governments	792,495	26,774	819,269	733,594	9,825
Due from Other Funds	0	1,494	1,494	0	0
Property Taxes Receivable	5,051,976	0	5,051,976	2,591,131	0
Allowance for Uncollectible Property Taxes	(157,264)	0	(157,264)	(78,977)	0
Prepaid Items	0	0	0	0	9,468
Capital Assets:					
Assets Not Depreciated:					
Land	820,116	428,950	1,249,066	736,256	0
Construction in Progress	1,886,992	0	1,886,992	0	0
Assets Net of Accumulated Depreciation:					
Buildings and Improvements	1,842,014	750	1,842,764	8,155,435	30,487
Landfill Facilities and Development	0	940,241	940,241	0	0
Other Capital Assets	1,461,266	404,495	1,865,761	1,649,613	50,988
Infrastructure	4,784,138	0	4,784,138	0	0
Total Assets	\$ 26,051,563	\$ 4,024,505	\$ 30,076,068	\$ 17,775,595	\$ 537,477
<u>LIABILITIES</u>					
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 2,104	\$ 3,364
Accrued Payroll	0	0	0	0	14,114
Cash Overdraft	0	0	0	313	0
Payroll Deductions Payable	885	0	885	0	425
Contracts Payable	174,370	0	174,370	0	0
Retainage Payable	4,359	0	4,359	0	0
Due to Other Funds	1,494	0	1,494	0	0
Accrued Interest Payable	102,685	0	102,685	0	0

(Continued)

Exhibit B

DeKalb County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Business-type Activities		Component Units	
				Governmental Activities	Total	DeKalb County School Department	DeKalb County Emergency Communications District
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes				\$ 4,068,765	\$ 4,068,765	\$ 2,268,343	\$ 0
Property Taxes Levied for Debt Service				568,872	568,872	0	0
Local Option Sales Taxes				2,195,777	2,548,132	0	0
Hotel/Motel Tax				0	61,910	0	0
Wholesale Beer Tax				0	65,735	0	0
Payments in-Lieu-of Taxes - Other				0	87,490	0	0
Bank Excise Tax				0	57,560	0	0
Beer Tax				0	18,723	0	0
Alcoholic Beverage Tax				0	32,764	0	0
State Revenue Sharing - T.V.A.				0	389,892	0	0
Other Local Taxes				252,381	0	1,405	0
Grants and Contributions Not Restricted to Specific Programs				85,383	0	15,814,769	300,761
Unrestricted Investment Earnings				0	419,935		7,689
Miscellaneous				53,255	263	65,138	0
Total General Revenues				\$ 7,224,433	\$ 1,486,627	\$ 18,149,655	\$ 308,450
Insurance Recovery				\$ 4,671	\$ 0	\$ 0	\$ 0
Change in Net Assets				\$ 1,462,979	\$ 451,255	\$ 1,914,234	\$ 109,406
Net Assets, July 1, 2010				10,590,370	391,759	14,170,197	410,168
Net Assets, June 30, 2011				\$ 12,053,349	\$ 843,014	\$ 14,725,822	\$ 519,574

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, 2011

	Major Funds							Nonmajor Funds		Total Governmental Funds
	Local Purpose Tax		Highway / Public Works		General Debt Service		General Capital Projects		Other Governmental Funds	
	General	Tax	Highway / Public Works	General Debt Service	General Capital Projects	Other Governmental Funds				
Cash	\$ 275	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 81,737	\$ 82,012	
Equity in Pooled Cash and Investments	3,421,377	877,748	759,880	1,530,365	2,239,208	2,239,208	122,658	122,658	8,951,236	
Accounts Receivable	764,927	0	0	0	0	0	2,388	2,388	767,315	
Allowance for Uncollectibles	(230,733)	0	0	0	0	0	0	0	(230,733)	
Due from Other Governments	140,130	388,767	263,598	0	0	0	0	0	792,495	
Due from Other Funds	30,351	0	0	0	0	0	0	0	30,351	
Property Taxes Receivable	3,916,385	0	142,248	568,992	424,351	424,351	0	0	5,051,976	
Allowance for Uncollectible Property Taxes	(121,192)	0	(4,607)	(18,428)	(13,037)	(13,037)	0	0	(157,264)	
Total Assets	\$ 7,921,520	\$ 1,266,515	\$ 1,161,119	\$ 2,080,929	\$ 2,650,522	\$ 2,650,522	\$ 206,783	\$ 206,783	\$ 15,287,388	

ASSETS

LIABILITIES AND FUND BALANCES

Liabilities	\$ 885	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 885
Payroll Deductions Payable	0	0	0	0	174,370	174,370	0	0	174,370
Contracts Payable	0	0	0	0	4,359	4,359	0	0	4,359
Retainage Payable	1,494	0	0	0	0	0	30,351	30,351	31,845
Due to Other Funds	3,674,535	0	132,814	531,258	398,444	398,444	0	0	4,737,051
Deferred Revenue - Current Property Taxes	112,744	0	4,510	18,039	12,026	12,026	0	0	147,319
Deferred Revenue - Delinquent Property Taxes	458,384	205,926	126,552	0	0	0	0	0	790,862
Other Deferred Revenues	4,248,042	205,926	263,876	549,297	589,199	589,199	30,351	30,351	5,886,691
Total Liabilities	\$ 885	\$ 205,926	\$ 263,876	\$ 549,297	\$ 589,199	\$ 589,199	\$ 30,351	\$ 30,351	\$ 5,886,691
Fund Balances	\$ 1,811	\$ 0	\$ 0	\$ 0	\$ 775,382	\$ 775,382	\$ 0	\$ 0	\$ 777,193
Restricted:	26,723	0	0	0	0	0	0	0	26,723
Restricted for General Government	10,027	0	0	0	74,999	74,999	39,257	39,257	124,283
Restricted for Administration of Justice	36,873	0	0	0	0	0	0	0	36,873
Restricted for Public Safety	183,054	0	0	0	0	0	0	0	183,054
Restricted for Health and Welfare									
Restricted for Social, Cultural, and Recreational Services									

(Continued)

Exhibit C-1

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

	Major Funds						Nonmajor Funds		Total Governmental Funds
	General	Local Purpose Tax	Highway / Public Works	General Debt Service	General Capital Projects	Other			
						Governmental Funds	Governmental Funds		
\$	0	0	897,243	0	0	0	0	897,243	
	0	1,060,589	0	0	0	0	0	1,060,589	
	0	0	0	0	1,210,942	0	0	1,210,942	
	0	0	0	1,531,632	0	0	0	1,531,632	
	0	0	0	0	0	107,413	0	107,413	
	0	0	0	0	0	29,762	0	29,762	
	3,414,990	0	0	0	0	0	0	3,414,990	
\$	3,673,478	1,060,589	897,243	1,531,632	2,061,323	176,432	0	9,400,697	
\$	7,921,520	1,266,515	1,161,119	2,080,929	2,650,522	206,783	0	15,287,388	

LIABILITIES AND FUND BALANCES (Cont.)

Fund Balances (Cont.)

Restricted (Cont.):

Restricted for Highways/Public Works
 Restricted for Education
 Restricted for Capital Outlay
 Restricted for Debt Service

Committed:

Committed for General Government
 Committed for Finance
 Unassigned

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, 2011

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)		\$	9,400,697
(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: construction in progress		1,886,992	
Add: infrastructure net of accumulated depreciation		4,784,138	
Add: buildings and improvements net of accumulated depreciation		1,842,014	
Add: other capital assets net of accumulated depreciation		<u>1,461,266</u>	10,794,526
(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	\$	(8,905,000)	
Less: compensated absences payable		(6,151)	
Less: accrued interest on bonds		(102,685)	
Less: other postemployment benefits liability		<u>(66,219)</u>	(9,080,055)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>938,181</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>12,053,349</u></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, 2011

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Local Purpose Tax	Highway / Public Works	General Debt Service	General Capital Projects	Other	Governmental Funds	
Revenues								
Local Taxes	\$ 3,707,748	\$ 2,200,413	\$ 162,285	\$ 581,413	\$ 376,623	\$ 62,946	\$ 7,091,428	
Licenses and Permits	24,223	0	0	0	0	0	24,223	
Fines, Forfeitures, and Penalties	98,334	0	0	0	0	39,590	137,924	
Charges for Current Services	1,001,749	0	0	0	0	205,796	1,207,545	
Other Local Revenues	258,228	0	6,037	0	15,000	500	279,765	
Fees Received from County Officials	582,653	0	0	0	0	0	582,653	
State of Tennessee	620,318	0	1,478,617	0	30,000	0	2,128,935	
Federal Government	354,363	0	366,465	0	50,000	0	770,828	
Other Governments and Citizens Groups	0	0	86,875	0	0	0	86,875	
Total Revenues	\$ 6,647,616	\$ 2,200,413	\$ 2,100,279	\$ 581,413	\$ 471,623	\$ 308,832	\$ 12,310,176	
Expenditures								
Current:								
General Government	\$ 848,200	\$ 0	\$ 0	\$ 0	\$ 0	\$ 161,127	\$ 1,009,327	
Finance	371,754	0	0	0	0	102,867	474,621	
Administration of Justice	523,995	0	0	0	0	488	524,483	
Public Safety	2,461,116	0	0	0	0	26,204	2,487,320	
Public Health and Welfare	1,113,004	0	0	0	0	0	1,113,004	
Social, Cultural, and Recreational Services	158,519	0	0	0	0	0	158,519	
Agriculture and Natural Resources	80,121	0	0	0	0	0	80,121	
Other Operations	460,630	0	0	0	0	400	461,030	
Highways	0	0	1,801,896	0	0	0	1,801,896	
Support Services	0	0	0	0	0	5,398	5,398	
Debt Service:								
Principal on Debt	0	0	0	820,000	0	0	820,000	
Interest on Debt	0	0	0	277,673	0	0	277,673	
Other Debt Service	0	0	0	27,736	0	0	27,736	
Capital Projects	0	1,562,014	0	0	2,140,340	0	3,702,354	
Total Expenditures	\$ 6,017,339	\$ 1,562,014	\$ 1,801,896	\$ 1,125,409	\$ 2,140,340	\$ 296,484	\$ 12,943,482	
Excess (Deficiency) of Revenues Over Expenditures	\$ 630,277	\$ 638,399	\$ 298,383	\$ (543,996)	\$ (1,668,717)	\$ 12,348	\$ (633,306)	

(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	Governmental Funds	
<u>Other Financing Sources (Uses)</u>								
Insurance Recovery	\$ 850	\$ 0	\$ 3,821	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,671
Transfers In	0	0	0	580,534	0	0	0	580,534
Transfers Out	0	(580,534)	0	0	0	0	0	(580,534)
Total Other Financing Sources (Uses)	\$ 850	\$ (580,534)	\$ 3,821	\$ 580,534	\$ 0	\$ 0	\$ 0	\$ 4,671
Net Change in Fund Balances	\$ 631,127	\$ 57,865	\$ 302,204	\$ 36,538	\$ (1,668,717)	\$ 12,348	\$	\$ (628,635)
Fund Balance, July 1, 2010	3,042,351	1,002,724	595,039	1,495,094	3,730,040	164,084		10,029,332
Fund Balance, June 30, 2011	\$ 3,673,478	\$ 1,060,589	\$ 897,243	\$ 1,531,632	\$ 2,061,323	\$ 176,432	\$	\$ 9,400,697

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, 2011

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)		\$ (628,635)
(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	\$ 2,195,011	
Less: current-year depreciation expense	<u>(975,136)</u>	1,219,875
(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	\$ (47,029)	
Add: gain on disposal of capital assets	<u>5,811</u>	(41,218)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2011	\$ 938,181	
Less: deferred delinquent property taxes and other deferred June 30, 2010	<u>(825,833)</u>	112,348
(4) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:		
Add: principal payments on bonds		820,000
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable on bonds	\$ 9,230	
Change in compensated absences payable	(658)	
Change in other postemployment benefits liability	<u>(27,963)</u>	<u>(19,391)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 1,462,979</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, 2011

Business-type
Activities
Major Fund
Solid Waste
Disposal Fund

ASSETS

Current Assets:	
Equity in Pooled Cash and Investments	\$ 2,186,282
Accounts Receivable	35,519
Due from Other Governments	26,774
Due from Other Funds	1,494
Total Current Assets	<u>\$ 2,250,069</u>
Noncurrent Assets:	
Capital Assets	
Assets not Depreciated:	
Land	\$ 428,950
Assets Net of Accumulated Depreciation:	
Landfill Facilities and Development	940,241
Buildings and Improvements	750
Other Capital Assets	404,495
Total Noncurrent Assets	<u>\$ 1,774,436</u>
Total Assets	<u>\$ 4,024,505</u>

LIABILITIES

Current Liabilities:	
Accrued Liability for Landfill Closure/Postclosure Care Costs	\$ 100,598
Total Current Liabilities	<u>\$ 100,598</u>
Noncurrent Liabilities:	
Accrued Liability for Landfill Closure/Postclosure Care Costs	\$ 3,080,893
Total Noncurrent Liabilities	<u>\$ 3,080,893</u>
Total Liabilities	<u>\$ 3,181,491</u>

NET ASSETS

Invested in Capital Assets	\$ 1,774,436
Unrestricted	<u>(931,422)</u>
Total Net Assets	<u>\$ 843,014</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, 2011

	<u>Business-type</u> <u>Activities</u>
	<u>Major Fund</u>
	<u>Solid Waste</u>
	<u>Disposal Fund</u>
<u>Operating Revenues</u>	
Charges for Current Services	\$ 242,176
Other Local Revenues	2,924
Total Operating Revenues	<u>\$ 245,100</u>
<u>Operating Expenses</u>	
Waste Pickup	\$ 78,824
Convenience Centers	235,830
Landfill Operation and Maintenance	672,087
Depreciation	335,919
Other Waste Disposal	17,647
Total Operating Expenses	<u>\$ 1,340,307</u>
Operating Income (Loss)	<u>\$ (1,095,207)</u>
<u>Nonoperating Revenues (Expenses)</u>	
Local Taxes	\$ 625,313
Investment Income	419,935
Grants	59,835
State Revenues	441,379
Total Nonoperating Revenues (Expenses)	<u>\$ 1,546,462</u>
Change in Net Assets	\$ 451,255
Net Assets, July 1, 2010	<u>391,759</u>
Net Assets, June 30, 2011	<u><u>\$ 843,014</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, 2011

	<u>Business-type Activities</u>
	<u>Major Fund</u>
	<u>Solid Waste Disposal Fund</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 246,816
Payments to Suppliers	(644,250)
Payments to Employees	(469,672)
Other Payments	(17,647)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (884,753)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Local Taxes	\$ 600,272
State Revenues	441,379
Grants Received	65,603
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 1,107,254</u>
<u>Cash Flows from Investing Activities</u>	
Interest on Investments	<u>\$ 419,935</u>
Net Increase (Decrease) in Cash	\$ 642,436
Cash, July 1, 2010	<u>1,543,846</u>
Cash, June 30, 2011	<u><u>\$ 2,186,282</u></u>
<u>Reconciliation of Operating Loss to Net Cash Provided By (Used In)</u>	
<u>Operating Activities</u>	
Operating Income (Loss)	\$ (1,095,207)
Adjustment to Reconcile Net Operating Loss to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	335,919
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	(6,790)
(Increase) Decrease in Due from Other Governments	10,000
(Increase) Decrease in Due from Other Funds	(1,494)
Increase (Decrease) in Landfill Closure/Postclosure Care Costs	<u>(127,181)</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ (884,753)</u></u>

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

Exhibit E

DeKalb County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2011

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,567,111
Due from Other Governments	163,919
Notes Receivable - Long-term	<u>95,183</u>
Total Assets	<u>\$ 1,826,213</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 163,919
Due to Litigants, Heirs, and Others	<u>1,662,294</u>
Total Liabilities	<u>\$ 1,826,213</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, 2011

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 (primary government) and its component units. Although required by GAAP, the financial statements of the Justin Potter Library, a nonmajor 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 special revenue fund accounts for local sales tax collections, which are disbursed to other county funds and component units. Local option sales tax is the foundational revenue of this fund.

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

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

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 – This special revenue 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.

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

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 1.67 percent of total taxes levied.

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

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

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

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

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

Retainage payable in the General Capital Projects Fund represents amounts withheld from payments made on construction contracts pending completion of the projects. These amounts are held by the county trustee as Equity in Pooled Cash and Investments in the nonmajor governmental funds.

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 and business-type columns 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; however, there is no liability for accumulated sick leave since the School Department does not have a policy to pay any amounts when employees separate from service with the government, and 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, 2011, DeKalb County had \$3,400,000 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 fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in these funds can be spent. These classifications may consist of the following:

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

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

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

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The County Commission, any official, or committee (i.e., the Budget/Finance Committee) are authorized to make assignments.

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide Statement of Net Assets

Primary Government

Exhibit C-2 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Assets.

Discretely Presented 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.

At June 30, 2011, DeKalb County and the DeKalb County School Department reported the following significant encumbrances:

Funds	Description	Amount
Primary Government:		
Major Fund:		
General Capital Projects	Shopping center renovations	\$ 850,381
Component Unit:		
School Department:		
Major Fund:		
General Purpose School	Roofing projects	96,660

B. Unrestricted Net Assets Deficit

The Solid Waste Disposal Fund had a deficit in unrestricted net assets of \$931,422 at June 30, 2011. This deficit primarily resulted from the recognition of a liability of \$3,181,491 in the financial statements for costs associated with closing the county's landfills and monitoring the landfills for 30 years after closure. Generally accepted accounting principles and state statutes require that such costs be reflected in the financial statements.

C. Cash Shortage – Prior-Year

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. The employee entered into a plea agreement on October 15, 2010, that required the employee to pay restitution of \$8,501 plus court costs to the clerk. Payment was received on January 3, 2011.

D. Actual Beginning Fund Balances Differed from the Estimated Beginning Fund Balances by Material Amounts

The General, Local Purpose Tax, General Debt Service, General Capital Projects, General Purpose School, and Central Cafeteria funds' actual beginning fund balances at July 1, 2010, differed from the estimated beginning fund balances presented to the County Commission by the amounts noted as follows.

Fund	Actual Fund Balance 7-1-10	Estimated Fund Balance 7-1-10	Variance
Primary Government:			
General	\$ 2,939,357	\$ 2,388,804	\$ 550,553
Local Purpose Tax	1,002,724	754,347	248,377
General Debt Service	1,495,094	1,407,016	88,078
General Capital Projects	3,730,040	4,135,629	(405,589)
Component Unit:			
School Department:			
General Purpose School	3,320,382	1,346,789	1,973,593
Central Cafeteria	509,642	179,790	329,852

E. Cash Overdraft

The discretely presented School Federal Projects Fund had a cash overdraft of \$313 at June 30, 2011. This cash overdraft resulted from the issuance of warrants exceeding cash on deposit with the county trustee. The cash overdraft was liquidated subsequent to June 30, 2011.

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, 2011.

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 \$95,183 in the Constitutional Officers - Agency Fund represent the total of these student loans outstanding at June 30, 2011. 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, 2011, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-10	Increases	Decreases	Balance 6-30-11
Capital Assets Not Depreciated:				
Land	\$ 820,116	\$ 0	\$ 0	\$ 820,116
Construction in Progress	0	1,886,992	0	1,886,992
Total Capital Assets Not Depreciated	\$ 820,116	\$ 1,886,992	\$ 0	\$ 2,707,108
Capital Assets Depreciated:				
Buildings and Improvements	\$ 4,058,266	\$ 110,828	\$ 0	\$ 4,169,094
Roads and Bridges	17,343,509	0	0	17,343,509
Other Capital Assets	3,083,692	197,191	(226,222)	3,054,661
Total Capital Assets Depreciated	\$ 24,485,467	\$ 308,019	\$ (226,222)	\$ 24,567,264
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 2,178,660	\$ 148,420	\$ 0	\$ 2,327,080
Roads and Bridges	11,925,116	634,255	0	12,559,371
Other Capital Assets	1,585,938	192,461	(185,004)	1,593,395
Total Accumulated Depreciation	\$ 15,689,714	\$ 975,136	\$ (185,004)	\$ 16,479,846
Total Capital Assets Depreciated, Net	\$ 8,795,753	\$ (667,117)	\$ (41,218)	\$ 8,087,418
Governmental Activities Capital Assets, Net	\$ 9,615,869	\$ 1,219,875	\$ (41,218)	\$ 10,794,526

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

Governmental Activities:

General Government	\$ 49,026
Public Safety	160,431
Public Health and Welfare	48,193
Social, Cultural, and Recreational Services	18,179
Highways/Public Works	<u>699,307</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 975,136</u></u>

Business-type Activities:

	Balance 7-1-10	Increases	Balance 6-30-11
Capital Assets Not Depreciated:			
Land	\$ 428,950	\$ 0	\$ 428,950
Total Capital Assets Not Depreciated	<u>\$ 428,950</u>	<u>\$ 0</u>	<u>\$ 428,950</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 30,000	\$ 0	\$ 30,000
Machinery and Equipment	981,050	0	981,050
Landfill Facilities and Development	<u>2,683,638</u>	<u>0</u>	<u>2,683,638</u>
Total Capital Assets Depreciated	<u>\$ 3,694,688</u>	<u>\$ 0</u>	<u>\$ 3,694,688</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 27,750	\$ 1,500	\$ 29,250
Machinery and Equipment	510,777	65,778	576,555
Landfill Facilities and Development	<u>1,474,756</u>	<u>268,641</u>	<u>1,743,397</u>
Total Accumulated Depreciation	<u>\$ 2,013,283</u>	<u>\$ 335,919</u>	<u>\$ 2,349,202</u>
Total Capital Assets Depreciated, Net	<u>\$ 1,681,405</u>	<u>\$ (335,919)</u>	<u>\$ 1,345,486</u>
Business-type Activities Capital Assets, Net	<u><u>\$ 2,110,355</u></u>	<u><u>\$ (335,919)</u></u>	<u><u>\$ 1,774,436</u></u>

Depreciation expense of \$335,919 was recorded by the Solid Waste Disposal Fund.

Discretely Presented DeKalb County School Department

Governmental Activities:

	Balance 7-1-10	Increases	Balance 6-30-11
Capital Assets Not Depreciated:			
Land	\$ 736,256	\$ 0	\$ 736,256
Total Capital Assets Not Depreciated	<u>\$ 736,256</u>	<u>\$ 0</u>	<u>\$ 736,256</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 14,599,792	\$ 0	\$ 14,599,792
Other Capital Assets	2,823,212	226,022	3,049,234
Total Capital Assets Depreciated	<u>\$ 17,423,004</u>	<u>\$ 226,022</u>	<u>\$ 17,649,026</u>
Less Accumulated Depreciated For:			
Buildings and Improvements	\$ 6,115,051	\$ 329,306	\$ 6,444,357
Other Capital Assets	1,211,281	188,340	1,399,621
Total Accumulated Depreciation	<u>\$ 7,326,332</u>	<u>\$ 517,646</u>	<u>\$ 7,843,978</u>
Total Capital Assets Depreciated, Net	<u>\$ 10,096,672</u>	<u>\$ (291,624)</u>	<u>\$ 9,805,048</u>
Governmental Activities Capital Assets, Net	<u>\$ 10,832,928</u>	<u>\$ (291,624)</u>	<u>\$ 10,541,304</u>

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

Governmental Activities:

Instruction	\$ 322,626
Support Services	<u>195,020</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 517,646</u>

D. Insurance Recoveries

Severe storms passed through DeKalb County on May 25, 2011, causing an estimated \$1,091,732 damage to the building that is included in the county's construction in progress at June 30, 2011. The storms also caused

approximately \$65,000 in damages to Smithville Elementary School. The Local Government Property and Casualty Fund, the county's insurance carrier, and Tennessee Risk Management Trust, the discretely presented DeKalb County School Department's insurance carrier, are making disbursements directly to contractors to repair the storm damage.

E. Construction Commitments

At June 30, 2011, the General Capital Projects had uncompleted construction contracts of approximately \$850,381 for the renovation of a shopping center for county offices. Funding has been received for these future expenditures.

F. Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2011, was as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 30,351
Solid Waste Disposal	General	1,494

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

Interfund Transfers:

Interfund transfers for the year ended June 30, 2011, consisted of the following amounts:

Primary Government

<u>Transfer Out</u>	<u>Transfer In</u>
	General
	Debt
	Service
	Fund
Local Purpose Tax Fund	\$ 580,534

Discretely Presented DeKalb County School Department

Transfer Out	Transfer In General Purpose School Fund
School Federal Projects Fund	\$ 3,330

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.

G. 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, 2011, will be retired from the General Debt Service Fund.

General obligation bonds outstanding as of June 30, 2011, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-11
General Obligation Bonds	2 to 3.5 %	\$ 5,000,000	\$ 4,725,000
General Obligation Bonds - Refunding	.1 to 5.5	7,930,000	4,180,000

The annual requirements to amortize all general obligation bonds as of June 30, 2011, including interest payments, are presented in the following table:

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2017-2021	2,670,000	420,282	3,090,282
2022-2025	1,945,000	137,982	2,082,982
Total	<u>\$ 8,905,000</u>	<u>\$ 1,464,339</u>	<u>\$ 10,369,339</u>

There is \$1,531,632 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$476, based on the 2010 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2011, was as follows:

Governmental Activities:

	Bonds	Other Postemployment Benefits
Balance, July 1, 2010	\$ 9,725,000	\$ 38,256
Additions	0	33,091
Deductions	(820,000)	(5,128)
Balance, June 30, 2011	<u>\$ 8,905,000</u>	<u>\$ 66,219</u>
Balance Due Within One Year	<u>\$ 850,000</u>	<u>\$ 0</u>

	Compensated Absences
Balance, July 1, 2010	\$ 5,493
Additions	11,540
Deductions	(10,882)
Balance, June 30, 2011	<u>\$ 6,151</u>
Balance Due Within One Year	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2011	\$ 8,977,370
Less: Balance Due Within One Year	<u>(850,000)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 8,127,370</u>

Compensated absences and other postemployment benefits will be paid from the Highway/Public Works Fund.

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, 2011, was as follows:

Business-type Activities:

	<u>Closure/ Postclosure Care Costs</u>
Balance, July 1, 2010	\$ 3,308,672
Additions	32,704
Deductions	<u>(159,885)</u>
Balance, June 30, 2011	<u>\$ 3,181,491</u>
Balance Due Within One Year	<u>\$ 100,598</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 zero percent interest. The loan will be retired from the General Purpose School Fund.

The loan outstanding as of June 30, 2011, was as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-11
Loan	0%	\$ 414,198	\$ 295,856

The annual requirements to amortize the loan as of June 30, 2011, are presented in the following table:

Year Ending June 30	Other Loan Principal
2012	\$ 59,171
2013	59,171
2014	59,171
2015	59,171
2016	59,172
Total	<u>\$ 295,856</u>

Debt per capita, totaled \$16, based on the 2010 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, 2011, was as follows:

Governmental Activities:	Other Loan	Other Postemployment Benefits
Balance, July 1, 2010	\$ 355,027	\$ 270,118
Additions	0	196,642
Deductions	(59,171)	(150,193)
Balance, June 30, 2011	<u>\$ 295,856</u>	<u>\$ 316,567</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, 2011	\$ 612,423
Less: Balance Due Within One Year	<u>(59,171)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 553,252</u>

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

H. On-Behalf Payments

Primary Government

The State of Tennessee pays health insurance premiums for some retired employees on-behalf of DeKalb County. These payments are made by the state to the Medicare Supplement Plan. This plan is administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Medicare Supplement Plan for the year ended June 30, 2011, were \$2,194 for the county and \$627 for the Highway Department. The county has recognized these on-behalf payments as revenues and expenditures in the General and Highway/Public Works funds.

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, 2011, were \$59,686 and \$22,093, 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. State statutes 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 Change

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* became effective for the year ended June 30, 2011.

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. These classifications include nonspendable, restricted, committed, assigned, and unassigned and are based on the relative strength of the constraints that control how specific amounts can be

spent. Also, Statement No. 54 clarified the definitions of the General Fund and the special revenue, capital projects, debt service, and permanent fund types. DeKalb County and the DeKalb County School Department have implemented provisions of this statement in the financial statements of this report for their governmental funds.

C. Contingent Liabilities

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

D. Landfill 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 \$3,181,491 reported as postclosure care liability at June 30, 2011, represents \$696,886 for the Midway landfill and \$473,919 for the Felts Tract based on what it would cost to perform all postclosure care in 2011. 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, 2011, also represents the cumulative amount reported to date based on the use of 100 percent of the estimated capacity of the extension landfill (\$1,093,948) and 20 percent estimated capacity of the lateral expansion (\$916,738). The county will recognize the remaining estimated costs of the closure and postclosure care of \$3,666,950 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 2011. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

E. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Plan Description

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

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

Funding Policy

DeKalb County requires employees to contribute five percent of their earnable compensation to the plan. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2011, was 6.28 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2011, the county’s annual pension cost of \$381,483 to TCRS was equal to the county’s required and actual contributions. The required contribution was determined as part of the July 1, 2009, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected 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 ten-year period. The county’s unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2009, was nine years. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-11	\$381,483	100%	\$0
6-30-10	296,876	100	0
6-30-09	292,698	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 \$9 million, and the actuarial value of assets was \$7 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$2 million. The covered payroll (annual payroll of active employees covered by the plan) was \$6 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 actuarial accrued liability for benefits.

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

SCHOOL TEACHERS

Plan Description

The DeKalb County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. 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, 2011, was 9.05 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2011, 2010, and 2009, were \$923,931, \$643,671, and \$645,436, respectively, equal to the required contributions for each year.

2. Deferred Compensation

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

F. Other Postemployment Benefits (OPEB)

Plan Description

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. In previous years, 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. However, as of January 1, 2010, the insurance plan structure was changed, and as a result, all members now have the option of choosing between the standard or partnership preferred provider organization (PPO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tennessee.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plan is self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employer in the plan

develops a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants, however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. The required contribution rate for retirees ranges from ten to 55 percent based on the years of service. During the year ended June 30, 2011, the county and the discretely presented School Department contributed \$5,128 and \$150,193, respectively, for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Government Group Plan	Local Education Group Plan
ARC	\$ 33,000	\$ 196,000
Interest on the NPO	1,722	12,155
Adjustment to the ARC	(1,631)	(11,513)
Annual OPEB cost	\$ 33,091	\$ 196,642
Amount of contribution	(5,128)	(150,193)
Increase/decrease in NPO	\$ 27,963	\$ 46,449
Net OPEB obligation, 7-1-10	38,256	270,118
Net OPEB obligation, 6-30-11	\$ 66,219	\$ 316,567

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-11	Local Government Group	\$ 33,091	15 %	\$ 66,219
6-30-10	"	32,025	14	38,256
6-30-09	"	11,207	48	10,600
6-30-11	Local Education Group	196,642	76	316,567
6-30-10	"	188,525	74	270,118
6-30-09	"	204,365	41	221,084

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2010, was as follows:

	Local Government Group Plan	Local Education Group Plan
Actuarial valuation date	7-1-10	7-1-10
Actuarial accrued liability (AAL)	\$ 285,000	\$ 1,741,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 285,000	\$ 1,741,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 1,531,771	\$ 9,674,216
UAAL as a % of covered payroll	18.61%	20.07%

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, 2010, actuarial valuation for the Local Education Plan, 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 was ten percent for fiscal year 2011. The trend will rise to 9.5 percent in fiscal year 2012 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 ten percent for fiscal year 2011. The trend will decrease to 9.5 percent in fiscal year 2012 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	2011 Depreciation
Buildings and Improvements	S/L	10 - 40	\$ 3,645
Furniture and Fixtures	S/L	5 - 10	999
Office Equipment	S/L	5 - 10	602
Communications Equipment	S/L	5 - 10	16,957
Vehicles	S/L	5	<u>1,159</u>
Total			<u>\$ 23,362</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, and help with 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, 2011:

Checking - First Bank	\$ 168,289
CD - DeKalb Community Bank	118,351
CD - First Bank	96,984
CD - Liberty State Bank	<u>50,000</u>
 Total Deposits	 <u><u>\$ 433,624</u></u>

At June 30, 2011, the carrying amount of the DeKalb County Emergency Communications District's cash deposits was \$433,624. 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, Liberty State 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, *TCA*.

C. Bonding

DeKalb County Emergency Communications District has a workers' compensation policy covering employees of the district at June 30, 2011. 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, 2011:

<u>Assets</u>	<u>Balance 7-1-10</u>	<u>Additions</u>	<u>Balance 6-30-11</u>
Communication Equipment	\$ 252,940	\$ 19,477	\$ 272,417
Furniture and Fixtures	17,214	0	17,214
Buildings and Improvements	58,006	0	58,006
Vehicles	9,018	0	9,018
Office Equipment	19,220	0	19,220
 Total	 <u><u>\$ 356,398</u></u>	 <u><u>\$ 19,477</u></u>	 <u><u>\$ 375,875</u></u>

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	\$ 515
State of Tennessee ECB	<u>9,825</u>
Total	<u><u>\$ 10,340</u></u>

G. Compensated Absences

There were no compensated absences for June 30, 2011.

H. Calculation of Invested in Capital Assets

Net Book Value	\$ 81,475
Current and Non-current Debt	<u>0</u>
Invested in Capital Assets	<u><u>\$ 81,475</u></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 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/PS/.

Funding Policy

The DeKalb County Emergency Communications District requires employees to contribute five percent of earnable compensation. The district is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2011, was 5.58 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the district is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2011, the district's annual pension cost of \$14,448 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2009,

actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected 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), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post retirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a 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, 2009, was 19 years. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-11	\$ 14,448	100 %	\$ 0
6-30-10	10,935	100	0
6-30-09	10,947	100	0

Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 25.54 percent funded. The actuarial accrued liability for benefits was zero million, and the actuarial value of assets was zero million, resulting in an unfunded actuarial accrued liability (UAAL) of zero million. The covered payroll (annual payroll of active employees covered by the plan) was zero million, and the ratio of the UAAL to the covered payroll was 37.9 percent.

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

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, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 3,707,748	\$ 0	\$ 3,707,748	\$ 3,581,086	\$ 3,581,086	\$ 126,662
Licenses and Permits	24,223	0	24,223	18,695	18,695	5,528
Fines, Forfeitures, and Penalties	98,334	0	98,334	106,434	106,434	(8,100)
Charges for Current Services	1,001,749	0	1,001,749	948,424	948,424	53,325
Other Local Revenues	258,228	0	258,228	53,655	99,985	158,243
Fees Received from County Officials	582,653	0	582,653	769,000	773,986	(191,333)
State of Tennessee	620,318	0	620,318	553,855	631,949	(11,631)
Federal Government	354,363	0	354,363	38,000	331,191	23,172
Total Revenues	\$ 6,647,616	\$ 0	\$ 6,647,616	\$ 6,069,149	\$ 6,491,750	\$ 155,866
<u>Expenditures</u>						
<u>General Government</u>						
County Commission	\$ 66,259	\$ 0	\$ 66,259	\$ 87,200	\$ 85,901	\$ 19,642
Board of Equalization	3,701	0	3,701	4,255	4,255	554
Beer Board	2,381	0	2,381	4,000	4,000	1,619
County Mayor/Executive	149,386	0	149,386	161,389	161,389	12,003
County Attorney	18,700	0	18,700	28,355	28,355	9,655
Election Commission	156,695	0	156,695	169,697	171,697	15,002
Register of Deeds	35,982	0	35,982	141,020	141,020	105,038
Planning	12,191	0	12,191	15,767	13,227	1,036
County Buildings	151,497	0	151,497	149,630	153,469	1,972
Other General Administration	251,408	0	251,408	259,583	261,777	10,369
<u>Finance</u>						
Property Assessor's Office	168,640	0	168,640	181,812	181,812	13,172
County Trustee's Office	41,655	0	41,655	151,686	156,672	115,017

(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)	Less: Encumbrances 7/1/2010	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	\$ 161,459	\$ 0	\$ 161,459	\$ 163,647	\$ 163,647	\$ 2,188
<u>Administration of Justice</u>						
Circuit Court	171,401	0	171,401	184,117	184,117	12,716
General Sessions Court	110,525	0	110,525	110,826	110,826	301
Drug Court	69,589	0	69,589	80,584	80,584	10,995
Chancery Court	104,141	0	104,141	107,824	107,824	3,683
Juvenile Court	43,165	0	43,165	44,012	44,012	847
Judicial Commissioners	25,174	0	25,174	26,684	26,684	1,510
<u>Public Safety</u>						
Sheriff's Department	1,040,456	0	1,040,456	1,086,085	1,124,769	84,313
Special Patrols	41,741	0	41,741	41,857	41,857	116
Traffic Control	33,662	0	33,662	54,981	54,981	21,319
Correctional Incentive Program Improvements	920,465	0	920,465	910,554	943,890	23,425
Fire Prevention and Control	259,977	0	259,977	128,850	277,063	17,086
Civil Defense	1,302	0	1,302	2,000	2,000	698
Other Emergency Management	114,903	0	114,903	112,379	114,959	56
County Coroner/Medical Examiner	37,110	0	37,110	40,500	46,900	9,790
Other Public Safety	11,500	0	11,500	11,500	11,500	0
<u>Public Health and Welfare</u>						
Local Health Center	102,891	0	102,891	67,403	132,403	29,512
Rabies and Animal Control	4,440	0	4,440	38,000	38,000	33,560
Ambulance/Emergency Medical Services	998,493	0	998,493	1,138,559	1,138,559	140,066
Regional Mental Health Center	7,180	0	7,180	7,180	7,180	0
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)	Less: Encumbrances 7/1/2010	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	\$ 22,661	0	\$ 22,661	\$ 23,961	\$ 24,611	\$ 1,950
Libraries	135,858	0	135,858	142,689	143,089	7,231
<u>Agriculture and Natural Resources</u>						
Agriculture Extension Service	52,169	0	52,169	70,484	70,484	18,315
Soil Conservation	27,952	0	27,952	28,097	28,097	145
<u>Other Operations</u>						
Industrial Development	20	0	20	12,483	8,407	8,387
Other Economic and Community Development	130,127	(102,994)	27,133	31,600	134,794	107,661
Veterans' Services	6,005	0	6,005	6,120	6,120	115
Other Charges	85,776	0	85,776	74,044	87,087	1,311
Contributions to Other Agencies	26,585	0	26,585	36,152	27,185	600
Employee Benefits	8,891	0	8,891	12,000	12,496	3,605
ARRA Grant No. 1	44,059	0	44,059	0	50,000	5,941
Miscellaneous	159,167	0	159,167	187,316	184,386	25,219
Total Expenditures	\$ 6,017,339	\$ (102,994)	\$ 5,914,345	\$ 6,339,632	\$ 6,794,835	\$ 880,490
<u>Excess (Deficiency) of Revenues</u>						
Over Expenditures	\$ 630,277	\$ 102,994	\$ 733,271	\$ (270,483)	\$ (303,085)	\$ 1,036,356
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 850	0	\$ 850	0	\$ 22,294	\$ (21,444)
Total Other Financing Sources (Uses)	\$ 850	0	\$ 850	0	\$ 22,294	\$ (21,444)
Net Change in Fund Balance	\$ 631,127	\$ 102,994	\$ 734,121	\$ (270,483)	\$ (280,791)	\$ 1,014,912
Fund Balance, July 1, 2010	3,042,351	(102,994)	2,939,357	2,388,804	2,388,804	550,553
Fund Balance, June 30, 2011	\$ 3,673,478	0	\$ 3,673,478	\$ 2,118,321	\$ 2,108,013	\$ 1,565,465

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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,200,413	\$ 2,150,000	\$ 2,150,000	\$ 50,413
Total Revenues	\$ 2,200,413	\$ 2,150,000	\$ 2,150,000	\$ 50,413
<u>Expenditures</u>				
<u>Capital Projects</u>				
Other General Government Projects	\$ 1,562,014	\$ 1,563,650	\$ 1,563,650	\$ 1,636
Total Expenditures	\$ 1,562,014	\$ 1,563,650	\$ 1,563,650	\$ 1,636
Excess (Deficiency) of Revenues Over Expenditures	\$ 638,399	\$ 586,350	\$ 586,350	\$ 52,049
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (580,534)	\$ (580,534)	\$ (580,534)	\$ 0
Total Other Financing Sources (Uses)	\$ (580,534)	\$ (580,534)	\$ (580,534)	\$ 0
Net Change in Fund Balance	\$ 57,865	\$ 5,816	\$ 5,816	\$ 52,049
Fund Balance, July 1, 2010	1,002,724	754,347	754,347	248,377
Fund Balance, June 30, 2011	\$ 1,060,589	\$ 760,163	\$ 760,163	\$ 300,426

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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 162,285	\$ 164,102	\$ 164,102	\$ (1,817)
Other Local Revenues	6,037	5,000	5,000	1,037
State of Tennessee	1,478,617	1,762,000	1,412,627	65,990
Federal Government	366,465	0	366,465	0
Other Governments and Citizens Groups	86,875	0	86,875	0
Total Revenues	<u>\$ 2,100,279</u>	<u>\$ 1,931,102</u>	<u>\$ 2,035,069</u>	<u>\$ 65,210</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 140,227	\$ 165,661	\$ 165,661	\$ 25,434
Highway and Bridge Maintenance	736,314	722,333	847,333	111,019
Operation and Maintenance of Equipment	288,299	374,420	374,420	86,121
Quarry Operations	191,697	216,068	239,068	47,371
Other Charges	90,087	105,500	106,127	16,040
Employee Benefits	207,820	237,399	237,399	29,579
Capital Outlay	147,452	288,000	288,000	140,548
Total Expenditures	<u>\$ 1,801,896</u>	<u>\$ 2,109,381</u>	<u>\$ 2,258,008</u>	<u>\$ 456,112</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 298,383</u>	<u>\$ (178,279)</u>	<u>\$ (222,939)</u>	<u>\$ 521,322</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 3,821	\$ 0	\$ 0	\$ 3,821
Total Other Financing Sources (Uses)	<u>\$ 3,821</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,821</u>
Net Change in Fund Balance	\$ 302,204	\$ (178,279)	\$ (222,939)	\$ 525,143
Fund Balance, July 1, 2010	<u>595,039</u>	<u>543,050</u>	<u>543,050</u>	<u>51,989</u>
Fund Balance, June 30, 2011	<u>\$ 897,243</u>	<u>\$ 364,771</u>	<u>\$ 320,111</u>	<u>\$ 577,132</u>

Exhibit F-4

DeKalb County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented DeKalb County School Department
June 30, 2011

(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, 2011

(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	29	112	83	26	220	38

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-6

DeKalb County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented DeKalb County School Department
June 30, 2011

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial		Unfunded AAL (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a Percentage of Covered Payroll ((b-a)/c)
			Accrued Liability (AAL) (b)	Liability (AAL) (b)				
Local Government Group	7-1-07	\$ 0	\$ 70	\$ 70	70	0 %	\$ 1,224	6 %
"	7-1-09	0	272	272	272	0	1,421	19
"	7-1-10	0	285	285	285	0	1,532	19
Local Education Group	7-1-07	0	1,970	1,970	1,970	0	8,124	24
"	7-1-09	0	1,677	1,677	1,677	0	8,508	20
"	7-1-10	0	1,741	1,741	1,741	0	9,674	18

DEKALB COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2011

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

The General and Local Purpose Tax funds' actual beginning fund balances at July 1, 2010, exceeded the estimated beginning fund balances presented to the County Commission by the amounts noted below.

<u>Fund</u>	Actual Fund Balance 7-1-10	Estimated Fund Balance 7-1-10	Variance
General	\$ 2,939,357	\$ 2,388,804	\$ 550,553
Local Purpose Tax	1,002,724	754,347	248,377

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

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are legally restricted or committed to expenditure 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, 2011

	<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	\$ 81,737	\$ 81,737
Equity in Pooled Cash and Investments	83,401	39,257	0	122,658
Accounts Receivable	0	0	2,388	2,388
Total Assets	<u>\$ 83,401</u>	<u>\$ 39,257</u>	<u>\$ 84,125</u>	<u>\$ 206,783</u>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Due to Other Funds	\$ 0	\$ 0	\$ 30,351	\$ 30,351
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 30,351</u>	<u>\$ 30,351</u>
<u>Fund Balances</u>				
Restricted:				
Restricted for Public Safety	\$ 0	\$ 39,257	\$ 0	\$ 39,257
Committed:				
Committed for General Government	83,401	0	24,012	107,413
Committed for Finance	0	0	29,762	29,762
Total Fund Balances	<u>\$ 83,401</u>	<u>\$ 39,257</u>	<u>\$ 53,774</u>	<u>\$ 176,432</u>
Total Liabilities and Fund Balances	<u>\$ 83,401</u>	<u>\$ 39,257</u>	<u>\$ 84,125</u>	<u>\$ 206,783</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, 2011

	<u>Special Revenue Funds</u>			Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Drug Control	Constitu- tional Officers - Fees	
<u>Revenues</u>				
Local Taxes	\$ 62,946	\$ 0	\$ 0	\$ 62,946
Fines, Forfeitures, and Penalties	0	39,590	0	39,590
Charges for Current Services	0	0	205,796	205,796
Other Local Revenues	0	500	0	500
Total Revenues	<u>\$ 62,946</u>	<u>\$ 40,090</u>	<u>\$ 205,796</u>	<u>\$ 308,832</u>
<u>Expenditures</u>				
Current:				
General Government	\$ 59,078	\$ 0	\$ 102,049	\$ 161,127
Finance	0	0	102,867	102,867
Administration of Justice	0	0	488	488
Public Safety	0	26,204	0	26,204
Other Operations	0	400	0	400
Support Services	0	5,398	0	5,398
Total Expenditures	<u>\$ 59,078</u>	<u>\$ 32,002</u>	<u>\$ 205,404</u>	<u>\$ 296,484</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 3,868</u>	<u>\$ 8,088</u>	<u>\$ 392</u>	<u>\$ 12,348</u>
Net Change in Fund Balances	\$ 3,868	\$ 8,088	\$ 392	\$ 12,348
Fund Balance, July 1, 2010	<u>79,533</u>	<u>31,169</u>	<u>53,382</u>	<u>164,084</u>
Fund Balance, June 30, 2011	<u>\$ 83,401</u>	<u>\$ 39,257</u>	<u>\$ 53,774</u>	<u>\$ 176,432</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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 62,946	\$ 70,155	\$ 70,155	\$ (7,209)
Other Local Revenues	0	250	250	(250)
Total Revenues	<u>\$ 62,946</u>	<u>\$ 70,405</u>	<u>\$ 70,405</u>	<u>\$ (7,459)</u>
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 59,078	\$ 64,755	\$ 69,755	\$ 10,677
Total Expenditures	<u>\$ 59,078</u>	<u>\$ 64,755</u>	<u>\$ 69,755</u>	<u>\$ 10,677</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 3,868</u>	<u>\$ 5,650</u>	<u>\$ 650</u>	<u>\$ 3,218</u>
Net Change in Fund Balance	\$ 3,868	\$ 5,650	\$ 650	\$ 3,218
Fund Balance, July 1, 2010	<u>79,533</u>	<u>92,663</u>	<u>92,663</u>	<u>(13,130)</u>
Fund Balance, June 30, 2011	<u>\$ 83,401</u>	<u>\$ 98,313</u>	<u>\$ 93,313</u>	<u>\$ (9,912)</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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 39,590	\$ 33,355	\$ 63,760	\$ (24,170)
Other Local Revenues	500	3,555	4,055	(3,555)
Total Revenues	<u>\$ 40,090</u>	<u>\$ 36,910</u>	<u>\$ 67,815</u>	<u>\$ (27,725)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Sheriff's Department	\$ 7,704	\$ 17,978	\$ 38,283	\$ 30,579
Drug Enforcement	18,500	12,000	22,000	3,500
<u>Other Operations</u>				
Other Charges	400	424	524	124
<u>Support Services</u>				
Other Student Support	5,398	5,600	6,100	702
Total Expenditures	<u>\$ 32,002</u>	<u>\$ 36,002</u>	<u>\$ 66,907</u>	<u>\$ 34,905</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 8,088</u>	<u>\$ 908</u>	<u>\$ 908</u>	<u>\$ 7,180</u>
Net Change in Fund Balance	\$ 8,088	\$ 908	\$ 908	\$ 7,180
Fund Balance, July 1, 2010	31,169	35,593	35,593	(4,424)
Fund Balance, June 30, 2011	<u>\$ 39,257</u>	<u>\$ 36,501</u>	<u>\$ 36,501</u>	<u>\$ 2,756</u>

Major Governmental Funds

General Debt Service Fund

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

General Capital Projects Fund

The General Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 581,413	\$ 556,406	\$ 556,406	\$ 25,007
Total Revenues	\$ 581,413	\$ 556,406	\$ 556,406	\$ 25,007
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 359,600	\$ 359,600	\$ 359,600	\$ 0
Education	460,400	460,400	460,400	0
<u>Interest on Debt</u>				
General Government	158,539	158,539	158,539	0
Education	119,134	119,134	119,134	0
<u>Other Debt Service</u>				
General Government	27,736	39,739	39,739	12,003
Education	0	1,000	1,000	1,000
Total Expenditures	\$ 1,125,409	\$ 1,138,412	\$ 1,138,412	\$ 13,003
Excess (Deficiency) of Revenues Over Expenditures	\$ (543,996)	\$ (582,006)	\$ (582,006)	\$ 38,010
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 580,534	\$ 580,534	\$ 580,534	\$ 0
Total Other Financing Sources (Uses)	\$ 580,534	\$ 580,534	\$ 580,534	\$ 0
Net Change in Fund Balance	\$ 36,538	\$ (1,472)	\$ (1,472)	\$ 38,010
Fund Balance, July 1, 2010	1,495,094	1,407,016	1,407,016	88,078
Fund Balance, June 30, 2011	\$ 1,531,632	\$ 1,405,544	\$ 1,405,544	\$ 126,088

Exhibit H-2

DeKalb County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Capital Projects Fund
For the Year Ended June 30, 2011

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 376,623	\$ 0	\$ 376,623	\$ 370,937	\$ 370,937	\$ 5,686
Other Local Revenues	15,000	0	15,000	0	15,000	0
State of Tennessee	30,000	0	30,000	50,000	80,000	(50,000)
Federal Government	50,000	0	50,000	0	0	50,000
Total Revenues	\$ 471,623	\$ 0	\$ 471,623	\$ 420,937	\$ 465,937	\$ 5,686
<u>Expenditures</u>						
<u>Capital Projects</u>						
General Administration Projects	\$ 2,020,953	\$ 775,382	\$ 2,796,335	\$ 3,054,066	\$ 3,090,012	\$ 293,677
Public Safety Projects	91,333	74,999	166,332	292,500	307,500	141,168
Public Health and Welfare Projects	28,054	0	28,054	165,000	159,054	131,000
Total Expenditures	\$ 2,140,340	\$ 850,381	\$ 2,990,721	\$ 3,511,566	\$ 3,556,566	\$ 565,845
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,668,717)	\$ (850,381)	\$ (2,519,098)	\$ (3,090,629)	\$ (3,090,629)	\$ 571,531
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ (1,668,717)	\$ (850,381)	\$ (2,519,098)	\$ (3,090,629)	\$ (3,090,629)	\$ 571,531
	3,730,040	0	3,730,040	4,135,629	4,135,629	(405,589)
Fund Balance, June 30, 2011	\$ 2,061,323	\$ (850,381)	\$ 1,210,942	\$ 1,045,000	\$ 1,045,000	\$ 165,942

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, 2011

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,567,111	\$ 1,567,111
Due from Other Governments	163,919	0	163,919
Notes Receivable - Long-term	0	95,183	95,183
Total Assets	<u>\$ 163,919</u>	<u>\$ 1,662,294</u>	<u>\$ 1,826,213</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 163,919	\$ 0	\$ 163,919
Due to Litigants, Heirs, and Others	0	1,662,294	1,662,294
Total Liabilities	<u>\$ 163,919</u>	<u>\$ 1,662,294</u>	<u>\$ 1,826,213</u>

Exhibit I-2

DeKalb County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2011

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 923,638	\$ 923,638	\$ 0
Due from Other Governments	157,020	163,919	157,020	163,919
Total Assets	<u>\$ 157,020</u>	<u>\$ 1,087,557</u>	<u>\$ 1,080,658</u>	<u>\$ 163,919</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 157,020	\$ 1,087,557	\$ 1,080,658	\$ 163,919
Total Liabilities	<u>\$ 157,020</u>	<u>\$ 1,087,557</u>	<u>\$ 1,080,658</u>	<u>\$ 163,919</u>
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,023,283	\$ 10,858,289	\$ 10,314,461	\$ 1,567,111
Accounts Receivable	4,573	0	4,573	0
Notes Receivable - Long-term	107,318	0	12,135	95,183
Cash Shortage	8,501	0	8,501	0
Total Assets	<u>\$ 1,143,675</u>	<u>\$ 10,858,289</u>	<u>\$ 10,339,670</u>	<u>\$ 1,662,294</u>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,143,675	\$ 10,858,289	\$ 10,339,670	\$ 1,662,294
Total Liabilities	<u>\$ 1,143,675</u>	<u>\$ 10,858,289</u>	<u>\$ 10,339,670</u>	<u>\$ 1,662,294</u>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,023,283	\$ 10,858,289	\$ 10,314,461	\$ 1,567,111
Equity in Pooled Cash and Investments	0	923,638	923,638	0
Accounts Receivable	4,573	0	4,573	0
Due from Other Governments	157,020	163,919	157,020	163,919
Notes Receivable - Long-term	107,318	0	12,135	95,183
Cash Shortage	8,501	0	8,501	0
Total Assets	<u>\$ 1,300,695</u>	<u>\$ 11,945,846</u>	<u>\$ 11,420,328</u>	<u>\$ 1,826,213</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 157,020	\$ 1,087,557	\$ 1,080,658	\$ 163,919
Due to Litigants, Heirs, and Others	1,143,675	10,858,289	10,339,670	1,662,294
Total Liabilities	<u>\$ 1,300,695</u>	<u>\$ 11,945,846</u>	<u>\$ 11,420,328</u>	<u>\$ 1,826,213</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, 2011

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets Total Governmental Activities
	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 13,712,965	\$ 0	\$ 2,077,133	\$ (11,635,832)
Support Services	1,856,044	344,861	1,560,963	49,780
Operation of Non-Instructional Services	6,237,919	41,280	188,661	(6,007,978)
Total Governmental Activities	\$ 21,806,928	\$ 386,141	\$ 3,826,757	\$ (17,594,030)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 2,268,343
Other Local Taxes				1,405
Grants and Contributions Not Restricted to Specific Programs				15,814,769
Unrestricted Investment Earnings				8,996
Miscellaneous				56,142
Total General Revenues				\$ 18,149,655
Change in Net Assets				\$ 555,625
Net Assets, July 1, 2010				14,170,197
Net Assets, June 30, 2011				\$ 14,725,822

Exhibit J-2

DeKalb County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented DeKalb County School Department
June 30, 2011

	<u>Major Funds</u>		<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
	<u>General Purpose School</u>	<u>School Federal Projects</u>	<u>Other Governmental Funds</u>	
<u>ASSETS</u>				
Equity in Pooled Cash and Investments	\$ 3,511,044	\$ 0	\$ 475,033	\$ 3,986,077
Accounts Receivable	2,466	0	0	2,466
Due from Other Governments	569,190	61,299	103,105	733,594
Property Taxes Receivable	2,591,131	0	0	2,591,131
Allowance for Uncollectible Property Taxes	(78,977)	0	0	(78,977)
Total Assets	\$ 6,594,854	\$ 61,299	\$ 578,138	\$ 7,234,291
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 0	\$ 2,104	\$ 0	\$ 2,104
Cash Overdraft	0	313	0	313
Deferred Revenue - Current Property Taxes	2,434,933	0	0	2,434,933
Deferred Revenue - Delinquent Property Taxes	72,156	0	0	72,156
Total Liabilities	\$ 2,507,089	\$ 2,417	\$ 0	\$ 2,509,506
<u>Fund Balances</u>				
Restricted:				
Restricted for Education	\$ 18,883	\$ 58,882	\$ 578,138	\$ 655,903
Committed:				
Committed for Education	3,734,846	0	0	3,734,846
Assigned:				
Assigned for Education	100,362	0	0	100,362
Unassigned	233,674	0	0	233,674
Total Fund Balances	\$ 4,087,765	\$ 58,882	\$ 578,138	\$ 4,724,785
Total Liabilities and Fund Balances	\$ 6,594,854	\$ 61,299	\$ 578,138	\$ 7,234,291

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, 2011

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

Total fund balances - balance sheet - governmental funds (Exhibit J-2)		\$	4,724,785
(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		8,155,435	
Add: other capital assets net of accumulated depreciation		<u>1,649,613</u>	10,541,304
(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	\$	(295,856)	
Less: other postemployment benefits liability		<u>(316,567)</u>	(612,423)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>72,156</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>14,725,822</u></u>

Exhibit J-4

DeKalb County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented DeKalb County School Department
For the Year Ended June 30, 2011

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General Purpose School	School Federal Projects	Other Govern- mental Funds	
<u>Revenues</u>				
Local Taxes	\$ 2,272,514	\$ 0	\$ 0	\$ 2,272,514
Licenses and Permits	978	0	0	978
Charges for Current Services	41,280	0	344,861	386,141
Other Local Revenues	54,823	0	10,477	65,300
State of Tennessee	13,886,429	0	0	13,886,429
Federal Government	274,126	2,843,508	1,096,323	4,213,957
Other Governments and Citizens Groups	1,540,000	0	0	1,540,000
Total Revenues	<u>\$ 18,070,150</u>	<u>\$ 2,843,508</u>	<u>\$ 1,451,661</u>	<u>\$ 22,365,319</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 10,804,067	\$ 2,169,859	\$ 0	\$ 12,973,926
Support Services	5,784,861	650,960	0	6,435,821
Operation of Non-Instructional Services	468,934	0	1,387,110	1,856,044
Capital Outlay	203,064	0	0	203,064
Debt Service:				
Principal on Debt	59,171	0	0	59,171
Total Expenditures	<u>\$ 17,320,097</u>	<u>\$ 2,820,819</u>	<u>\$ 1,387,110</u>	<u>\$ 21,528,026</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 750,053</u>	<u>\$ 22,689</u>	<u>\$ 64,551</u>	<u>\$ 837,293</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 3,330	\$ 0	\$ 0	\$ 3,330
Transfers Out	0	(3,330)	0	(3,330)
Total Other Financing Sources (Uses)	<u>\$ 3,330</u>	<u>\$ (3,330)</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 753,383	\$ 19,359	\$ 64,551	\$ 837,293
Fund Balance, July 1, 2010	<u>3,334,382</u>	<u>39,523</u>	<u>513,587</u>	<u>3,887,492</u>
Fund Balance, June 30, 2011	<u>\$ 4,087,765</u>	<u>\$ 58,882</u>	<u>\$ 578,138</u>	<u>\$ 4,724,785</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, 2011

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)		\$ 837,293
<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	\$ 226,022	
Less: current-year depreciation expense	<u>(517,646)</u>	(291,624)
<p>(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2011	\$ 72,156	
Less: deferred delinquent property taxes and other deferred June 30, 2010	<u>(74,922)</u>	(2,766)
<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.</p>		
Add: principal payments on notes		59,171
<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 other postemployment benefits liability		<u>(46,449)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 555,625</u>

Exhibit J-6

DeKalb County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented DeKalb County School Department
June 30, 2011

	Special Revenue Fund	Capital Projects Education Capital Projects	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 471,088	\$ 3,945	\$ 475,033
Due from Other Governments	103,105	0	103,105
Total Assets	<u>\$ 574,193</u>	<u>\$ 3,945</u>	<u>\$ 578,138</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 574,193	\$ 3,945	\$ 578,138
Total Fund Balances	<u>\$ 574,193</u>	<u>\$ 3,945</u>	<u>\$ 578,138</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, 2011

	Special Revenue Fund	Capital Projects Education Capital Projects	Total Nonmajor Governmental Funds
<hr/>			
<u>Revenues</u>			
Charges for Current Services	\$ 344,861	\$ 0	\$ 344,861
Other Local Revenues	10,477	0	10,477
Federal Government	1,096,323	0	1,096,323
Total Revenues	<u>\$ 1,451,661</u>	<u>\$ 0</u>	<u>\$ 1,451,661</u>
<u>Expenditures</u>			
Current:			
Operation of Non-Instructional Services	\$ 1,387,110	\$ 0	\$ 1,387,110
Total Expenditures	<u>\$ 1,387,110</u>	<u>\$ 0</u>	<u>\$ 1,387,110</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 64,551</u>	<u>\$ 0</u>	<u>\$ 64,551</u>
Net Change in Fund Balances	\$ 64,551	\$ 0	\$ 64,551
Fund Balance, July 1, 2010	509,642	3,945	513,587
<hr/>			
Fund Balance, June 30, 2011	<u>\$ 574,193</u>	<u>\$ 3,945</u>	<u>\$ 578,138</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, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 2,272,514	\$ 0	\$ 0	\$ 2,272,514	\$ 2,225,628	\$ 2,225,628	\$ 46,886
Licenses and Permits	978	0	0	978	1,200	1,200	(222)
Charges for Current Services	41,280	0	0	41,280	37,300	37,300	3,980
Other Local Revenues	54,823	0	0	54,823	73,000	73,000	(18,177)
State of Tennessee	13,886,429	0	0	13,886,429	13,233,300	13,346,212	540,217
Federal Government	274,126	0	0	274,126	159,000	159,000	115,126
Other Governments and Citizens Groups	1,540,000	0	0	1,540,000	1,540,000	1,540,000	0
Total Revenues	\$ 18,070,150	\$ 0	\$ 0	\$ 18,070,150	\$ 17,269,428	\$ 17,382,340	\$ 687,810
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 8,447,280	\$ 0	\$ 0	\$ 8,447,280	\$ 8,599,805	\$ 8,604,805	\$ 157,525
Alternative Instruction Program	96,839	0	0	96,839	97,500	97,500	661
Special Education Program	1,613,098	0	0	1,613,098	1,669,600	1,669,600	56,502
Vocational Education Program	646,850	0	0	646,850	646,920	646,920	70
<u>Support Services</u>							
Attendance	119,143	0	0	119,143	123,835	123,835	4,692
Health Services	303,898	0	0	303,898	309,130	309,131	5,233
Other Student Support	350,328	0	0	350,328	362,120	362,120	11,792
Regular Instruction Program	650,759	0	0	650,759	717,450	717,450	66,691
Special Education Program	140,593	0	0	140,593	149,735	149,735	9,142
Other Programs	81,779	0	0	81,779	0	81,779	0
Board of Education	264,515	0	0	264,515	301,100	301,100	36,585
Director of Schools	163,313	0	0	163,313	167,060	167,060	3,747

(Continued)

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Office of the Principal	\$ 979,396	\$ 0	\$ 0	\$ 979,396	\$ 981,900	\$ 981,900	\$ 2,504
Fiscal Services	143,995	0	0	143,995	158,400	158,400	14,405
Operation of Plant	1,083,125	0	0	1,083,125	1,210,340	1,210,340	127,215
Maintenance of Plant	266,997	0	0	266,997	320,400	335,076	68,079
Transportation	1,237,020	(14,000)	0	1,223,020	1,280,600	1,280,600	57,580
<u>Operation of Non-Instructional Services</u>							
Food Service	45,996	0	0	45,996	74,070	74,070	28,074
Early Childhood Education	422,938	0	0	422,938	450,000	476,133	53,195
<u>Capital Outlay</u>							
Regular Capital Outlay	203,064	0	96,660	299,724	350,000	350,000	50,276
<u>Principal on Debt</u>							
Education	59,171	0	0	59,171	59,171	59,171	0
<u>Total Expenditures</u>	<u>\$ 17,320,097</u>	<u>\$ (14,000)</u>	<u>\$ 96,660</u>	<u>\$ 17,402,757</u>	<u>\$ 18,029,136</u>	<u>\$ 18,156,725</u>	<u>\$ 753,968</u>
<u>Excess (Deficiency) of Revenues</u>							
<u>Over Expenditures</u>	\$ 750,053	\$ 14,000	\$ (96,660)	\$ 667,393	\$ (759,708)	\$ (774,385)	\$ 1,441,778
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 14,676	\$ (14,676)
Transfers In	3,330	0	0	3,330	0	0	3,330
Total Other Financing Sources (Uses)	\$ 3,330	\$ 0	\$ 0	\$ 3,330	\$ 0	\$ 14,676	\$ (11,346)
<u>Net Change in Fund Balance</u>	<u>\$ 753,383</u>	<u>\$ 14,000</u>	<u>\$ (96,660)</u>	<u>\$ 670,723</u>	<u>\$ (759,708)</u>	<u>\$ (759,709)</u>	<u>\$ 1,430,432</u>
<u>Fund Balance, July 1, 2010</u>	<u>3,334,382</u>	<u>(14,000)</u>	<u>0</u>	<u>3,320,382</u>	<u>1,346,789</u>	<u>1,346,789</u>	<u>1,973,593</u>
<u>Fund Balance, June 30, 2011</u>	<u>\$ 4,087,765</u>	<u>\$ 0</u>	<u>\$ (96,660)</u>	<u>\$ 3,991,105</u>	<u>\$ 587,081</u>	<u>\$ 587,080</u>	<u>\$ 3,404,025</u>

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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 2,843,508	\$ 3,158,105	\$ 3,153,540	\$ (310,032)
Total Revenues	\$ 2,843,508	\$ 3,158,105	\$ 3,153,540	\$ (310,032)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 1,389,404	\$ 1,710,586	\$ 1,642,438	\$ 253,034
Special Education Program	732,240	742,048	777,377	45,137
Vocational Education Program	48,215	50,300	48,919	704
<u>Support Services</u>				
Health Services	52,093	52,093	52,093	0
Other Student Support	60,291	63,469	64,406	4,115
Regular Instruction Program	307,774	400,696	467,414	159,640
Special Education Program	203,926	238,960	203,930	4
Vocational Education Program	1,069	1,100	1,069	0
Transportation	25,807	27,030	25,807	0
<u>Operation of Non-Instructional Services</u>				
Community Services	0	1,735	0	0
Total Expenditures	\$ 2,820,819	\$ 3,288,017	\$ 3,283,453	\$ 462,634
Excess (Deficiency) of Revenues Over Expenditures	\$ 22,689	\$ (129,912)	\$ (129,913)	\$ 152,602
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 95,171	\$ 95,171	\$ (95,171)
Transfers Out	(3,330)	(111,246)	(111,246)	107,916
Total Other Financing Sources (Uses)	\$ (3,330)	\$ (16,075)	\$ (16,075)	\$ 12,745
Net Change in Fund Balance	\$ 19,359	\$ (145,987)	\$ (145,988)	\$ 165,347
Fund Balance, July 1, 2010	39,523	145,987	145,988	(106,465)
Fund Balance, June 30, 2011	\$ 58,882	\$ 0	\$ 0	\$ 58,882

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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 344,861	\$ 424,000	\$ 424,000	\$ (79,139)
Other Local Revenues	10,477	12,000	12,000	(1,523)
State of Tennessee	0	250,000	0	0
Federal Government	1,096,323	660,000	1,017,165	79,158
Total Revenues	<u>\$ 1,451,661</u>	<u>\$ 1,346,000</u>	<u>\$ 1,453,165</u>	<u>\$ (1,504)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,387,110	\$ 1,408,500	\$ 1,515,665	\$ 128,555
Total Expenditures	<u>\$ 1,387,110</u>	<u>\$ 1,408,500</u>	<u>\$ 1,515,665</u>	<u>\$ 128,555</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 64,551</u>	<u>\$ (62,500)</u>	<u>\$ (62,500)</u>	<u>\$ 127,051</u>
Net Change in Fund Balance	\$ 64,551	\$ (62,500)	\$ (62,500)	\$ 127,051
Fund Balance, July 1, 2010	<u>509,642</u>	<u>179,790</u>	<u>179,790</u>	<u>329,852</u>
Fund Balance, June 30, 2011	<u>\$ 574,193</u>	<u>\$ 117,290</u>	<u>\$ 117,290</u>	<u>\$ 456,903</u>

MISCELLANEOUS SCHEDULES

Exhibit K-1

DeKalb County, Tennessee
Schedule of Changes in Long-term Bonds and Other Loans
Primary Government and Discretely Presented DeKalb County School Department
For the Year Ended June 30, 2011

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-10	Paid and/or Matured During Period	Outstanding 6-30-11
<u>PRIMARY GOVERNMENT</u>							
<u>BONDS PAYABLE</u>							
Payable through General Debt Service Fund							
Refunding Bonds, Series 2003	\$ 7,930,000	.1 to 5.5 %	4-24-03	3-1-19	\$ 4,725,000	\$ 545,000	\$ 4,180,000
General Obligation Bonds, Series 2010	5,000,000	2 to 3.5	6-10-10	6-1-25	5,000,000	275,000	4,725,000
Total Bonds Payable					<u>\$ 9,725,000</u>	<u>\$ 820,000</u>	<u>\$ 8,905,000</u>
<u>DISCRETELY PRESENTED DEKALB COUNTY SCHOOL DEPARTMENT</u>							
<u>OTHER LOANS PAYABLE</u>							
Payable through General Purpose School Fund							
Energy Efficiency Loan	414,198	0	2-11-09	3-15-16	\$ 355,027	\$ 59,171	\$ 295,856
Total Other Loans Payable					<u>\$ 355,027</u>	<u>\$ 59,171</u>	<u>\$ 295,856</u>

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
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>\$ 8,905,000</u>	<u>\$ 1,464,339</u>	<u>\$ 10,369,339</u>

DISCRETELY PRESENTED DEKALB
COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Other Loans		
	Principal	Interest	Total
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>\$ 295,856</u>	<u>\$ 0</u>	<u>\$ 295,856</u>

Exhibit K-3

DeKalb County, Tennessee
Schedule of Notes Receivable
For the Year Ended June 30, 2011

Description	Original Amount of Loan	Date of Issue	Date of Maturity	Interest Rate	Balance 6-30-10	Retired During Period	Balance 6-30-11
<u>Constitutional Officers - Agency Fund</u>							
Sliger	\$ 5,265	1-4-1995	(1)	(2)	\$ 3,945	\$ 250	\$ 3,695
Snow	18,000	7-13-04	(1)	(2)	18,000	0	18,000
N. Cantrell	5,000	8/5/04	(1)	(2)	4,585	4,585	0
Evans	15,540	3-10-05	(1)	(2)	15,526	6,500	9,026
N. Cantrell	15,762	1-10-06	(1)	(2)	14,762	800	13,962
Johnson	12,500	12-19-07	(1)	(2)	12,500	0	12,500
Sutherly	8,000	2-21-07	(1)	(2)	8,000	0	8,000
Snipes	10,000	1-3-08	(1)	(2)	10,000	0	10,000
Raymond	20,000	7-20-09	(1)	(2)	20,000	0	20,000
Total					\$ 107,318	\$ 12,135	\$ 95,183

(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, 2011

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
Local Purpose Tax	General Debt Service	School debt	\$ <u>580,534</u>
<u>DISCRETELY PRESENTED DEKALB COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ <u>3,330</u>

Exhibit K-5

DeKalb County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented DeKalb County School Department
For the Year Ended June 30, 2011

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA, 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, TCA, and DeKalb County Commission	65,027 (2)	100,000	RLI Insurance Company
Director of Schools	State Board of Education and DeKalb County Board of Education	99,341 (3)	(6)	"
Trustee	Section 8-24-102, TCA	57,751	743,800	Western Surety Company
Assessor of Property	Section 8-24-102, TCA	57,751	20,000	RLI Insurance Company
County Clerk	Section 8-24-102, TCA	57,751	50,000	"
Circuit Court Clerk	Section 8-24-102, TCA	57,751	50,000	Western Surety Company
Clerk and Master	Section 8-24-102, TCA, and Chancery Court Judge	57,751 (4)	50,000	"
Register	Section 8-24-102, TCA	57,751	25,000	RLI Insurance Company
Sheriff	Section 8-24-102, TCA	64,127 (5)	25,000	"
Employee Blanket Bond Coverage:				
Public Employee Dishonesty - County Departments			150,000	Local Government Insurance Pool
Public Employee Dishonesty - School Department			150,000	Tennessee Risk Management Trust

- (1) Includes a \$600 payment for serving as chairman of roads.
- (2) Includes additional compensation of \$1,500 for maintaining E-911 road signs.
- (3) Includes a chief executive officer training supplement of \$1,000.
- (4) Does not include special commissioner fees of \$2,510.
- (5) Includes 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
For the Year Ended June 30, 2011

	Special Revenue Funds										Total
	General	Courthouse and Jail Maintenance	Local Purpose Tax	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Capital Projects	Capital Projects Fund		
									General	Capital	
<u>Local Taxes</u>											
<u>County Property Taxes</u>											
Current Property Tax	\$ 3,346,687	\$ 0	\$ 0	\$ 0	\$ 0	\$ 134,568	\$ 535,483	\$ 356,974	\$ 4,373,712		
Trustee's Collections - Prior Year	99,324	0	0	0	0	3,901	29,544	10,365	143,134		
Circuit/Clerk & Master Collections - Prior Years	64,980	0	0	0	0	7,330	9,819	6,898	89,027		
Interest and Penalty	20,100	0	0	0	0	899	5,998	2,101	29,098		
Pick-up Taxes	2,696	0	0	0	0	113	569	285	3,663		
<u>County Local Option Taxes</u>											
Local Option Sales Tax	0	0	2,200,413	0	0	0	0	0	2,200,413		
Litigation Tax - General	485	58,340	0	0	0	0	0	0	58,825		
Litigation Tax - Special Purpose	13,248	4,606	0	0	0	0	0	0	17,854		
Business Tax	159,400	0	0	0	0	0	0	0	159,400		
Mineral Severance Tax	0	0	0	0	0	15,474	0	0	15,474		
<u>Statutory Local Taxes</u>											
Interstate Telecommunications Tax	828	0	0	0	0	0	0	0	828		
Total Local Taxes	\$ 3,707,748	\$ 62,946	\$ 2,200,413	\$ 0	\$ 0	\$ 162,285	\$ 581,413	\$ 376,623	\$ 7,091,428		
<u>Licenses and Permits</u>											
<u>Licenses</u>											
Cable TV Franchise	0	0	0	0	0	0	0	0	0	0	20,922
<u>Permits</u>											
Beer Permits	3,301	0	0	0	0	0	0	0	3,301		
Total Licenses and Permits	\$ 24,223	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 24,223		
<u>Fines, Forfeitures, and Penalties</u>											
<u>Circuit Court</u>											
Fines	\$ 8,101	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,101		
Officers Costs	5,496	0	0	0	0	0	0	0	5,496		
Drug Control Fines	524	0	0	0	0	0	0	0	524		
Drug Court Fees	1,414	0	0	0	0	0	0	0	1,414		
Jail Fees	1,741	0	0	0	0	0	0	0	1,741		
DUI Treatment Fines	1,873	0	0	0	0	0	0	0	1,873		

(Continued)

Exhibit K-6

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

		Special Revenue Funds							Total	
		General	Courthouse and Jail Maintenance	Local Purpose Tax	Drug Control	Constitutional Officers Fees	Highway / Public Works	Debt Service Fund		Capital Projects Fund
<u>Fines, Forfeitures, and Penalties (Cont.)</u>										
<u>Circuit Court (Cont.)</u>										
Data Entry Fee - Circuit Court	\$ 610	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 610	
Courtroom Security Fee	2	0	0	0	0	0	0	0	2	
<u>General Sessions Court</u>										
Fines	20,097	0	0	0	0	0	0	0	20,097	
Officers Costs	19,427	0	0	0	0	0	0	0	19,427	
Game and Fish Fines	710	0	0	0	0	0	0	0	710	
Drug Control Fines	2,147	0	0	2,148	0	0	0	0	4,295	
Drug Court Fees	7,031	0	0	0	0	0	0	0	7,031	
Jail Fees	1,543	0	0	0	0	0	0	0	1,543	
DUI Treatment Fines	3,410	0	0	0	0	0	0	0	3,410	
Data Entry Fee - General Sessions Court	1,166	0	0	0	0	0	0	0	1,166	
Courtroom Security Fee	651	0	0	0	0	0	0	0	651	
<u>Juvenile Court</u>										
Fines	3,550	0	0	0	0	0	0	0	3,550	
Officers Costs	3,164	0	0	0	0	0	0	0	3,164	
Data Entry Fee - Juvenile Court	338	0	0	0	0	0	0	0	338	
Courtroom Security Fee	11	0	0	0	0	0	0	0	11	
<u>Chancery Court</u>										
Data Entry Fee - Chancery Court	618	0	0	0	0	0	0	0	618	
Courtroom Security Fee	179	0	0	0	0	0	0	0	179	
<u>Other Courts - In-county</u>										
Fines	14,531	0	0	0	0	0	0	0	14,531	
<u>Judicial District Drug Program</u>										
Drug Task Force Forfeitures and Seizures	0	0	0	11,075	0	0	0	0	11,075	
<u>Other Fines, Forfeitures, and Penalties</u>										
Proceeds from Confiscated Property	0	0	0	26,367	0	0	0	0	26,367	
Total Fines, Forfeitures, and Penalties	\$ 98,334	\$ 0	\$ 0	\$ 39,590	\$ 0	\$ 0	\$ 0	\$ 0	\$ 137,924	

(Continued)

Exhibit K-6

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

	Special Revenue Funds							Total
	General	Courthouse and Jail Maintenance	Local Purpose Tax	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	
<u>Charges for Current Services</u>								
<u>General Service Charges</u>								
Patient Charges	\$ 967,742	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 967,742
<u>Fees</u>								
Telephone Commissions	17,289	0	0	0	0	0	0	17,289
Constitutional Officers' Fees and Commissions	0	0	0	0	205,796	0	0	205,796
Data Processing Fee - Register	7,244	0	0	0	0	0	0	7,244
Data Processing Fee - Sheriff	5,649	0	0	0	0	0	0	5,649
Sexual Offender Registration Fees - Sheriff	2,100	0	0	0	0	0	0	2,100
<u>Education Charges</u>								
TBI Criminal Background Fees	1,725	0	0	0	0	0	0	1,725
Total Charges for Current Services	\$ 1,001,749	\$ 0	\$ 0	\$ 0	\$ 205,796	\$ 0	\$ 0	\$ 1,207,545
<u>Other Local Revenues</u>								
<u>Recurring Items</u>								
Lease/Rentals	\$ 16,795	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 16,795
Commissary Sales	11,071	0	0	0	0	0	0	11,071
Cobra Insurance Payments	0	0	0	0	0	279	0	279
Miscellaneous Refunds	25,012	0	0	0	0	0	0	25,012
<u>Nonrecurring Items</u>								
Sale of Equipment	14,133	0	0	0	0	5,758	0	19,891
Contributions and Gifts	183,217	0	0	500	0	0	0	183,717
Performance Bond Forfeitures	8,000	0	0	0	0	0	0	8,000
Total Other Local Revenues	\$ 258,228	\$ 0	\$ 0	\$ 500	\$ 0	\$ 6,037	\$ 0	\$ 279,765
<u>Fees Received from County Officials</u>								
<u>Excess Fees</u>								
Register	\$ 94	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 94
Trustee	135,155	0	0	0	0	0	0	135,155
<u>Fees in-Lieu-of Salary</u>								
County Clerk	169,611	0	0	0	0	0	0	169,611
Circuit Court Clerk	56,093	0	0	0	0	0	0	56,093

(Continued)

Exhibit K-6

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

	Special Revenue Funds										Total
	General	Courthouse and Jail Maintenance	Local Purpose Tax	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Capital Projects	Capital Projects Fund		
									General	Capital	
<u>Fees Received from County Officials (Cont.)</u>											
<u>Fees in-Lieu-of Salary (Cont.)</u>											
General Sessions Court Clerk	\$ 125,431	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 125,431
Clerk and Master	78,117	0	0	0	0	0	0	0	0	0	78,117
Juvenile Court Clerk	10,416	0	0	0	0	0	0	0	0	0	10,416
Sheriff	7,736	0	0	0	0	0	0	0	0	0	7,736
Total Fees Received from County Officials	\$ 582,653	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 582,653
<u>State of Tennessee</u>											
<u>General Government Grants</u>											
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,000
Aging Programs	4,655	0	0	0	0	0	0	0	0	0	4,655
State Reappraisal Grant	884	0	0	0	0	0	0	0	0	0	884
On-Behalf Contributions for OPEB	2,194	0	0	0	0	627	0	0	0	0	2,821
<u>Public Safety Grants</u>											
Law Enforcement Training Programs	8,400	0	0	0	0	0	0	0	0	0	8,400
Drug Control Grants	73,045	0	0	0	0	0	0	0	0	0	73,045
Health and Welfare Grants	1,000	0	0	0	0	0	0	0	0	0	1,000
<u>Health Department Programs</u>											
Public Works Grants	22,344	0	0	0	0	0	0	0	0	0	22,344
Litter Program	65,000	0	0	0	0	0	0	0	0	0	65,000
Other Public Works Grants	162,673	0	0	0	0	0	0	0	0	0	162,673
<u>Other State Revenues</u>											
Flood Control	37,391	0	0	0	0	0	0	0	0	0	37,391
Income Tax	8,787	0	0	0	0	0	0	0	0	0	8,787
Mixed Drink Tax	33,136	0	0	0	0	0	0	0	0	0	33,136
Emergency Hospital - Prisoners	150,472	0	0	0	0	0	0	0	0	0	150,472
Contracted Prisoner Boarding	0	0	0	0	0	1,463,998	0	0	0	0	1,463,998
Gasoline and Motor Fuel Tax	0	0	0	0	0	13,992	0	0	0	0	13,992
Petroleum Special Tax	11,373	0	0	0	0	0	0	0	0	0	11,373
Registrar's Salary Supplement	2,000	0	0	0	0	0	0	0	0	0	2,000
Other State Grants	0	0	0	0	0	0	0	0	0	30,000	30,000

(Continued)

Exhibit K-6

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

	Special Revenue Funds							Debt Service Fund	Capital Projects Fund	Total
	General	Courthouse and Jail Maintenance	Local Purpose Tax	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works	General Debt Service			
State of Tennessee (Cont.)										
Other State Revenues (Cont.)	\$ 27,964	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 27,964
Total State of Tennessee	\$ 620,318	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,478,617	\$ 0	\$ 30,000	\$ 2,128,935	
Federal Government										
Federal Through State										
Community Development	\$ 102,994	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 102,994
Disaster Relief	0	0	0	0	0	366,465	0	0	0	366,465
Law Enforcement Grants	4,722	0	0	0	0	0	0	0	0	4,722
ARRA Grant No. 1	45,506	0	0	0	0	0	0	0	0	45,506
Direct Federal Revenue										
Police Service (Lake Area)	37,920	0	0	0	0	0	0	0	0	37,920
Other Direct Federal Revenue	163,221	0	0	0	0	0	0	50,000	213,221	
Total Federal Government	\$ 354,363	\$ 0	\$ 0	\$ 0	\$ 0	\$ 366,465	\$ 0	\$ 50,000	\$ 770,828	
Other Governments and Citizens Groups										
Other Governments										
Paving and Maintenance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 86,875	\$ 0	\$ 0	\$ 86,875	
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 86,875	\$ 0	\$ 0	\$ 86,875	
Total	\$ 6,647,616	\$ 62,946	\$ 2,200,413	\$ 40,090	\$ 205,796	\$ 2,100,279	\$ 581,413	\$ 471,623	\$ 12,310,176	

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, 2011

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 2,141,845	\$ 0	\$ 0	\$ 2,141,845
Trustee's Collections - Prior Year	72,597	0	0	72,597
Circuit/Clerk & Master Collections - Prior Years	40,152	0	0	40,152
Interest and Penalty	14,699	0	0	14,699
Pick-up Taxes	1,816	0	0	1,816
<u>Statutory Local Taxes</u>				
Interstate Telecommunications Tax	1,405	0	0	1,405
Total Local Taxes	\$ 2,272,514	\$ 0	\$ 0	\$ 2,272,514
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 978	\$ 0	\$ 0	\$ 978
Total Licenses and Permits	\$ 978	\$ 0	\$ 0	\$ 978
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Lunch Payments - Children	\$ 0	\$ 0	\$ 192,466	\$ 192,466
Lunch Payments - Adults	0	0	40,478	40,478
Income from Breakfast	0	0	34,178	34,178
A la carte Sales	0	0	77,739	77,739
Receipts from Individual Schools	36,476	0	0	36,476
TBI Criminal Background Fees	2,880	0	0	2,880
<u>Other Charges for Services</u>				
Other Charges for Services	1,924	0	0	1,924
Total Charges for Current Services	\$ 41,280	\$ 0	\$ 344,861	\$ 386,141
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 8,996	\$ 8,996
Refund of Telecommunication and Internet Fees (E-Rate)	37,059	0	0	37,059
Miscellaneous Refunds	17,294	0	1,481	18,775
<u>Nonrecurring Items</u>				
Damages Recovered from Individuals	308	0	0	308
Contributions and Gifts	162	0	0	162
Total Other Local Revenues	\$ 54,823	\$ 0	\$ 10,477	\$ 65,300
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 81,779	\$ 0	\$ 0	\$ 81,779
<u>State Education Funds</u>				
Basic Education Program	11,769,558	0	0	11,769,558
Basic Education Program - ARRA	1,286,779	0	0	1,286,779
Early Childhood Education	422,936	0	0	422,936
School Food Service	15,417	0	0	15,417
Driver Education	11,646	0	0	11,646
Other State Education Funds	3,950	0	0	3,950
Coordinated School Health - ARRA	100,000	0	0	100,000
Internet Connectivity - ARRA	8,451	0	0	8,451

(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>				
Statewide Student Management System (SSMS) - ARRA	\$ 7,169	\$ 0	\$ 0	\$ 7,169
Career Ladder Program	94,666	0	0	94,666
Career Ladder - Extended Contract - ARRA	64,960	0	0	64,960
<u>Other State Revenues</u>				
Other State Grants	3,418	0	0	3,418
Safe Schools - ARRA	15,700	0	0	15,700
Total State of Tennessee	\$ 13,886,429	\$ 0	\$ 0	\$ 13,886,429
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 714,976	\$ 714,976
USDA - Commodities	0	0	107,165	107,165
Breakfast	0	0	261,380	261,380
USDA - Other	0	0	12,802	12,802
Vocational Education - Basic Grants to States	0	57,886	0	57,886
Community Based Organizations	0	6,000	0	6,000
Title I Grants to Local Education Agencies	0	1,048,510	0	1,048,510
Special Education - Grants to States	63,591	1,020,355	0	1,083,946
Special Education Preschool Grants	0	20,995	0	20,995
English Language Acquisition Grants	0	23,600	0	23,600
Safe and Drug-free Schools - State Grants	0	219,714	0	219,714
Rural Education	0	93,387	0	93,387
Eisenhower Professional Development State Grants	0	154,203	0	154,203
Job Training Partnership Act	15,000	0	0	15,000
Race to the Top - ARRA	0	166,988	0	166,988
Other Federal through State	26,753	31,870	0	58,623
<u>Direct Federal Revenue</u>				
Public Law 874 - Maintenance and Operation	168,782	0	0	168,782
Total Federal Government	\$ 274,126	\$ 2,843,508	\$ 1,096,323	\$ 4,213,957
<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	\$ 18,070,150	\$ 2,843,508	\$ 1,451,661	\$ 22,365,319

Exhibit K-8

DeKalb County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2011

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	34,225	
Social Security		2,122	
State Retirement		1,856	
Unemployment Compensation		122	
Employer Medicare		496	
Audit Services		5,227	
Legal Notices, Recording, and Court Costs		3,208	
Tax Relief Program		17,972	
Other Charges		1,031	
Total County Commission			\$ 66,259

Board of Equalization

Board and Committee Members Fees	\$	3,701	
Total Board of Equalization			3,701

Beer Board

Board and Committee Members Fees	\$	2,325	
Social Security		23	
State Retirement		24	
Unemployment Compensation		4	
Employer Medicare		5	
Total Beer Board			2,381

County Mayor/Executive

County Official/Administrative Officer	\$	66,702	
Assistant(s)		43,506	
Part-time Personnel		10,561	
Longevity Pay		400	
Social Security		7,178	
State Retirement		2,515	
Employee and Dependent Insurance		2,990	
Unemployment Compensation		481	
Employer Medicare		1,679	
Data Processing Services		7,544	
Travel		186	
Office Supplies		5,456	
Other Charges		188	
Total County Mayor/Executive			149,386

(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		700	
Total County Attorney			\$ 18,700

Election Commission

County Official/Administrative Officer	\$	51,976	
Part-time Personnel		325	
Other Salaries and Wages		22,024	
Election Commission		3,850	
Election Workers		30,758	
Social Security		4,002	
State Retirement		4,647	
Employee and Dependent Insurance		4,944	
Unemployment Compensation		366	
Employer Medicare		936	
Advertising		2,397	
Maintenance and Repair Services - Equipment		65	
Printing, Stationery, and Forms		4,809	
Other Contracted Services		9,000	
Office Supplies		1,805	
Other Charges		14,791	
Total Election Commission			156,695

Register of Deeds

Longevity Pay	\$	1,050	
Social Security		5,879	
State Retirement		6,382	
Employee and Dependent Insurance		4,944	
Unemployment Compensation		360	
Employer Medicare		1,375	
Data Processing Services		700	
Other Contracted Services		3,700	
Office Supplies		1,661	
Other Supplies and Materials		1,981	
Data Processing Equipment		7,950	
Total Register of Deeds			35,982

Planning

Board and Committee Members Fees	\$	2,860	
Social Security		50	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Planning (Cont.)

State Retirement	\$	19	
Employer Medicare		12	
Other Contracted Services		9,250	
Total Planning			\$ 12,191

County Buildings

Custodial Personnel	\$	37,944	
Longevity Pay		450	
Social Security		2,308	
State Retirement		2,383	
Employee and Dependent Insurance		420	
Unemployment Compensation		396	
Employer Medicare		540	
Maintenance and Repair Services - Buildings		25,019	
Utilities		78,091	
Building and Contents Insurance		3,946	
Total County Buildings			151,497

Other General Administration

Other Salaries and Wages	\$	4,182	
Social Security		246	
State Retirement		263	
Employee and Dependent Insurance		280	
Unemployment Compensation		31	
Employer Medicare		58	
On-Behalf Payments to OPEB		2,194	
Communication		38,914	
Dues and Memberships		7,767	
Operating Lease Payments		15,975	
Postal Charges		31,485	
Office Supplies		3,000	
Periodicals		134	
Premiums on Corporate Surety Bonds		12,172	
Workers' Compensation Insurance		133,633	
Other Charges		1,074	
Total Other General Administration			251,408

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	57,751	
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(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Assistant(s)	\$	22,024	
Secretary(ies)		22,024	
Longevity Pay		850	
Other Salaries and Wages		27,579	
Social Security		7,534	
State Retirement		8,144	
Employee and Dependent Insurance		4,944	
Unemployment Compensation		540	
Employer Medicare		1,762	
Data Processing Services		986	
Travel		830	
Other Contracted Services		12,869	
Office Supplies		803	
Total Property Assessor's Office			\$ 168,640

County Trustee's Office

Social Security	\$	5,995	
State Retirement		6,382	
Employee and Dependent Insurance		2,266	
Unemployment Compensation		360	
Employer Medicare		1,402	
Data Processing Services		21,986	
Legal Notices, Recording, and Court Costs		414	
Office Supplies		2,850	
Total County Trustee's Office			41,655

County Clerk's Office

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		66,072	
Longevity Pay		550	
Social Security		7,386	
State Retirement		7,795	
Employee and Dependent Insurance		2,502	
Unemployment Compensation		573	
Employer Medicare		1,727	
Contracts with Private Agencies		12,610	
Office Supplies		3,000	
Other Charges		1,493	
Total County Clerk's Office			161,459

(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)		64,091	
Other Salaries and Wages		741	
Jury and Witness Expense		9,811	
Social Security		7,251	
State Retirement		7,300	
Employee and Dependent Insurance		4,326	
Unemployment Compensation		779	
Employer Medicare		1,696	
Data Processing Services		10,124	
Other Contracted Services		800	
Office Supplies		5,024	
Other Charges		1,707	
Total Circuit Court			\$ 171,401

General Sessions Court

Judge(s)	\$	82,324	
Secretary(ies)		8,262	
Social Security		5,416	
State Retirement		5,170	
Employee and Dependent Insurance		2,472	
Unemployment Compensation		158	
Employer Medicare		1,267	
Travel		444	
Office Supplies		1,469	
Other Charges		3,543	
Total General Sessions Court			110,525

Drug Court

Other Salaries and Wages	\$	28,737	
Social Security		1,690	
State Retirement		1,333	
Employee and Dependent Insurance		2,163	
Unemployment Compensation		410	
Employer Medicare		395	
Communication		4,116	
Travel		4,146	
Office Supplies		1,647	
Other Charges		24,952	
Total Drug Court			69,589

(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

County Official/Administrative Officer	\$	57,751	
Secretary(ies)		21,794	
Longevity Pay		450	
Social Security		4,514	
State Retirement		4,995	
Employee and Dependent Insurance		4,944	
Unemployment Compensation		360	
Employer Medicare		1,056	
Data Processing Services		5,148	
Office Supplies		1,936	
Other Charges		1,193	
Total Chancery Court			\$ 104,141

Juvenile Court

Youth Service Officer(s)	\$	26,724	
Longevity Pay		500	
Social Security		1,430	
State Retirement		1,678	
Employee and Dependent Insurance		2,472	
Unemployment Compensation		180	
Employer Medicare		334	
Contracts with Other Public Agencies		8,700	
Other Charges		1,147	
Total Juvenile Court			43,165

Judicial Commissioners

County Official/Administrative Officer	\$	22,874	
Social Security		1,418	
Unemployment Compensation		325	
Employer Medicare		332	
Office Supplies		225	
Total Judicial Commissioners			25,174

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	64,127	
Assistant(s)		22,184	
Deputy(ies)		483,165	
Investigator(s)		4,885	
Secretary(ies)		22,313	

(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.)

Part-time Personnel	\$	8,876	
Longevity Pay		1,950	
Overtime Pay		25,929	
In-Service Training		17,969	
Social Security		38,173	
State Retirement		39,171	
Employee and Dependent Insurance		12,589	
Unemployment Compensation		4,232	
Employer Medicare		8,928	
Communication		15,656	
Contracts with Private Agencies		680	
Contributions		1,500	
Maintenance and Repair Services - Vehicles		70,931	
Travel		3,034	
Gasoline		74,156	
Law Enforcement Supplies		5,878	
Office Supplies		9,035	
Tires and Tubes		7,124	
Uniforms		16,755	
Utilities		58,533	
Other Supplies and Materials		19,169	
Other Charges		850	
Motor Vehicles		2,664	
Total Sheriff's Department			\$ 1,040,456

Special Patrols

Guards	\$	22,336	
Longevity Pay		600	
Other Salaries and Wages		4,200	
Social Security		1,600	
State Retirement		1,670	
Employee and Dependent Insurance		2,694	
Unemployment Compensation		227	
Employer Medicare		374	
Gasoline		2,787	
Instructional Supplies and Materials		4,500	
Other Charges		753	
Total Special Patrols			41,741

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Traffic Control

Part-time Personnel	\$	24,042	
Other Salaries and Wages		6,650	
Social Security		1,796	
Unemployment Compensation		529	
Employer Medicare		420	
Other Charges		225	
Total Traffic Control			\$ 33,662

Correctional Incentive Program Improvements

Cafeteria Personnel	\$	20,422	
Longevity Pay		2,250	
Other Salaries and Wages		413,068	
Social Security		25,809	
State Retirement		27,182	
Employee and Dependent Insurance		18,416	
Unemployment Compensation		4,355	
Employer Medicare		6,036	
Contracts with Private Agencies		92,578	
Medical and Dental Services		96,067	
Food Supplies		173,539	
Other Supplies and Materials		16,578	
Other Charges		24,165	
Total Correctional Incentive Program Improvements			920,465

Fire Prevention and Control

In-Service Training	\$	6,572	
Forest Resource Services		1,500	
Maintenance and Repair Services - Buildings		10,404	
Maintenance and Repair Services - Equipment		8,364	
Equipment and Machinery Parts		23,278	
Gasoline		33,826	
Instructional Supplies and Materials		1,896	
Utilities		20,324	
Other Supplies and Materials		3,387	
Liability Insurance		2,808	
Other Charges		2,968	
Communication Equipment		2,040	
Law Enforcement Equipment		138,532	
Other Equipment		4,078	
Total Fire Prevention and Control			259,977

(Continued)

Exhibit K-8

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

<u>General Fund (Cont.)</u>		
<u>Public Safety (Cont.)</u>		
<u>Civil Defense</u>		
Other Charges	\$ 1,302	
Total Civil Defense		\$ 1,302
<u>Other Emergency Management</u>		
Contributions	\$ 111,959	
Liability Insurance	2,944	
Total Other Emergency Management		114,903
<u>County Coroner/Medical Examiner</u>		
Evaluation and Testing	\$ 28,025	
Medical and Dental Services	7,400	
Other Contracted Services	1,685	
Total County Coroner/Medical Examiner		37,110
<u>Other Public Safety</u>		
Contributions	\$ 11,500	
Total Other Public Safety		11,500
<u>Public Health and Welfare</u>		
<u>Local Health Center</u>		
Custodial Personnel	\$ 5,520	
Communication	2,258	
Contracts with Government Agencies	11,208	
Maintenance and Repair Services - Equipment	124	
Custodial Supplies	1,459	
Drugs and Medical Supplies	76	
Office Supplies	452	
Utilities	14,447	
Other Charges	2,348	
Other Construction	64,999	
Total Local Health Center		102,891
<u>Rabies and Animal Control</u>		
Contracts with Other Public Agencies	\$ 4,135	
Veterinary Services	305	
Total Rabies and Animal Control		4,440
<u>Ambulance/Emergency Medical Services</u>		
County Official/Administrative Officer	\$ 46,024	
Medical Personnel	493,736	

(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.)

Secretary(ies)	\$	22,024	
Part-time Personnel		99,156	
Overtime Pay		705	
In-Service Training		6,074	
Social Security		38,810	
State Retirement		37,168	
Employee and Dependent Insurance		23,381	
Unemployment Compensation		4,506	
Employer Medicare		9,193	
Advertising		539	
Communication		6,317	
Operating Lease Payments		9,400	
Licenses		2,313	
Maintenance and Repair Services - Buildings		2,994	
Maintenance and Repair Services - Equipment		1,109	
Maintenance and Repair Services - Vehicles		26,055	
Postal Charges		200	
Printing, Stationery, and Forms		1,353	
Travel		345	
Disposal Fees		396	
Other Contracted Services		6,162	
Custodial Supplies		1,967	
Diesel Fuel		49,919	
Drugs and Medical Supplies		37,752	
Office Supplies		6,307	
Uniforms		4,111	
Utilities		7,794	
Other Supplies and Materials		1,524	
Refunds		10,077	
Workers' Compensation Insurance		38,876	
Other Charges		1,656	
Other Equipment		550	
Total Ambulance/Emergency Medical Services			\$ 998,493

Regional Mental Health Center

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

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Clerical Personnel	\$	16,024	
Longevity Pay		550	
Social Security		772	
State Retirement		1,006	
Employee and Dependent Insurance		2,472	
Unemployment Compensation		167	
Employer Medicare		181	
Travel		75	
Other Supplies and Materials		1,414	
Total Senior Citizens Assistance			\$ 22,661

Libraries

Librarians	\$	24,024	
Clerical Personnel		33,048	
Part-time Personnel		25,644	
Longevity Pay		500	
Social Security		5,159	
State Retirement		3,584	
Unemployment Compensation		1,005	
Employer Medicare		1,207	
Communication		7,444	
Library Books/Media		9,568	
Periodicals		1,462	
Utilities		11,480	
Other Supplies and Materials		4,787	
Other Charges		5,500	
Other Equipment		1,446	
Total Libraries			135,858

Agriculture and Natural Resources

Agriculture Extension Service

Assistant(s)	\$	18,284	
Supervisor/Director		10,361	
Clerical Personnel		8,044	
Other Fringe Benefits		4,330	
Rentals		11,150	
Total Agriculture Extension Service			52,169

Soil Conservation

Secretary(ies)	\$	22,024	
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(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.)

Longevity Pay	\$	400	
Social Security		1,210	
State Retirement		1,383	
Employee and Dependent Insurance		2,472	
Unemployment Compensation		180	
Employer Medicare		283	
Total Soil Conservation			\$ 27,952

Other Operations

Industrial Development

Other Charges	\$	20	
Total Industrial Development			20

Other Economic and Community Development

Contributions	\$	20,000	
Engineering Services		486	
Travel		500	
Other Charges		5,947	
Other Construction		103,194	
Total Other Economic and Community Development			130,127

Veterans' Services

Supervisor/Director	\$	5,055	
Social Security		292	
Unemployment Compensation		90	
Employer Medicare		68	
Travel		500	
Total Veterans' Services			6,005

Other Charges

Trustee's Commission	\$	85,776	
Total Other Charges			85,776

Contributions to Other Agencies

Contributions	\$	26,585	
Total Contributions to Other Agencies			26,585

Employee Benefits

Employee and Dependent Insurance	\$	7,540	
Unemployment Compensation		1,351	
Total Employee Benefits			8,891

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Other Operations (Cont.)

ARRA Grant No. 1

Other Salaries and Wages	\$	28,000	
Social Security		1,614	
State Retirement		1,758	
Employee and Dependent Insurance		2,472	
Unemployment Compensation		180	
Employer Medicare		378	
Communication		937	
Travel		3,722	
Office Supplies		1,923	
Other Charges		3,075	
Total ARRA Grant No. 1			\$ 44,059

Miscellaneous

Laborers	\$	1,132	
Other Salaries and Wages		473	
Social Security		72	
State Retirement		20	
Unemployment Compensation		9	
Employer Medicare		12	
Pauper Burials		2,800	
Road Signs		6,853	
Liability Insurance		140,043	
Other Charges		7,753	
Total Miscellaneous			\$ 159,167

Total General Fund \$ 6,017,339

Courthouse and Jail Maintenance Fund

General Government

County Buildings

Maintenance and Repair Services - Buildings	\$	35,544	
Custodial Supplies		22,907	
Trustee's Commission		627	
Total County Buildings			\$ 59,078

Total Courthouse and Jail Maintenance Fund 59,078

(Continued)

Exhibit K-8

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

Local Purpose Tax Fund

Capital Projects

Other General Government Projects

Contributions	\$ 1,540,000	
Trustee's Commission	22,014	
Total Other General Government Projects	<u>1,562,014</u>	\$ 1,562,014

Total Local Purpose Tax Fund \$ 1,562,014

Drug Control Fund

Public Safety

Sheriff's Department

Investigator(s)	\$ 3,072	
Overtime Pay	628	
Social Security	229	
State Retirement	232	
Unemployment Compensation	11	
Employer Medicare	54	
Other Charges	<u>3,478</u>	
Total Sheriff's Department		\$ 7,704

Drug Enforcement

Confidential Drug Enforcement Payments	\$ 8,500	
Motor Vehicles	<u>10,000</u>	
Total Drug Enforcement		18,500

Other Operations

Other Charges

Trustee's Commission	\$ 400	
Total Other Charges		400

Support Services

Other Student Support

Other Supplies and Materials	\$ 5,398	
Total Other Student Support		<u>5,398</u>

Total Drug Control Fund 32,002

Constitutional Officers - Fees Fund

General Government

Register of Deeds

Constitutional Officers' Operating Expenses	\$ 102,049	
Total Register of Deeds		\$ 102,049

(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	\$ 101,885	
Total County Trustee's Office		\$ 101,885

County Clerk's Office

Constitutional Officers' Operating Expenses	\$ 982	
Total County Clerk's Office		982

Administration of Justice

Circuit Court Clerk

Constitutional Officers' Operating Expenses	\$ 66	
Total Circuit Court Clerk		66

General Sessions Court Clerk

Constitutional Officers' Operating Expenses	\$ 88	
Total General Sessions Court Clerk		88

Chancery Court

Constitutional Officers' Operating Expenses	\$ 291	
Total Chancery Court		291

Juvenile Court Clerk

Constitutional Officers' Operating Expenses	\$ 43	
Total Juvenile Court Clerk		43

Total Constitutional Officers - Fees Fund		\$ 205,404
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Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 65,027
Accountants/Bookkeepers	23,700
Secretary(ies)	22,234
Board and Committee Members Fees	600
Communication	5,535
Data Processing Services	3,976
Dues and Memberships	4,511
Legal Services	400
Postal Charges	400
Printing, Stationery, and Forms	70
Rentals	1,085

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Travel	\$	215	
Electricity		4,238	
Natural Gas		7,004	
Office Supplies		1,014	
Water and Sewer		165	
Data Processing Equipment		53	
Total Administration			\$ 140,227

Highway and Bridge Maintenance

Foremen	\$	27,550	
Equipment Operators		84,503	
Truck Drivers		44,244	
Laborers		41,998	
Rentals		14,663	
Other Contracted Services		76,276	
Asphalt - Liquid		283,416	
Concrete		4,543	
Crushed Stone		126,524	
Pipe - Metal		17,115	
Road Signs		82	
Salt		1,670	
Structural Steel		400	
Wood Products		3,906	
Other Supplies and Materials		9,424	
Total Highway and Bridge Maintenance			736,314

Operation and Maintenance of Equipment

Mechanic(s)	\$	50,498	
Maintenance and Repair Services - Equipment		23,310	
Diesel Fuel		96,282	
Equipment and Machinery Parts		37,501	
Garage Supplies		8,629	
Gasoline		23,224	
Lubricants		8,414	
Small Tools		2,505	
Tires and Tubes		37,936	
Total Operation and Maintenance of Equipment			288,299

Quarry Operations

Equipment Operators	\$	83,707	
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(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Quarry Operations (Cont.)

Explosive and Drilling Services	\$	53,520	
Maintenance and Repair Services - Equipment		22,186	
Electricity		7,728	
Equipment and Machinery Parts		24,556	
Total Quarry Operations			\$ 191,697

Other Charges

On-Behalf Payments to OPEB	\$	627	
Liability Insurance		37,998	
Trustee's Commission		17,850	
Workers' Compensation Insurance		33,532	
Other Charges		80	
Total Other Charges			90,087

Employee Benefits

Social Security	\$	33,971	
State Retirement		27,849	
Employee and Dependent Insurance		139,766	
Unemployment Compensation		6,234	
Total Employee Benefits			207,820

Capital Outlay

Highway Equipment	\$	105,900	
Motor Vehicles		41,552	
Total Capital Outlay			147,452

Total Highway/Public Works Fund \$ 1,801,896

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	359,600	
Total General Government			\$ 359,600

Education

Principal on Bonds	\$	460,400	
Total Education			460,400

(Continued)

Exhibit K-8

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

General Debt Service Fund (Cont.)

Interest on Debt

General Government

Interest on Bonds	\$ 158,539	
Total General Government		\$ 158,539

Education

Interest on Bonds	\$ 119,134	
Total Education		119,134

Other Debt Service

General Government

Fiscal Agent Charges	\$ 15,000	
Trustee's Commission	11,536	
Other Debt Service	1,200	
Total General Government		<u>27,736</u>

Total General Debt Service Fund		\$ 1,125,409
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General Capital Projects Fund

Capital Projects

General Administration Projects

Trustee's Commission	\$ 7,461	
Building Construction	2,013,492	
Total General Administration Projects		\$ 2,020,953

Public Safety Projects

Motor Vehicles	\$ 76,333	
Other Equipment	15,000	
Total Public Safety Projects		91,333

Public Health and Welfare Projects

Solid Waste Equipment	\$ 4,000	
Other Construction	24,054	
Total Public Health and Welfare Projects		<u>28,054</u>

Total General Capital Projects Fund		<u>2,140,340</u>
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Total Governmental Funds - Primary Government		<u>\$ 12,943,482</u>
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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, 2011

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	5,844,237	
Career Ladder Program		51,992	
Career Ladder Extended Contracts		3,240	
Educational Assistants		132,731	
Other Salaries and Wages		45,888	
Certified Substitute Teachers		46,515	
Non-certified Substitute Teachers		68,041	
Social Security		351,431	
State Retirement		544,100	
Medical Insurance		850,489	
Dental Insurance		53,485	
Unemployment Compensation		10,313	
Employer Medicare		82,494	
Other Contracted Services		3,418	
Food Supplies		467	
Instructional Supplies and Materials		83,230	
Textbooks		206,545	
Other Supplies and Materials		4,646	
Fee Waivers		9,915	
Other Charges		9,842	
Regular Instruction Equipment		44,261	
Total Regular Instruction Program			\$ 8,447,280

Alternative Instruction Program

Teachers	\$	55,384	
Career Ladder Program		3,000	
Career Ladder Extended Contracts		4,882	
Educational Assistants		11,989	
Social Security		4,360	
State Retirement		6,479	
Medical Insurance		9,241	
Dental Insurance		378	
Unemployment Compensation		106	
Employer Medicare		1,020	
Total Alternative Instruction Program			96,839

Special Education Program

Teachers	\$	880,685	
Career Ladder Program		10,000	

(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.)

Instruction (Cont.)

Special Education Program (Cont.)

Homebound Teachers	\$	44,368	
Educational Assistants		173,590	
Speech Pathologist		89,448	
Other Salaries and Wages		1,182	
Certified Substitute Teachers		671	
Non-certified Substitute Teachers		12,842	
Social Security		68,338	
State Retirement		102,451	
Medical Insurance		154,725	
Dental Insurance		9,192	
Unemployment Compensation		2,381	
Employer Medicare		15,983	
Contracts with Other School Systems		28,665	
Contracts with Parents		200	
Other Contracted Services		11,162	
Instructional Supplies and Materials		699	
Other Supplies and Materials		4,172	
Special Education Equipment		2,344	
Total Special Education Program			\$ 1,613,098

Vocational Education Program

Teachers	\$	419,470	
Career Ladder Program		5,000	
Other Salaries and Wages		42,915	
Certified Substitute Teachers		1,830	
Non-certified Substitute Teachers		8,140	
Social Security		26,752	
State Retirement		42,298	
Medical Insurance		75,195	
Dental Insurance		4,155	
Unemployment Compensation		722	
Employer Medicare		6,259	
Other Contracted Services		150	
Instructional Supplies and Materials		13,964	
Total Vocational Education Program			646,850

Support Services

Attendance

Supervisor/Director	\$	62,457	
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(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.)

Career Ladder Program	\$	3,000	
Clerical Personnel		22,913	
Social Security		5,311	
State Retirement		7,363	
Medical Insurance		3,633	
Dental Insurance		378	
Unemployment Compensation		120	
Employer Medicare		1,242	
Travel		1,993	
Other Contracted Services		7,169	
Other Supplies and Materials		1,210	
Attendance Equipment		2,354	
Total Attendance			\$ 119,143

Health Services

Supervisor/Director	\$	59,428	
Medical Personnel		143,454	
Clerical Personnel		13,749	
Social Security		11,880	
State Retirement		18,361	
Medical Insurance		40,382	
Dental Insurance		1,889	
Unemployment Compensation		362	
Employer Medicare		2,778	
Travel		1,334	
Other Contracted Services		3,045	
Drugs and Medical Supplies		1,593	
Instructional Supplies and Materials		4,950	
Other Supplies and Materials		693	
Total Health Services			303,898

Other Student Support

Career Ladder Program	\$	1,000	
Guidance Personnel		266,383	
Social Security		15,540	
State Retirement		24,198	
Medical Insurance		27,136	
Dental Insurance		2,298	
Unemployment Compensation		429	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Employer Medicare	\$	3,634	
Evaluation and Testing		9,710	
Total Other Student Support			\$ 350,328

Regular Instruction Program

Supervisor/Director	\$	120,442	
Career Ladder Program		5,000	
Career Ladder Extended Contracts		9,000	
Librarians		217,987	
Instructional Computer Personnel		70,641	
Educational Assistants		26,866	
Social Security		26,000	
State Retirement		36,401	
Medical Insurance		48,768	
Dental Insurance		2,644	
Unemployment Compensation		790	
Employer Medicare		6,081	
Maintenance and Repair Services - Equipment		54,706	
Travel		2,046	
Other Contracted Services		1,100	
Library Books/Media		18,510	
In Service/Staff Development		2,790	
Other Charges		664	
Other Equipment		323	
Total Regular Instruction Program			650,759

Special Education Program

Supervisor/Director	\$	61,983	
Career Ladder Program		1,000	
Social Security		3,632	
State Retirement		5,700	
Medical Insurance		7,062	
Dental Insurance		378	
Unemployment Compensation		60	
Employer Medicare		849	
Travel		3,725	
Other Contracted Services		52,655	
In Service/Staff Development		3,549	
Total Special Education Program			140,593

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Programs

On-Behalf Payments to OPEB	\$ 81,779	
Total Other Programs		\$ 81,779

Board of Education

Board and Committee Members Fees	\$ 4,905	
Social Security	304	
Employer Medicare	71	
Audit Services	6,000	
Dues and Memberships	9,014	
Legal Services	9,582	
Travel	3,968	
Other Contracted Services	2,452	
Liability Insurance	25,000	
Trustee's Commission	74,495	
Workers' Compensation Insurance	119,097	
Criminal Investigation of Applicants - TBI	4,104	
Refund to Applicant for Criminal Investigation	2,112	
Other Charges	3,411	
Total Board of Education		264,515

Director of Schools

County Official/Administrative Officer	\$ 98,341	
Career Ladder Program	1,000	
Social Security	5,791	
State Retirement	8,990	
Medical Insurance	9,377	
Dental Insurance	378	
Unemployment Compensation	53	
Employer Medicare	1,354	
Communication	32,968	
Dues and Memberships	478	
Postal Charges	2,460	
Travel	1,596	
Other Charges	527	
Total Director of Schools		163,313

Office of the Principal

Principals	\$ 330,852
Career Ladder Program	8,000

(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.)

Office of the Principal (Cont.)

Career Ladder Extended Contracts	\$	37,541	
Assistant Principals		144,234	
Secretary(ies)		264,197	
Social Security		46,373	
State Retirement		63,589	
Medical Insurance		50,582	
Dental Insurance		2,613	
Unemployment Compensation		1,263	
Employer Medicare		10,845	
Communication		13,700	
Dues and Memberships		3,125	
Travel		2,172	
Other Contracted Services		310	
Total Office of the Principal			\$ 979,396

Fiscal Services

Accountants/Bookkeepers	\$	63,396	
Secretary(ies)		33,348	
Social Security		5,136	
State Retirement		6,075	
Medical Insurance		12,876	
Unemployment Compensation		181	
Employer Medicare		1,201	
Data Processing Services		6,712	
Travel		1,234	
Other Contracted Services		3,410	
Data Processing Supplies		1,810	
Office Supplies		1,841	
Other Charges		60	
Administration Equipment		6,715	
Total Fiscal Services			143,995

Operation of Plant

Custodial Personnel	\$	251,209	
Other Salaries and Wages		1,814	
Social Security		14,689	
State Retirement		13,772	
Medical Insurance		18,782	
Unemployment Compensation		1,159	

(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.)

Support Services (Cont.)

Operation of Plant (Cont.)

Employer Medicare	\$	3,435	
Permits		55	
Other Contracted Services		24	
Custodial Supplies		33,596	
Electricity		432,030	
Natural Gas		124,498	
Uniforms		2,114	
Water and Sewer		45,413	
Other Supplies and Materials		41,235	
Boiler Insurance		6,000	
Building and Contents Insurance		77,000	
Other Charges		8,776	
Plant Operation Equipment		7,524	
Total Operation of Plant			\$ 1,083,125

Maintenance of Plant

Supervisor/Director	\$	44,743	
Maintenance Personnel		72,531	
Other Salaries and Wages		5,055	
Social Security		6,919	
State Retirement		7,682	
Medical Insurance		10,047	
Unemployment Compensation		259	
Employer Medicare		1,618	
Maintenance and Repair Services - Buildings		450	
Pest Control		4,249	
Travel		877	
Other Contracted Services		12,175	
Equipment and Machinery Parts		250	
Other Supplies and Materials		98,672	
Maintenance Equipment		1,470	
Total Maintenance of Plant			266,997

Transportation

Supervisor/Director	\$	28,175	
Mechanic(s)		56,906	
Bus Drivers		416,061	
Other Salaries and Wages		74,291	
Social Security		34,298	

(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.)

State Retirement	\$	35,426	
Medical Insurance		25,782	
Unemployment Compensation		2,238	
Employer Medicare		8,021	
Contracts with Other School Systems		3,000	
Contracts with Parents		2,258	
Maintenance and Repair Services - Vehicles		985	
Travel		408	
Other Contracted Services		8,182	
Diesel Fuel		160,331	
Equipment and Machinery Parts		319	
Food Supplies		86	
Garage Supplies		192	
Gasoline		17,337	
Lubricants		4,893	
Tires and Tubes		14,931	
Uniforms		2,992	
Vehicle Parts		48,239	
Other Supplies and Materials		4,851	
Vehicle and Equipment Insurance		48,000	
Other Charges		2,377	
Transportation Equipment		236,441	
Total Transportation			\$ 1,237,020

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	38,793	
Social Security		2,356	
State Retirement		2,681	
Medical Insurance		1,402	
Dental Insurance		63	
Unemployment Compensation		120	
Employer Medicare		551	
Travel		30	
Total Food Service			45,996

Early Childhood Education

Supervisor/Director	\$	6,300	
Teachers		189,702	

(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.)

Educational Assistants	\$	103,505	
Certified Substitute Teachers		259	
Non-certified Substitute Teachers		7,286	
Social Security		17,781	
State Retirement		24,238	
Medical Insurance		31,803	
Dental Insurance		1,912	
Unemployment Compensation		739	
Employer Medicare		4,161	
Communication		2,033	
Travel		2,390	
Other Contracted Services		6,390	
Instructional Supplies and Materials		14,588	
Other Supplies and Materials		9,851	
Total Early Childhood Education			\$ 422,938

Capital Outlay

Regular Capital Outlay

Architects	\$	4,500	
Building Improvements		12,344	
Furniture and Fixtures		16,629	
Heating and Air Conditioning Equipment		76,350	
Site Development		5,000	
Other Capital Outlay		88,241	
Total Regular Capital Outlay			203,064

Principal on Debt

Education

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

Total General Purpose School Fund \$ 17,320,097

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	638,933	
Educational Assistants		94,492	
Other Salaries and Wages		23,023	

(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	\$	2,788	
Non-certified Substitute Teachers		10,148	
Social Security		44,972	
State Retirement		65,670	
Medical Insurance		70,166	
Dental Insurance		4,816	
Unemployment Compensation		1,296	
Employer Medicare		10,539	
Instructional Supplies and Materials		398,887	
Regular Instruction Equipment		23,674	
Total Regular Instruction Program			\$ 1,389,404

Special Education Program

Teachers	\$	141,585	
Educational Assistants		288,588	
Certified Substitute Teachers		5,336	
Non-certified Substitute Teachers		7,618	
Social Security		24,694	
State Retirement		31,471	
Medical Insurance		65,979	
Dental Insurance		1,826	
Unemployment Compensation		1,723	
Employer Medicare		5,993	
Other Contracted Services		45,924	
Instructional Supplies and Materials		7,846	
Other Supplies and Materials		15,958	
Special Education Equipment		87,699	
Total Special Education Program			732,240

Vocational Education Program

Non-certified Substitute Teachers	\$	1,128	
Instructional Supplies and Materials		8,810	
Other Supplies and Materials		168	
Vocational Instruction Equipment		38,109	
Total Vocational Education Program			48,215

Support Services

Health Services

Other Salaries and Wages	\$	24,448	
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(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Health Services (Cont.)

Social Security	\$	1,516	
Employer Medicare		354	
Other Contracted Services		25,336	
Health Equipment		439	
Total Health Services			\$ 52,093

Other Student Support

Social Workers	\$	33,580	
Social Security		2,082	
State Retirement		2,109	
Unemployment Compensation		61	
Employer Medicare		487	
Contracts with Private Agencies		1,625	
Travel		9,519	
Other Supplies and Materials		1,086	
In Service/Staff Development		379	
Other Charges		9,363	
Total Other Student Support			60,291

Regular Instruction Program

Supervisor/Director	\$	84,054	
Other Salaries and Wages		28,937	
Social Security		5,538	
State Retirement		7,795	
Medical Insurance		9,057	
Dental Insurance		378	
Unemployment Compensation		181	
Employer Medicare		1,556	
Contracts with Private Agencies		811	
Travel		29,082	
Library Books/Media		1,917	
Other Supplies and Materials		11,720	
In Service/Staff Development		125,575	
Other Charges		1,173	
Total Regular Instruction Program			307,774

Special Education Program

Psychological Personnel	\$	97,338	
Secretary(ies)		33,348	

(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Other Salaries and Wages	\$	15,869	
Social Security		8,751	
State Retirement		10,365	
Medical Insurance		10,190	
Dental Insurance		567	
Unemployment Compensation		210	
Employer Medicare		2,071	
Travel		4,874	
Other Contracted Services		10,222	
Other Supplies and Materials		5,935	
In Service/Staff Development		4,186	
Total Special Education Program			\$ 203,926

Vocational Education Program

Travel	\$	795	
Other Charges		274	
Total Vocational Education Program			1,069

Transportation

Bus Drivers	\$	21,190	
Social Security		1,314	
State Retirement		1,327	
Unemployment Compensation		69	
Employer Medicare		307	
Contracts with Parents		100	
Diesel Fuel		1,500	
Total Transportation			25,807

Total School Federal Projects Fund \$ 2,820,819

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	3,744	
Accountants/Bookkeepers		30,569	
Cafeteria Personnel		425,734	
Social Security		24,834	
State Retirement		25,235	
Medical Insurance		68,527	

(Continued)

Exhibit K-9

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Unemployment Compensation	\$	2,007	
Employer Medicare		5,883	
Communication		2,569	
Maintenance and Repair Services - Equipment		10,397	
Travel		2,623	
Other Contracted Services		1,620	
Food Supplies		644,451	
USDA - Commodities		107,165	
Other Supplies and Materials		13,617	
In Service/Staff Development		1,489	
Other Charges		4,854	
Food Service Equipment		11,792	
Total Food Service			\$ <u>1,387,110</u>

Total Central Cafeteria Fund \$ 1,387,110

Total Governmental Funds - DeKalb County School Department \$ 21,528,026

Exhibit K-10

DeKalb County, Tennessee
 Schedule of Detailed Revenues and Expenses
 Proprietary Fund
 For the Year Ended June 30, 2011

	Business-type Activities
	<u>Enterprise Fund</u>
	Solid Waste Disposal Fund
<hr/>	
<u>Revenues</u>	
<u>Operating Revenues</u>	
<u>Charges for Current Services</u>	
Commercial and Industrial Waste Collection Charge	\$ 6,744
Residential Waste Collection Charge	3,209
Tipping Fees	232,212
Telephone Commissions	11
Total Charges for Current Services	<u>\$ 242,176</u>
<u>Other Local Revenues</u>	
<u>Recurring Items</u>	
Sale of Recycled Materials	\$ 2,924
Total Operating Revenue	<u>\$ 245,100</u>
<u>Nonoperating Revenues</u>	
<u>Local Taxes</u>	
Trustee's Collections - Prior Year	\$ 55
Payments in-Lieu-of Taxes - T.V.A.	208
Payments in-Lieu-of Taxes - Other	87,490
Local Option Sales Tax	352,355
Hotel/Motel Tax	61,910
Bank Excise Tax	57,560
Wholesale Beer Tax	65,735
Total Local Taxes	<u>\$ 625,313</u>
<u>Other Local Revenues</u>	
<u>Recurring Items</u>	
Investment Income	\$ 419,935
Total Other Local Revenues	<u>\$ 419,935</u>
<u>State of Tennessee</u>	
<u>General Government Grants</u>	
Solid Waste Grants	\$ 4,733
<u>Public Works Grants</u>	
Other Public Works Grants	19,554
<u>Other State of Tennessee Revenues</u>	
Beer Tax	18,723
Alcoholic Beverage Tax	32,764
State Revenue Sharing - T.V.A.	389,892
Total State of Tennessee	<u>\$ 465,666</u>
<u>Federal Government</u>	
<u>Federal Through State</u>	
Disaster Relief	\$ 35,548
Total Federal Government	<u>\$ 35,548</u>
Total Nonoperating Revenues	<u>\$ 1,546,462</u>
Total Revenues	<u>\$ 1,791,562</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</u>	
<u>Operating Expenses</u>	
<u>Waste Pickup</u>	
Laborers	\$ 40,933
Longevity Pay	800
Social Security	2,587
State Retirement	2,571
Unemployment Compensation	326
Employer Medicare	605
Maintenance and Repair Services - Vehicles	31,002
Total Waste Pickup	<u>\$ 78,824</u>
<u>Convenience Centers</u>	
Laborers	\$ 207,527
Social Security	12,861
State Retirement	112
Employee and Dependent Insurance	221
Unemployment Compensation	3,571
Employer Medicare	3,008
Communication	3,998
Other Supplies and Materials	4,532
Total Convenience Centers	<u>\$ 235,830</u>
<u>Landfill Operation and Maintenance</u>	
Laborers	\$ 150,168
Longevity Pay	350
Overtime Pay	16,160
Social Security	9,639
State Retirement	7,182
Employee and Dependent Insurance	7,195
Unemployment Compensation	1,602
Employer Medicare	2,254
Communication	562
Engineering Services	13,083
Operating Lease Payments	18,312
Maintenance and Repair Services - Vehicles	100,546
Rentals	13,245
Other Contracted Services	42,792
Crushed Stone	20,374
Diesel Fuel	124,602
Utilities	13,937
Other Supplies and Materials	33,259
Depreciation	335,919
Landfill Closure/Postclosure Care Costs	32,704
Other Charges	64,121
Total Landfill Operation and Maintenance	<u>\$ 1,008,006</u>
<u>Other Waste Disposal</u>	
Trustee's Commission	\$ 17,647
Total Other Waste Disposal	<u>\$ 17,647</u>
Total Operating Expenses	<u>\$ 1,340,307</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, 2011

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 923,638
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 914,402
Trustee's Commission	9,236
Total Cash Disbursements	<u>\$ 923,638</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0
Cash Balance, July 1, 2010	<u>0</u>
Cash Balance, June 30, 2011	<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 30, 2011

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, 2011, which collectively comprise DeKalb County's basic financial statements and have issued our report thereon dated September 30, 2011. 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 report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the DeKalb County Emergency Communications District as described in our report on DeKalb County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, 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: 11.01, 11.02, 11.11, and 11.14.

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: 11.03, 11.04(C), 11.05, 11.06, 11.12, and 11.15.

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 11.04(A,B), 11.07, 11.08, 11.09, 11.10, and 11.13.

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

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 DeKalb County, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a prominent vertical stroke at the beginning.

Justin P. Wilson
Comptroller of the Treasury

JPW/sb



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 30, 2011

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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. 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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

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, 2011, and have issued our report thereon dated September 30, 2011. Our report on the aggregate remaining fund information was qualified due to not including the financial statements of the Justin Potter Library, a nonmajor 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 as a whole. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial

statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

This report is intended solely for the information and use of management, the county mayor, road supervisor, director of schools, County Commission, Board of Education, others within DeKalb County, 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 fluid and cursive, with a long vertical stroke extending downwards from the end.

Justin P. Wilson
Comptroller of the Treasury

JPW/sb

DeKalb County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2011

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Program:			
Rural Business Enterprise Grants	10.769	N/A	\$ 50,000
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	107,165 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	261,380
National School Lunch Program	10.555	N/A	727,778 (3)
Passed-through State Department of Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	GG-11-32967-00	65,000
Total U.S. Department of Agriculture			<u>\$ 1,211,323</u>
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	GG-0929392-00	\$ 102,994
U.S. Department of Justice:			
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)	\$ 45,506
U.S. Department of Labor:			
Passed-through Upper Cumberland Human Resource Agency:			
WIA Cluster:			
WIA Youth Activities	17.259	(2)	\$ 15,000
WIA Dislocated Workers, Recovery Act	17.260	(2)	19,554
Passed-through State Department of Education:			
Incentive Grants - WIA Section 503	17.267	(2)	2,000
Total U.S. Department of Labor			<u>\$ 36,554</u>
U.S. Department of Transportation:			
Passed-through State Governor's Highway Safety Office:			
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	Z-10-219979-00	\$ 4,722
U.S. Department of Education:			
Direct Program:			
Impact Aid	84.041	N/A	\$ 168,782
Passed-through State Department of Education:			
Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	N/A	814,414
Title I Grants to Local Educational Agencies, Recovery Act	84.389	N/A	234,096
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	807,826
Special Education - Grants to States, Recovery Act	84.391	N/A	264,037
Special Education - Preschool Grants	84.173	N/A	14,445
Special Education - Preschool Grants, Recovery Act	84.392	N/A	6,550
Career and Technical Education - Basic Grants to States	84.048	N/A	63,886
Safe and Drug-free Schools and Communities - State Grants	84.186	N/A	3,464
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	3,727
Education Technology State Grants, Recovery Act	84.386	N/A	28,143
Rural Education			
English Language Acquisition Grants	84.365	N/A	23,600
Improving Teacher Quality State Grants	84.367	N/A	154,203
State Fiscal Stabilization Fund Cluster:			
State Fiscal Stabilization Fund - Education State Grants, Recovery Act	84.394	N/A	1,286,779
State Fiscal Stabilization Fund - Government Service, Recovery Act	84.397	N/A	196,280 (4)
State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	166,988
Total U.S. Department of Education			<u>\$ 4,546,857</u>

(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. Election Assistance Commission: Passed-through Tennessee Secretary of State: Help America Vote Act Requirements Payments	90.401	(2)	\$ <u>2,000</u>
U.S. Department of Health and Human Services: Passed-through State Department of Education: Temporary Assistance for Needy Families	93.558	(2)	\$ <u>26,585</u>
U.S. Department of Homeland Security: Direct Program: Assistance to Firefighters Grant	97.044	EMW-2008-FF00214	\$ 153,181
Passed-through State Department of Military: Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	(2)	<u>402,013</u>
Total U.S. Department of Homeland Security			<u>\$ 555,194</u>
Total Expenditures of Federal Awards			<u>\$ 6,531,735</u>
		<u>Contract Number</u>	
<u>State Grants</u>			
Litter Program - State Department of Transportation	N/A	(2)	\$ 22,344
Rural Health Services - State Department of Health	N/A	GG-11-32147-00	1,000
Drug Court Grant - State Office of Criminal Justice Programs	N/A	(2)	73,045
State Reappraisal Program - State Comptroller of the Treasury	N/A	(2)	884
Aging Program - State Commission on Aging	N/A	(2)	4,655
Youth Services Program - State Commission on Children and Youth	N/A	(2)	9,000
Tennessee Agricultural Enhancement Program - State Department of Agriculture	N/A	(2)	30,000
Rural Technical Assistance Grant - State Department of Economic and Community Development	N/A	GG-10-29871-00	3,418
Internet Connectivity - State Department of Education	N/A	Z-05-022193-00	1,550
Early Childhood Education (Pre-K) - State Department of Education	N/A	Z-02-006877-00	422,936
Waste Tire Grant - State Department of Environment and Conservation	N/A	Z-08-213008-02	<u>4,733</u>
Total State Grants			<u>\$ 573,565</u>

CFDA = Catalog of Federal Domestic Assistance
N/A = Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) Total for CFDA No. 10.555 is \$834,943.
- (4) Coordinated School Health: \$100,000; Internet Connectivity: \$8,451; Statewide Student Management System: \$7,169; Career Ladder - Extended Contract: \$64,960; Safe Schools: \$15,700.

DeKalb County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2011

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, 2010, which have not been corrected.

OFFICE OF COUNTY MAYOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
10.03	163	The Solid Waste Disposal Fund had a deficit in unrestricted net assets
10.04(C)	164	Actual beginning fund balances exceeded the estimated beginning fund balances presented to the County Commission

OFFICE OF ROAD SUPERVISOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
10.05	165	The office did not maintain adequate controls over consumable assets

OFFICE OF DIRECTOR OF SCHOOLS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
10.07(b)	166	Actual beginning fund balances exceeded the estimated beginning fund balances presented to the County Commission

OFFICE OF REGISTER

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
10.09	167	Excess fees were not reported and paid to the county in compliance with state statute

OTHER FINDING

Finding Number	Page Number	Subject
10.12	169	Duties were not adequately segregated in the Offices of Road Supervisor, Trustee, Register, and Sheriff

DEKALB COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2011

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. Four 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 Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555); 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); and Disaster Grants – Public Assistance (Presidentially Declared Disaster) (CFDA No. 97.036) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. DeKalb County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response; however, management did not provide written responses for inclusion in this report.

OFFICE OF COUNTY MAYOR

FINDING 11.01 **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 \$931,422 in unrestricted net assets at June 30, 2011. This deficit resulted from the recognition of a liability totaling \$3,181,491 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 11.02 **THE ACTUAL BEGINNING FUND BALANCES OF THE GENERAL, LOCAL PURPOSE TAX, GENERAL DEBT SERVICE, AND GENERAL CAPITAL PROJECTS FUNDS DIFFERED FROM THE ESTIMATED BEGINNING FUND BALANCES BY MATERIAL AMOUNTS**

(Internal Control – Material Weakness Under *Government Auditing Standards*)

The General, Local Purpose Tax, General Debt Service, and General Capital Projects funds' actual beginning fund balances at July 1, 2010, differed from the estimated beginning fund balances presented to the County Commission by the following amounts:

Fund	Actual Fund Balance 7-1-10	Estimated Fund Balance 7-1-10	Variance
General	\$ 2,939,357	\$ 2,388,804	\$ 550,553
Local Purpose Tax	1,002,724	754,347	248,377
General Debt Service	1,495,094	1,407,016	88,078
General Capital Projects	3,730,040	4,135,629	(405,589)

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 correct the finding noted in the prior-year audit report and to properly estimate the actual ending fund balance for June 30, 2010, which resulted in materially inaccurate estimates of beginning fund balances.

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.

FINDING 11.03 **DEFICIENCIES WERE NOTED IN THE MAINTENANCE OF PAYROLL RECORDS**
 (Internal Control – Significant Deficiency Under *Government Auditing Standards*)

The following deficiencies were noted in the maintenance of payroll records:

- A. Time sheets for employees of the Solid Waste Department were not signed by a supervisor as evidence of review and approval. Sound business practices dictate that time sheets should be properly reviewed and approved. This deficiency is due to a lack of management oversight. When supervisors do not review and approve time sheets, the risks that improper payments could result increases.
- B. The chief deputy at the Sheriff's Department and the Veteran's Affairs Officer did not have time sheets on file to support their payroll disbursements. According to the sheriff, the chief deputy does not prepare a time sheet because he is a salaried employee. The Veteran's Affairs Officer is a part-time employee and does not earn leave; therefore, the county has not required him to submit time sheets to support his salary. The failure to submit time sheets could result in improper payroll payments.

RECOMMENDATION

Supervisors should sign the employees' time sheets as evidence of review and approval. All employees should maintain time and attendance records.

FINDING 11.04 THE LANDFILL HAD DEFICIENCIES IN COLLECTION PROCEDURES FOR TIPPING FEES
(A. and B. – Noncompliance Under *Government Auditing Standards*; C. – Internal Control – Significant Deficiency Under *Government Auditing Standards*)

The following deficiencies were noted in the collection procedures for landfill tipping fees:

- A. In some instances, the landfill did not deposit funds collected for tipping fees within three days of collection. Section 5-8-207, *Tennessee Code Annotated (TCA)*, requires county officials to deposit public funds to the office bank account within three days of collection. The delay in depositing the funds increases the risks of fraud and misappropriation.
- B. The County Mayor's Office did not issue receipts for tipping fees received from the landfill. Section 9-2-103, *TCA*, requires official prenumbered receipts for all collections. This deficiency increases the risks of fraud and abuse.
- C. Weight tickets generated at the landfill are prenumbered; however, we noticed a few tickets that were not accounted for properly. Since these tickets were not available for examination, we could not determine their disposition. This deficiency increases the risks of fraud and abuse.

RECOMMENDATION

Management at the landfill should ensure that all funds are deposited to the office bank account within three days of collection as required by state statute. The County Mayor's Office should issue prenumbered receipts for all collections received from the landfill. Management should account for all weight tickets generated at the landfill.

OFFICE OF ROAD SUPERVISOR

FINDING 11.05 **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 11.06 **THE OFFICE HAD DEFICIENCIES IN PAYROLL PROCEDURES**

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

During our examination, we noted three individuals that were being paid as other contracted services providers instead of as employees of the Highway Department; however, there were no written contracts on file describing the duties to be performed by these individuals. Officials advised us that the individuals were working as laborers. Disbursements to the individuals were made on a regular basis consistent with employee payroll disbursements. Based on the information presented to us, it appears that these individuals should have been paid as employees through the payroll system with deductions for federal withholdings. One of these individuals employed during 2010 was issued a federal Form 1099. The other two individuals did not begin working until 2011.

RECOMMENDATION

Management should determine whether these three individuals qualify as employees or contracted services providers in accordance with federal payroll guidelines.

FINDING 11.07 COMPETITIVE BIDS WERE NOT SOLICITED FOR CRUSHED STONE

(Noncompliance Under *Government Auditing Standards*)

Competitive bids were not solicited for the purchase of crushed stone. Section 54-7-113, *Tennessee Code Annotated*, requires competitive bids to be solicited through public advertisement for purchases exceeding \$10,000. The road supervisor purchased crushed stone from a quarry since the Highway Department's quarry was damaged in a storm. It took several months before the Highway Department's quarry was fully functional. The failure to solicit competitive bids could result in the county paying more than the competitive price.

RECOMMENDATION

Competitive bids should be solicited for all purchases exceeding \$10,000.

FINDING 11.08 A PROPERTY OWNER ERECTED A GATE ON A COUNTY ROAD

(Noncompliance Under *Government Auditing Standards*)

During 2006, the Highway Department paved 2.1 miles of a county road serving six property owners; however, .6 miles of the county road serves a single residence that includes a circle drive. The public has no access to this portion of the paved county road because the property owner erected a gate across the roadway. The road supervisor advised us that the Highway Department maintains the portion of county road beyond the gate. Section 54-10-110, *Tennessee Code Annotated (TCA)*, prohibits any obstructions, such as gates, on public roads, and Section 54-7-201, *TCA*, authorizes the road supervisor to remove any fence, gate, or other obstruction from public roads and rights-of-way. However, Section 54-10-108, *TCA*, empowers county legislative bodies to permit the erection of gates across public roads of the third and fourth class when in their judgment it will be manifestly to the advantage of the applicant and not materially to the prejudice of the public. The county could not provide us a County Commission resolution permitting the erection of a gate across the county road.

RECOMMENDATION

The road supervisor should ensure the removal of any obstruction from the county's roads unless the DeKalb County Commission approves the gate across a third- or fourth-class county road as provided by Section 54-10-108, *TCA*. The road supervisor should determine if maintaining roads on gated property prejudices the rights of other taxpayers by denying them access to assets constructed with public funds.

FINDING 11.09 A COMPLETE COUNTY ROAD LIST WAS NOT SUBMITTED TO THE COUNTY COMMISSION FOR APPROVAL
(Noncompliance Under *Government Auditing Standards*)

The road supervisor submitted the required list of county roads to the County Commission; however, this list did not include the required classification and the summary of changes from the prior year. In addition, the list omitted one road that had been on the list prior to 2006. Section 54-10-103, *Tennessee Code Annotated*, requires the road supervisor to submit a list of county roads to the County Commission for its approval at the January session each year. The list must include the classification, width, and distance of each county-maintained road, and a summary of all changes from the prior year's road list. In addition, Love Valley Road has not been included in the approved county road list since 2005, and we found no evidence that the County Commission had removed this road from the approved road list. It appears that the same list has been submitted with no changes each year subsequent to 2005. Highway Department officials need a current approved list of county roads to determine roads on which the department is authorized to work.

RECOMMENDATION

The road supervisor should submit to the County Commission at the January session each year a complete and accurate list of county roads that includes the classification and a summary of changes as required by state statute.

FINDING 11.10 THE HIGHWAY DEPARTMENT PERFORMED WORK AND PROVIDED MATERIALS ON ROADS TO PRIVATE CEMETERIES WITHOUT AUTHORIZATION
(Noncompliance Under *Government Auditing Standards*)

The Highway Department maintained private roads to cemeteries using county employees, materials, and equipment. The road supervisor advised that it has always been the Highway Department's practice to maintain private roads to cemeteries as needed. Section 46-2-107, *Tennessee Code Annotated*, authorizes counties to expend public or private funds to maintain dilapidated or abandoned cemeteries, including the roads, if approved by a majority vote of the county legislative body. Furthermore, the Tennessee Constitution gives the state legislature permission to pass a private act that would allow a local government to spend public funds on private roads leading to cemeteries, if it determines that convenient public access to such cemeteries serves the public health, safety, or general welfare of the community. Officials could not provide us a private act or County Commission resolution allowing the Highway Department to maintain private roads leading to cemeteries.

RECOMMENDATION

The Highway Department should not maintain private roads to cemeteries unless authorized by the County Commission or a private act approved by the state legislature.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 11.11 **THE ACTUAL BEGINNING FUND BALANCES OF THE GENERAL PURPOSE SCHOOL AND CENTRAL CAFETERIA FUNDS EXCEEDED THE ESTIMATED BEGINNING FUND BALANCES BY MATERIAL AMOUNTS**

(Internal Control – Material Weakness Under *Government Auditing Standards*)

The General Purpose School and Central Cafeteria funds’ actual beginning fund balances at July 1, 2010, exceeded the estimated beginning fund balances presented to the County Commission by the following material amounts:

<u>Fund</u>	<u>Actual Fund Balance 7-1-10</u>	<u>Estimated Fund Balance 7-1-10</u>	<u>Variance</u>
General Purpose School	\$ 3,320,382	\$ 1,346,789	\$ 1,973,593
Central Cafeteria	509,642	179,790	329,852

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 correct the finding noted in the prior-year audit report and to properly estimate the actual ending fund balance for June 30, 2010, and resulted in materially understating the estimated beginning fund balances.

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.

OFFICES OF TRUSTEE; CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK; AND REGISTER

FINDING 11.12 **MULTIPLE EMPLOYEES OPERATED FROM THE SAME CASH DRAWER**

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

Multiple employees operated from the same cash drawer in the Offices of Trustee; Circuit, General Sessions, and Juvenile Courts Clerk; and Register. Good internal controls dictate that each employee have their own cash drawer, start the day with a standard fixed amount of cash, and remove all but that beginning amount at the end of the day. This amount should be verified to the employee’s receipts at the end of each day. Failure to

adhere to this control regimen greatly increases the risk that a cash shortage may not be detected in a timely manner. Furthermore, in the event of a cash shortage, the official would not be able to determine who was responsible for the shortage because multiple employees were working from one cash drawer. This deficiency has been a management decision by the official resulting in a loss of control over assets.

RECOMMENDATION

Officials should assign each employee their own cash drawer.

OFFICE OF REGISTER

FINDING 11.13 **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 \$6,162 to \$14,931 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.

OTHER FINDINGS AND RECOMMENDATIONS

FINDING 11.14 **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 as follows:

Finding Numbers	Description
11.01, 10.02, 09.02	The Solid Waste Disposal Fund had a deficit in unrestricted net assets

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 11.15 **DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF ROAD SUPERVISOR, TRUSTEE, 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, 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.

BEST PRACTICE

DEKALB COUNTY SHOULD ADOPT A CENTRAL SYSTEM OF ACCOUNTING AND BUDGETING

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, 2011**

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