

ANNUAL FINANCIAL REPORT
DEKALB COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2012



ANNUAL FINANCIAL REPORT
DEKALB COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2012

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

DIVISION OF LOCAL GOVERNMENT AUDIT
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State Auditors

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

DEKALB COUNTY, TENNESSEE

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Audit Highlights
Annual Financial Report
DeKalb County, Tennessee
For the Year Ended June 30, 2012

Scope

We have audited the basic financial statements of DeKalb County as of and for the year ended June 30, 2012.

Results

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

Our audit resulted in 14 findings and recommendations, which we have reviewed with DeKalb County management. Detailed findings, recommendations, and management's responses are included in the Single Audit section of this report.

Findings and Best Practice

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

OFFICE OF COUNTY MAYOR

- ◆ The Solid Waste Disposal Fund required material audit adjustments for proper financial statement presentation.
- ◆ The Solid Waste Disposal Fund had a deficit in unrestricted net assets.
- ◆ Food for the jail was not bid in compliance with state statutes.

OFFICE OF ROAD SUPERVISOR

- ◆ The office did not maintain adequate controls over consumable assets.
- ◆ The office had deficiencies in payroll procedures.
- ◆ A property owner erected a gate on a county road.
- ◆ The Highway Department performed work and provided materials on roads to private cemeteries without authorization.

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ The School Federal Projects Fund had a cash overdraft of \$96,023 at June 30, 2012.
-

OFFICE OF TRUSTEE

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

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

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

OFFICE OF ASSESSOR OF PROPERTY

- ◆ New owners of greenbelt properties were not required to file a new application for agricultural property.
 - ◆ The assessor did not prorate new construction.
-

DEKALB COUNTY

- ◆ DeKalb County has a material recurring audit finding.
-

OFFICES OF ROAD SUPERVISOR, TRUSTEE, REGISTER, AND SHERIFF

- ◆ Duties were not segregated adequately.
-

BEST PRACTICE

DeKalb County does not have a central system of accounting and budgeting. The Division of Local Government 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, 2012

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
Jeff Barnes
Jack Barton
Wayne Cantrell
Mason Carter
Elmer Ellis
Marshall Ferrell

John Green
Bradley Hendrix
Bobby Joines
David McDowell
Jimmy Poss
Jerry Scott
Larry Summers

Board of Education

Charles Robinson, Chairman
W.J. Evins, III
John David Foutch
Johnny Lattimore
Billy Miller
Kenny Rhody
Doug Stephens

Purchasing Committee

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

Audit Committee

David McDowell, Chairman
Mike Foster, County Mayor
Jack Barton
Marshall Ferrell
Bradley Hendrix
Jerry Scott
Larry Summers

FINANCIAL SECTION



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

INDEPENDENT AUDITOR'S REPORT

September 21, 2012

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, 2012, 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 four percent and three 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.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of DeKalb County, Tennessee, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows 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 21, 2012, 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.

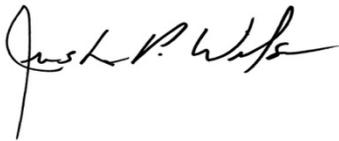
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required 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 75 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 at the end.

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

DeKalb County, Tennessee
Statement of Net Assets
June 30, 2012

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	DeKalb County School Department	DeKalb County Emergency Communications District
ASSETS					
Cash	\$ 190,307	\$ 0	\$ 190,307	\$ 0	\$ 578,795
Equity in Pooled Cash and Investments	7,172,746	2,746,644	9,919,390	5,013,090	0
Accounts Receivable	646,479	38,037	684,516	82	2,996
Allowance for Uncollectibles	(258,191)	0	(258,191)	0	0
Due from Other Governments	784,230	74,084	858,314	377,809	9,500
Property Taxes Receivable	5,107,815	0	5,107,815	2,625,512	0
Allowance for Uncollectible Property Taxes	(164,088)	0	(164,088)	(84,344)	0
Prepaid Items	0	0	0	0	10,210
Capital Assets:					
Assets Not Depreciated:					
Land	836,116	428,950	1,265,066	736,256	0
Assets Net of Accumulated Depreciation:					
Buildings and Improvements	4,763,116	0	4,763,116	7,831,089	14,114
Landfill Facilities and Development	0	671,600	671,600	0	0
Other Capital Assets	1,806,810	338,718	2,145,528	1,726,822	89,175
Infrastructure	4,184,513	0	4,184,513	0	0
Total Assets	\$ 25,069,853	\$ 4,298,033	\$ 29,367,886	\$ 18,226,316	\$ 704,790
LIABILITIES					
Accounts Payable	\$ 9,995	\$ 0	\$ 9,995	\$ 0	\$ 14,598
Accrued Payroll	0	0	0	0	5,926
Cash Overdraft	0	0	0	96,023	0
Payroll Deductions Payable	3,648	0	3,648	0	2,958
Due to State of Tennessee	303	0	303	0	0
Accrued Interest Payable	40,637	0	40,637	0	0

(Continued)

Exhibit B

DeKalb County, Tennessee
Statement of Activities
For the Year Ended June 30, 2012

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets									
	Program Revenues					Component Units				
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		DeKalb County School Department	DeKalb County Emergency Communications District	DeKalb County		
				Governmental Activities	Business-type Activities			School	Department	Communications District
Total										
Primary Government:										
Governmental Activities:										
General Government	\$ 1,245,810	\$ 183,156	\$ 41,474	\$ (1,021,180)	\$ 0	\$ (1,021,180)	\$ 0	\$ 0	\$ 0	\$ 0
Finance	492,133	405,581	0	(86,552)	0	(86,552)	0	0	0	0
Administration of Justice	554,103	351,364	13,500	(189,239)	0	(189,239)	0	0	0	0
Public Safety	3,302,959	346,251	108,384	(2,848,324)	0	(2,848,324)	0	0	0	0
Public Health and Welfare	1,137,120	738,923	45,095	(353,102)	0	(353,102)	0	0	0	0
Social, Cultural, and Recreational Services	239,215	20,474	27,717	(191,024)	0	(191,024)	0	0	0	0
Agriculture and Natural Resources	75,134	0	0	(75,134)	0	(75,134)	0	0	0	0
Other Operations	342,875	100	0	(342,775)	0	(342,775)	0	0	0	0
Highways/Public Works	2,296,005	22,593	1,452,911	(820,501)	0	(820,501)	0	0	0	0
Education	1,565,606	0	0	(1,565,606)	0	(1,565,606)	0	0	0	0
Interest on Long-term Debt	183,527	0	0	(183,527)	0	(183,527)	0	0	0	0
Other Debt Service	11,946	0	0	(11,946)	0	(11,946)	0	0	0	0
Total Governmental Activities	\$ 11,446,433	\$ 2,068,442	\$ 1,689,081	\$ (7,688,910)	\$ 0	\$ (7,688,910)	\$ 0	\$ 0	\$ 0	\$ 0
Business-type Activities:										
Landfill	\$ 1,708,163	\$ 162,350	\$ 22,564	\$ 0	\$ (1,523,249)	\$ (1,523,249)	\$ 0	\$ 0	\$ 0	\$ 0
Total Business-type Activities	\$ 1,708,163	\$ 162,350	\$ 22,564	\$ 0	\$ (1,523,249)	\$ (1,523,249)	\$ 0	\$ 0	\$ 0	\$ 0
Total Primary Government	\$ 13,154,596	\$ 2,230,792	\$ 1,711,645	\$ (7,688,910)	\$ (1,523,249)	\$ (9,212,159)	\$ 0	\$ 0	\$ 0	\$ 0
Component Units:										
School Department	\$ 23,005,319	\$ 387,170	\$ 4,046,050	\$ 0	\$ 0	\$ 0	\$ (18,572,099)	\$ 0	\$ 0	\$ 0
Emergency Communications District	544,073	222,728	144,264	0	0	0	0	0	0	(177,081)
Total Component Units	\$ 23,549,392	\$ 609,898	\$ 4,190,314	\$ 0	\$ 0	\$ 0	\$ (18,572,099)	\$ 0	\$ 0	\$ (177,081)

(Continued)

Exhibit B

DeKalb County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets						
	Program Revenues			Component Units			
	Charges for Services	Operating Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total	DeKalb County School Department	DeKalb County Emergency Communications District
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes			\$ 4,405,272	\$ 87,214	\$ 4,492,486	\$ 2,547,768	\$ 0
Property Taxes Levied for Debt Service			555,724	0	555,724	0	0
Local Option Sales Taxes			2,196,126	367,069	2,563,195	0	0
Litigation Taxes			72,154	0	72,154	0	0
Business Tax			136,823	0	136,823	0	0
Hotel/Motel Tax			0	65,004	65,004	0	0
Wholesale Beer Tax			0	98,886	98,886	0	0
Payments in-Lieu-of Taxes - Other			0	0	0	0	0
Bank Excise Tax			0	59,638	59,638	0	0
Beer Tax			11,598	0	11,598	0	0
Alcoholic Beverage Tax			0	34,301	34,301	0	0
State Revenue Sharing - T.V.A.			0	413,726	413,726	0	0
Other Local Taxes			748	0	748	1,044	0
Grants and Contributions Not Restricted to Specific Programs			242,878	0	242,878	16,172,661	345,922
Unrestricted Investment Earnings			0	292,124	292,124	5,652	9,780
Miscellaneous			61,360	0	61,360	79,561	0
Total General Revenues			\$ 7,682,683	\$ 1,417,962	\$ 9,100,645	\$ 18,806,686	\$ 355,702
Insurance Recovery			\$ 9,653	\$ 629	\$ 10,282	\$ 0	\$ 0
Change in Net Assets			\$ 3,426	\$ (104,658)	\$ (101,232)	\$ 234,587	\$ 178,621
Net Assets, July 1, 2011			12,053,349	843,014	12,896,363	14,725,822	519,574
Prior-period Adjustment			0	(2,566,865)	(2,566,865)	0	(16,887)
Net Assets, June 30, 2012			\$ 12,056,775	\$ (1,828,509)	\$ 10,228,266	\$ 14,960,409	\$ 681,308

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, 2012

	Major Funds				Nonmajor Funds		Total Governmental Funds
	Local Purpose Tax	Highway / Public Works	General Debt Service	General Capital Projects	Other	Governmental Funds	
\$	525	0	0	0	0	189,782	\$ 190,307
Equity in Pooled Cash and Investments	3,306,058	944,121	603,805	1,553,907	691,210	72,470	7,171,571
Accounts Receivable	643,144	0	0	0	0	3,335	646,479
Allowance for Uncollectibles	(258,191)	0	0	0	0	0	(258,191)
Due from Other Governments	147,634	384,705	251,891	0	0	0	784,230
Due from Other Funds	10,338	0	0	0	0	0	10,338
Property Taxes Receivable	3,916,386	0	143,210	572,839	475,380	0	5,107,815
Allowance for Uncollectible Property Taxes	(126,518)	0	(4,601)	(18,402)	(14,567)	0	(164,088)
Total Assets	\$ 7,639,376	\$ 1,328,826	\$ 994,305	\$ 2,108,344	\$ 1,152,023	\$ 265,587	\$ 13,488,461

ASSETS

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

Total Assets

LIABILITIES AND FUND BALANCES

\$	0	0	0	0	9,995	0	9,995
Accounts Payable	3,648	0	0	0	0	0	3,648
Payroll Deductions Payable	0	0	0	0	0	0	0
Due to Other Funds	0	0	0	0	0	9,163	9,163
Due to State of Tennessee	303	0	0	0	0	0	303
Deferred Revenue - Current Property Taxes	3,688,801	0	134,956	539,825	449,854	0	4,813,436
Deferred Revenue - Delinquent Property Taxes	94,804	0	3,427	13,707	10,280	0	122,218
Other Deferred Revenues	293,168	185,000	122,126	0	0	0	600,294
Total Liabilities	\$ 4,080,724	\$ 185,000	\$ 260,509	\$ 553,532	\$ 470,129	\$ 9,163	\$ 5,559,057

Fund Balances

Restricted:
 Restricted for General Government
 Restricted for Administration of Justice
 Restricted for Public Safety
 Restricted for Public Health and Welfare
 Restricted for Social, Cultural, and Recreational Services

\$	8,743	0	0	0	0	0	8,743
32,487	0	0	0	0	0	0	32,487
10,810	0	0	0	0	0	27,204	38,014
40,612	0	0	0	0	0	0	40,612
147,549	0	0	0	0	0	0	147,549

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	Local Purpose Tax	Highway / Public Works	General Debt Service	General Capital Projects	Other	Governmental Funds	
General	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	733,796
	0	1,143,826	0	0	0	0	1,143,826
	0	0	0	681,894	0	0	681,894
	0	0	1,554,812	0	0	0	1,554,812
Committed:							
Committed for General Government	0	0	0	0	45,847	0	45,847
Committed for Finance	0	0	0	0	183,373	0	183,373
Unassigned	3,318,451	0	0	0	0	0	3,318,451
Total Fund Balances	3,558,652 \$	1,143,826 \$	1,554,812 \$	681,894 \$	256,424 \$	0 \$	7,929,404
Total Liabilities and Fund Balances	7,639,376 \$	1,928,826 \$	2,108,344 \$	1,152,023 \$	265,587 \$	0 \$	13,488,461

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, 2012

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)		\$ 7,929,404
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 836,116	
Add: infrastructure net of accumulated depreciation	4,184,513	
Add: buildings and improvements net of accumulated depreciation	4,763,116	
Add: other capital assets net of accumulated depreciation	<u>1,806,810</u>	11,590,555
(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	\$ (8,055,000)	
Less: compensated absences payable	(7,503)	
Less: accrued interest on bonds	(40,637)	
Less: other postemployment benefits liability	<u>(82,556)</u>	(8,185,696)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>722,512</u>
Net assets of governmental activities (Exhibit A)		<u><u>\$ 12,056,775</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, 2012

	Major Funds						Nonmajor Funds		Total Governmental Funds
	General	Local Purpose Tax	Highway / Public Works	General Debt Service	General Capital Projects	Other	Governmental Funds	Total Governmental Funds	
Revenues									
Local Taxes	\$ 4,016,199	\$ 2,215,872	\$ 151,830	\$ 560,056	\$ 419,482	\$ 59,853	\$ 7,423,292		
Licenses and Permits	36,581	0	0	0	0	0	36,581		
Fines, Forfeitures, and Penalties	87,831	0	0	0	0	2,472	90,303		
Charges for Current Services	948,764	0	0	0	0	339,610	1,288,374		
Other Local Revenues	95,375	0	26,960	0	42,984	100	165,419		
Fees Received from County Officials	416,128	0	0	0	0	0	416,128		
State of Tennessee	607,513	0	1,457,337	0	0	0	2,064,850		
Federal Government	85,928	0	0	0	0	0	85,928		
Other Governments and Citizens Groups	0	0	85,000	0	0	0	85,000		
Total Revenues	\$ 6,294,319	\$ 2,215,872	\$ 1,721,127	\$ 560,056	\$ 462,466	\$ 402,035	\$ 11,655,875		
Expenditures									
Current:									
General Government	\$ 961,901	\$ 0	\$ 0	\$ 0	\$ 0	\$ 202,734	\$ 1,164,635		
Finance	387,901	0	0	0	0	104,232	492,133		
Administration of Justice	553,651	0	0	0	0	452	554,103		
Public Safety	2,733,851	0	0	0	0	10,986	2,744,837		
Public Health and Welfare	1,149,206	0	0	0	0	0	1,149,206		
Social, Cultural, and Recreational Services	221,037	0	0	0	0	0	221,037		
Agriculture and Natural Resources	68,399	0	0	0	0	0	68,399		
Other Operations	342,852	0	0	0	0	23	342,875		
Highways	0	0	1,884,574	0	0	0	1,884,574		
Support Services	0	0	0	0	0	0	0		
Debt Service:									
Principal on Debt	0	0	0	850,000	0	0	850,000		
Interest on Debt	0	0	0	245,575	0	0	245,575		
Other Debt Service	0	0	0	11,946	0	0	11,946		
Capital Projects	0	1,561,990	0	0	1,841,895	0	3,403,885		
Total Expenditures	\$ 6,418,798	\$ 1,561,990	\$ 1,884,574	\$ 1,107,521	\$ 1,841,895	\$ 322,043	\$ 13,136,821		
Excess (Deficiency) of Revenues Over Expenditures	\$ (124,479)	\$ 653,882	\$ (163,447)	\$ (547,465)	\$ (1,379,429)	\$ 79,992	\$ (1,480,946)		

(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	
Other Financing Sources (Uses)								
Insurance Recovery	\$ 9,653	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,653
Transfers In	0	0	0	570,645	0	0	0	570,645
Transfers Out	0	(570,645)	0	0	0	0	0	(570,645)
Total Other Financing Sources (Uses)	\$ 9,653	\$ (570,645)	\$ 0	\$ 570,645	\$ 0	\$ 0	\$ 0	\$ 9,653
Net Change in Fund Balances	\$ (114,826)	\$ 83,237	\$ (163,447)	\$ 23,180	\$ (1,379,429)	\$ 79,992	\$ (1,471,293)	
Fund Balance, July 1, 2011	3,673,478	1,060,589	897,243	1,531,632	2,061,323	176,432	9,400,697	
Fund Balance, June 30, 2012	\$ 3,558,652	\$ 1,143,826	\$ 733,796	\$ 1,554,812	\$ 681,894	\$ 256,424	\$ 7,929,404	

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, 2012

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ (1,471,293)
<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	\$ 1,801,092	
Less: current-year depreciation expense	<u>(1,005,063)</u>	796,029
<p>(2) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2012	\$ 722,512	
Less: deferred delinquent property taxes and other deferred June 30, 2011	<u>(938,181)</u>	(215,669)
<p>(3) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:</p>		
Add: principal payments on bonds		850,000
<p>(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
Change in accrued interest payable on bonds	\$ 62,048	
Change in compensated absences payable	(1,352)	
Change in other postemployment benefits liability	<u>(16,337)</u>	<u>44,359</u>
Change in net assets of governmental activities (Exhibit B)		<u><u>\$ 3,426</u></u>

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

Exhibit D-1

DeKalb County, Tennessee
Statement of Net Assets
Proprietary Fund
June 30, 2012

Business-type
Activities
Major Fund
Solid Waste
Disposal Fund

ASSETS

Current Assets:	
Equity in Pooled Cash and Investments	\$ 2,746,644
Accounts Receivable	38,037
Due from Other Governments	74,084
Total Current Assets	<u>\$ 2,858,765</u>
Noncurrent Assets:	
Capital Assets	
Assets Not Depreciated:	
Land	\$ 428,950
Assets Net of Accumulated Depreciation:	
Landfill Facilities and Development	671,600
Other Capital Assets	338,718
Total Noncurrent Assets	<u>\$ 1,439,268</u>
Total Assets	<u>\$ 4,298,033</u>

LIABILITIES

Current Liabilities:	
Accrued Liability for Landfill Closure/Postclosure Care Costs	\$ 102,133
Total Current Liabilities	<u>\$ 102,133</u>
Noncurrent Liabilities:	
Accrued Liability for Landfill Closure/Postclosure Care Costs	\$ 6,024,409
Total Noncurrent Liabilities	<u>\$ 6,024,409</u>
Total Liabilities	<u>\$ 6,126,542</u>

NET ASSETS

Invested in Capital Assets	\$ 1,439,268
Unrestricted	<u>(3,267,777)</u>
Total Net Assets (Deficit)	<u>\$ (1,828,509)</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, 2012

	Business-type Activities
	<u>Major Fund</u>
	<u>Solid Waste</u>
	<u>Disposal Fund</u>
<u>Operating Revenues</u>	
Charges for Current Services	\$ 162,350
Other Local Revenues	15,881
Total Operating Revenues	<u>\$ 178,231</u>
<u>Operating Expenses</u>	
Waste Pickup	\$ 84,905
Convenience Centers	246,180
Landfill Operation and Maintenance	1,026,619
Depreciation	335,168
Other Waste Disposal	15,291
Total Operating Expenses	<u>\$ 1,708,163</u>
Operating Income (Loss)	<u>\$ (1,529,932)</u>
<u>Nonoperating Revenues (Expenses)</u>	
Local Taxes	\$ 677,811
Investment Income	292,124
Grants	6,683
State Revenues	448,027
Total Nonoperating Revenues (Expenses)	<u>\$ 1,424,645</u>
Insurance Recovery	<u>\$ 629</u>
Change in Net Assets	\$ (104,658)
Net Assets, July 1, 2011	843,014
Prior-period Adjustment	<u>(2,566,865)</u>
Net Assets (Deficit), June 30, 2012	<u>\$ (1,828,509)</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, 2012

	<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	\$ 177,207
Payments to Suppliers	(462,830)
Payments to Employees	(516,688)
Other Payments	(15,291)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (817,602)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Local Taxes	\$ 630,206
State Revenues	448,027
Grants Received	6,978
Insurance Recovery	629
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 1,085,840</u>
<u>Cash Flows from Investing Activities</u>	
Interest on Investments	<u>\$ 292,124</u>
Net Increase (Decrease) in Cash	\$ 560,362
Cash, July 1, 2011	<u>2,186,282</u>
Cash, June 30, 2012	<u><u>\$ 2,746,644</u></u>
<u>Reconciliation of Operating Loss to Net Cash Provided By (Used In)</u>	
<u>Operating Activities</u>	
Operating Income (Loss)	\$ (1,529,932)
Adjustment to Reconcile Net Operating Loss to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	335,168
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	(2,518)
(Increase) Decrease in Due from Other Funds	1,494
Increase (Decrease) in Landfill Closure/Postclosure Care Costs	<u>378,186</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ (817,602)</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, 2012

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,549,111
Due from Other Governments	161,338
Notes Receivable - Long-term	<u>98,982</u>
Total Assets	<u>\$ 1,809,431</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 161,338
Due to Litigants, Heirs, and Others	<u>1,648,093</u>
Total Liabilities	<u>\$ 1,809,431</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, 2012

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. 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. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2012.

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. This fund was closed during the year.

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.

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, 2012, DeKalb County had \$3,015,000 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, and shall remain binding unless removed in the same manner.

Assigned Fund Balance – includes amounts that are constrained by the county’s intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The County Commission, 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.

7. Prior-period Adjustment

A prior-period adjustment of \$2,566,865 was recognized in the primary government’s Statement of Activities. This prior-period adjustment resulted from an increase to the estimated liability for landfill closure/postclosure care costs. The long-term liabilities for the business-type activities of the primary government were understated at June 30, 2011.

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, 2012, DeKalb County and the DeKalb County School Department reported no significant encumbrances.

B. Unrestricted Net Assets Deficit

The Solid Waste Disposal Fund had a deficit in unrestricted net assets of \$3,267,777 at June 30, 2012. This deficit primarily resulted from the recognition of a liability of \$6,126,542 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 Overdraft

The discretely presented School Federal Projects Fund had a cash overdraft of \$96,023 at June 30, 2012. 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, 2012.

D. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the County Commission in the Other Charges major appropriation category (the legal level of control) of the General Fund by \$16,143 and the Capital Outlay major appropriation category (the legal level of control) of the Highway/Public Works Fund by \$613. Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balances.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

DeKalb County and the DeKalb County School Department participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, depositing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Cash reflected 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, 2012.

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 \$98,982 in the Constitutional Officers - Agency Fund represent

the total of these student loans outstanding at June 30, 2012. 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, 2012, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Capital Assets Not Depreciated:				
Land	\$ 820,116	\$ 16,000	\$ 0	\$ 836,116
Construction in Progress	1,886,992	0	(1,886,992)	0
Total Capital Assets Not Depreciated	<u>\$ 2,707,108</u>	<u>\$ 16,000</u>	<u>\$ (1,886,992)</u>	<u>\$ 836,116</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 4,169,094	\$ 3,110,715	\$ 0	\$ 7,279,809
Roads and Bridges	17,343,509	0	0	17,343,509
Other Capital Assets	3,054,661	561,369	0	3,616,030
Total Capital Assets Depreciated	<u>\$ 24,567,264</u>	<u>\$ 3,672,084</u>	<u>\$ 0</u>	<u>\$ 28,239,348</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 2,327,080	\$ 189,613	\$ 0	\$ 2,516,693
Roads and Bridges	12,559,371	599,625	0	13,158,996
Other Capital Assets	1,593,395	215,825	0	1,809,220
Total Accumulated Depreciation	<u>\$ 16,479,846</u>	<u>\$ 1,005,063</u>	<u>\$ 0</u>	<u>\$ 17,484,909</u>
Total Capital Assets Depreciated, Net	<u>\$ 8,087,418</u>	<u>\$ 2,667,021</u>	<u>\$ 0</u>	<u>\$ 10,754,439</u>
Governmental Activities Capital Assets, Net	<u>\$ 10,794,526</u>	<u>\$ 2,683,021</u>	<u>\$ (1,886,992)</u>	<u>\$ 11,590,555</u>

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

Governmental Activities:

General Government	\$	90,219
Public Safety		163,674
Public Health and Welfare		44,913
Social, Cultural, and Recreational Services		18,178
Highways/Public Works		<u>688,079</u>
 Total Depreciation Expense - Governmental Activities	 <u>\$</u>	 <u>1,005,063</u>

Business-type Activities:

	Balance 7-1-11	Increases	Balance 6-30-12
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	2,683,638	0	2,683,638
Total Capital Assets Depreciated	<u>\$ 3,694,688</u>	<u>\$ 0</u>	<u>\$ 3,694,688</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 29,250	\$ 750	\$ 30,000
Machinery and Equipment	576,555	65,777	642,332
Landfill Facilities and Development	1,743,397	268,641	2,012,038
Total Accumulated Depreciation	<u>\$ 2,349,202</u>	<u>\$ 335,168</u>	<u>\$ 2,684,370</u>
Total Capital Assets Depreciated, Net	<u>\$ 1,345,486</u>	<u>\$ (335,168)</u>	<u>\$ 1,010,318</u>
Business-type Activities Capital Assets, Net	<u>\$ 1,774,436</u>	<u>\$ (335,168)</u>	<u>\$ 1,439,268</u>

There were no deductions in capital assets to report during the year ended June 30, 2012.

Depreciation expense of \$335,168 was recorded by the Solid Waste Disposal Fund.

Discretely Presented DeKalb County School Department

Governmental Activities:

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Capital Assets Not Depreciated:				
Land	\$ 736,256	\$ 0	\$ 0	\$ 736,256
Total Capital Assets Not Depreciated	<u>\$ 736,256</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 736,256</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 14,599,792	\$ 0	\$ 0	\$ 14,599,792
Other Capital Assets	3,049,234	375,445	(276,506)	3,148,173
Total Capital Assets Depreciated	<u>\$ 17,649,026</u>	<u>\$ 375,445</u>	<u>\$ (276,506)</u>	<u>\$ 17,747,965</u>
Less Accumulated Depreciated For:				
Buildings and Improvements	\$ 6,444,357	\$ 324,346	\$ 0	\$ 6,768,703
Other Capital Assets	1,399,621	195,241	(173,511)	1,421,351
Total Accumulated Depreciation	<u>\$ 7,843,978</u>	<u>\$ 519,587</u>	<u>\$ (173,511)</u>	<u>\$ 8,190,054</u>
Total Capital Assets Depreciated, Net	<u>\$ 9,805,048</u>	<u>\$ (144,142)</u>	<u>\$ (102,995)</u>	<u>\$ 9,557,911</u>
Governmental Activities Capital Assets, Net	<u>\$ 10,541,304</u>	<u>\$ (144,142)</u>	<u>\$ (102,995)</u>	<u>\$ 10,294,167</u>

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

Governmental Activities:

Instruction	\$ 317,665
Support Services	<u>201,922</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 519,587</u></u>

D. Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2012, was as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 9,163
"	Solid Waste Disposal	1,175
Discretely Presented DeKalb County School Department:		
General Purpose School	Nonmajor governmental	4,520

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.

The receivable in the General Fund of \$1,175 was in transit from the Solid Waste Disposal Fund at June 30, 2012. The receivable in the Discretely Presented General Purpose School Fund of \$4,520 was in transit from the Central Cafeteria Fund at June 30, 2012.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2012, consisted of the following amounts:

Primary Government

	<u>Transfer In</u>
	General
	Debt
	Service
<u>Transfer Out</u>	<u>Fund</u>
Local Purpose Tax Fund	\$ 570,645

Discretely Presented DeKalb County School Department

Transfers Out	<u>Transfers In</u> General Purpose School Fund
School Federal Projects Fund	\$ 3,330
Education Capital Projects Fund	<u>3,945</u>
Total	<u>\$ 7,275</u>

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

E. 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, 2012, will be retired from the General Debt Service Fund.

General obligation bonds outstanding as of June 30, 2012, are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-12
General Obligation Bonds	2 to 3.5 %	6-1-25	\$ 5,000,000	\$ 4,445,000
General Obligation Bonds - Refunding	.1 to 5.5	3-1-19	7,930,000	3,610,000

The annual requirements to amortize all general obligation bonds as of June 30, 2012, including interest payments, are presented in the following table:

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2018-2022	2,640,000	372,107	3,012,107
2023-2025	1,210,000	84,432	1,294,432
Total	<u>\$ 8,055,000</u>	<u>\$ 1,218,764</u>	<u>\$ 9,273,764</u>

There is \$1,554,812 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$430, based on the 2010 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2012, was as follows:

Governmental Activities:

	Other	
	Bonds	Postemployment Benefits
Balance, July 1, 2011	\$ 8,905,000	\$ 66,219
Additions	0	18,837
Deductions	(850,000)	(2,500)
Balance, June 30, 2012	<u>\$ 8,055,000</u>	<u>\$ 82,556</u>
Balance Due Within One Year	<u>\$ 885,000</u>	<u>\$ 0</u>

	<u>Compensated Absences</u>
Balance, July 1, 2011	\$ 6,151
Additions	11,221
Deductions	<u>(9,869)</u>
Balance, June 30, 2012	<u>\$ 7,503</u>
Balance Due Within One Year	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2012	\$ 8,145,059
Less: Balance Due Within One Year	<u>(885,000)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 7,260,059</u>

Other postemployment benefits will be paid from the General and Highway/Public Works funds, and compensated absences 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, 2012, was as follows:

Business-type Activities:

	<u>Closure/ Postclosure Care Costs</u>
Balance, July 1, 2011	\$ 3,181,491
Additions	3,019,249
Deductions	<u>(74,198)</u>
Balance, June 30, 2012	<u>\$ 6,126,542</u>
Balance Due Within One Year	<u>\$ 102,133</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2012	\$ 6,126,542
Less: Balance Due Within One Year	<u>(102,133)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u><u>\$ 6,024,409</u></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, 2012, was as follows:

<u>Type</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Original Amount of Issue</u>	<u>Balance 6-30-12</u>
Loan	0%	3-15-16	\$ 414,198	\$ 236,685

The annual requirements to amortize the loan as of June 30, 2012, are presented in the following table:

<u>Year Ending June 30</u>	<u>Other Loan Principal</u>
2013	\$ 59,171
2014	59,171
2015	59,171
2016	<u>59,172</u>
Total	<u><u>\$ 236,685</u></u>

Debt per capita, totaled \$13, 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, 2012, was as follows:

Governmental Activities:	Other Loan	Other Postemployment Benefits
Balance, July 1, 2011	\$ 295,856	\$ 316,567
Additions	0	271,221
Deductions	(59,171)	(128,785)
Balance, June 30, 2012	<u>\$ 236,685</u>	<u>\$ 459,003</u>
Balance Due Within One Year	<u>\$ 5,171</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2012	\$ 695,688
Less: Balance Due Within One Year	<u>(59,171)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 636,517</u>

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

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the DeKalb County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2012, were \$74,197 and \$23,223, 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. Subsequent Events

On August 31, 2012, Timothy Banks left the Office of Assessor of Property and was succeeded by Scott Cantrell.

On September 21, 2012, the county issued bonds totaling \$3,400,000 for the discretely presented DeKalb County School Department for roofing and renovation projects.

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 \$6,126,542 reported as postclosure care liability at June 30, 2012, represents \$707,592 for the Midway landfill and \$477,797 for the Felts Tract based on what it would cost to perform all postclosure care in 2012. 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, 2012, also represents the cumulative amount reported to date based on the use of 100 percent of the estimated capacity of the extension landfill (\$1,186,196) and 80 percent estimated capacity of the lateral expansion (\$3,754,957). The county will recognize the remaining estimated costs of the closure and postclosure care of \$938,739 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 2012. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

E. Retirement Commitments

Information for this footnote for the year ended June 20, 2012, was not available from the state Treasurer's Office in time for inclusion in this report; therefore, the information presented below is for the fiscal year ended June 30, 2011.

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. Prior to reaching the age of 65, all members 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, 2012, the county and the discretely presented School Department contributed \$2,500 and \$128,786, respectively, for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Government Group Plan	Local Education Group Plan
ARC	\$ 19,000	\$ 272,000
Interest on the NPO	2,649	12,663
Adjustment to the ARC	(2,812)	(13,441)
Annual OPEB cost	\$ 18,837	\$ 271,222
Amount of contribution	(2,500)	(128,786)
Increase/decrease in NPO	\$ 16,337	\$ 142,436
Net OPEB obligation, 7-1-11	66,219	316,567
Net OPEB obligation, 6-30-12	<u>\$ 82,556</u>	<u>\$ 459,003</u>

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-10	Local Government Group	\$ 32,025	14 %	\$ 38,256
6-30-11	"	33,091	15	66,219
6-30-12	"	18,837	13	82,556
6-30-10	Local Education Group	188,525	74	270,118
6-30-11	"	196,642	76	316,567
6-30-12	"	271,222	47	459,003

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2011, was as follows:

	Local Government Group Plan	Local Education Group Plan
Actuarial valuation date	7-1-11	7-1-11
Actuarial accrued liability (AAL)	\$ 108,000	\$ 2,465,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 108,000	\$ 2,465,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 2,931,583	\$ 13,490,805
UAAL as a % of covered payroll	3.68%	18.27%

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

Actuarial Methods and Assumptions

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

In the July 1, 2011, actuarial valuation, the projected unit credit actuarial cost method was used, and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses). The annual healthcare cost trend rate for the Local Government Plan and the Local Education Plan was 9.25 percent for fiscal year 2012. The trend rate will decrease to 8.75 percent in fiscal year 2013 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. Both rates include a 2.5 percent inflation assumption. The unfunded actuarial accrued

liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with June 30, 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	2012 Depreciation
Buildings and Improvements	S/L	10 - 40	\$ 1,869
Furniture and Fixtures	S/L	5 - 10	1,033
Office Equipment	S/L	5 - 10	496
Communications Equipment	S/L	5 - 10	14,853
Vehicles	S/L	5	<u>1,100</u>
Total			<u>\$ 19,351</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, 2012:

Checking - First Bank	\$ 203,576
CD - DeKalb Community Bank	29,640
CD - First Bank	101,291
CD - Liberty State Bank	<u>244,288</u>
 Total Deposits	 <u>\$ 578,795</u>

At June 30, 2012, the carrying amount of the DeKalb County Emergency Communications District's cash deposits was \$598,795. 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, which covered employees of the district at June 30, 2012. 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, 2012:

Assets	Balance 7-1-11	Additions	Retirements	Balance 6-30-12
Communication Equipment	\$ 272,417	\$ 55,669	\$ 110,631	\$ 217,455
Furniture and Fixtures	17,214	0	5,680	11,534
Buildings and Improvements	58,006	2,383	28,745	31,644
Vehicles	9,018	0	0	9,018
Office Equipment	19,220	0	11,029	8,191
 Total	 <u>\$ 375,875</u>	 <u>\$ 58,052</u>	 <u>\$ 156,085</u>	 <u>\$ 277,842</u>

Assets	Accumulated Depreciation 7-1-11	Current-year Depreciation	Current-year Retirements	Accumulated Depreciation 6-30-12
Communication				
Equipment	\$ 229,313	\$ 14,853	\$ (110,630)	\$ 133,536
Furniture and Fixtures	13,599	1,033	(5,681)	8,951
Buildings and Improvements	27,519	1,868	(11,857)	17,530
Vehicles	6,451	1,100	0	7,551
Office Equipment	17,518	496	(11,029)	6,985
Total	<u>\$ 294,400</u>	<u>\$ 19,350</u>	<u>\$ (139,197)</u>	<u>\$ 174,553</u>

E. Cash and Cash Equivalents

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

F. Accounts Receivable/Due from State

The amounts due to the district from the wireless charges and other government agencies include the following:

Ben Lomand	\$ 530
State of Tennessee ECB	<u>9,500</u>
Total	<u>\$ 10,030</u>

G. Compensated Absences

There were no compensated absences for June 30, 2012.

H. Prior-period Adjustment

A prior-period adjustment totaling \$28,744 was made to Buildings and Improvements, which was overstated in the prior year. Also, a prior-period adjustment totaling \$11,857 was made to Accumulated Depreciation – Buildings and Improvements, which was also overstated in the prior year. The net adjustment to Net Assets was a decrease totaling \$16,887.

I. Calculation of Invested in Capital Assets

Net Book Value	\$ 103,289
Current and Non-current Debt	<u>0</u>
Invested in Capital Assets	<u><u>\$ 103,289</u></u>

J. 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.

K. 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

As of September 6, 2012, funding policy information for the year ending June 30, 2012, was not available from the State of Tennessee TCRS. Therefore, all amounts were from the June 30, 2011, TCRS report.

The DeKalb County Emergency Communications District requires employees to contribute five percent of earnable compensation. The district is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 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

As of September 6, 2012, funding policy information for the year ending June 30, 2012, was not available from the State of Tennessee TCRS. Therefore, all amounts were from the June 30, 2011, TCRS report.

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 and Budget
 General Fund
 For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 4,016,199	\$ 3,733,892	\$ 3,733,892	\$ 282,307
Licenses and Permits	36,581	4,100	4,100	32,481
Fines, Forfeitures, and Penalties	87,831	100,154	100,680	(12,849)
Charges for Current Services	948,764	1,014,938	1,015,305	(66,541)
Other Local Revenues	95,375	82,225	105,419	(10,044)
Fees Received from County Officials	416,128	755,095	755,095	(338,967)
State of Tennessee	607,513	434,700	441,638	165,875
Federal Government	85,928	38,000	76,288	9,640
Total Revenues	\$ 6,294,319	\$ 6,163,104	\$ 6,232,417	\$ 61,902
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 99,462	\$ 83,421	\$ 104,049	\$ 4,587
Board of Equalization	3,723	4,255	4,255	532
Beer Board	3,877	4,000	4,000	123
County Mayor/Executive	143,803	161,036	155,408	11,605
County Attorney	18,464	25,855	25,855	7,391
Election Commission	141,193	151,549	153,487	12,294
Register of Deeds	25,096	141,112	141,112	116,016
Planning	11,886	15,564	15,564	3,678
County Buildings	274,812	266,472	384,772	109,960
Other General Administration	239,585	256,206	261,206	21,621
<u>Finance</u>				
Property Assessor's Office	180,516	181,530	181,530	1,014
County Trustee's Office	41,511	157,003	156,053	114,542
County Clerk's Office	165,874	167,187	168,187	2,313
<u>Administration of Justice</u>				
Circuit Court	176,223	182,981	183,507	7,284
General Sessions Court	112,344	113,357	113,357	1,013
Drug Court	81,928	87,748	87,748	5,820
Chancery Court	107,945	108,699	108,699	754
Juvenile Court	46,602	45,068	49,220	2,618
Judicial Commissioners	28,609	31,386	32,886	4,277
<u>Public Safety</u>				
Sheriff's Department	1,208,278	1,166,091	1,243,383	35,105
Special Patrols	49,363	48,664	50,288	925
Traffic Control	18,066	13,834	18,440	374
Correctional Incentive Program Improvements	1,104,823	1,057,160	1,143,275	38,452
Fire Prevention and Control	170,411	133,850	180,846	10,435
Civil Defense	2,416	3,000	3,000	584
Other Emergency Management	117,604	119,695	119,695	2,091
County Coroner/Medical Examiner	51,390	40,500	53,200	1,810
Other Public Safety	11,500	11,500	11,500	0

(Continued)

Exhibit F-1

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Health and Welfare</u>				
Local Health Center	\$ 43,391	\$ 55,870	\$ 55,870	\$ 12,479
Rabies and Animal Control	2,920	13,000	11,548	8,628
Ambulance/Emergency Medical Services	1,095,715	1,223,450	1,223,817	128,102
Regional Mental Health Center	7,180	7,180	7,180	0
General Welfare Assistance	0	2,750	750	750
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	22,193	26,326	26,326	4,133
Libraries	144,162	327,355	146,102	1,940
Other Social, Cultural, and Recreational	54,682	0	188,370	133,688
<u>Agriculture and Natural Resources</u>				
Agriculture Extension Service	39,499	58,582	58,582	19,083
Soil Conservation	28,900	29,281	29,581	681
<u>Other Operations</u>				
Industrial Development	73	12,545	5,393	5,320
Other Economic and Community Development	20,284	27,000	37,000	16,716
Veterans' Services	6,549	6,643	6,643	94
Other Charges	100,766	84,623	84,623	(16,143)
Contributions to Other Agencies	28,245	40,703	30,945	2,700
Employee Benefits	8,373	13,000	12,700	4,327
Miscellaneous	178,562	187,824	187,824	9,262
Total Expenditures	\$ 6,418,798	\$ 6,894,855	\$ 7,267,776	\$ 848,978
Excess (Deficiency) of Revenues				
Over Expenditures	\$ (124,479)	\$ (731,751)	\$ (1,035,359)	\$ 910,880
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 9,653	\$ 0	\$ 19,728	\$ (10,075)
Transfers In	0	183,053	183,053	(183,053)
Total Other Financing Sources (Uses)	\$ 9,653	\$ 183,053	\$ 202,781	\$ (193,128)
Net Change in Fund Balance				
Fund Balance, July 1, 2011	\$ 3,673,478	\$ 2,873,097	\$ 3,673,478	0
Fund Balance, June 30, 2012	\$ 3,558,652	\$ 2,324,399	\$ 2,840,900	\$ 717,752

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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,215,872	\$ 2,200,000	\$ 2,200,000	\$ 15,872
Total Revenues	<u>\$ 2,215,872</u>	<u>\$ 2,200,000</u>	<u>\$ 2,200,000</u>	<u>\$ 15,872</u>
<u>Expenditures</u>				
<u>Capital Projects</u>				
Other General Government Projects	\$ 1,561,990	\$ 2,134,845	\$ 1,564,200	\$ 2,210
Total Expenditures	<u>\$ 1,561,990</u>	<u>\$ 2,134,845</u>	<u>\$ 1,564,200</u>	<u>\$ 2,210</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 653,882</u>	<u>\$ 65,155</u>	<u>\$ 635,800</u>	<u>\$ 18,082</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (570,645)	\$ 0	\$ (570,645)	\$ 0
Total Other Financing Sources (Uses)	<u>\$ (570,645)</u>	<u>\$ 0</u>	<u>\$ (570,645)</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 83,237	\$ 65,155	\$ 65,155	\$ 18,082
Fund Balance, July 1, 2011	<u>1,060,589</u>	<u>721,245</u>	<u>1,060,589</u>	<u>0</u>
Fund Balance, June 30, 2012	<u><u>\$ 1,143,826</u></u>	<u><u>\$ 786,400</u></u>	<u><u>\$ 1,125,744</u></u>	<u><u>\$ 18,082</u></u>

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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 151,830	\$ 157,524	\$ 157,524	\$ (5,694)
Other Local Revenues	26,960	0	0	26,960
State of Tennessee	1,457,337	1,917,701	1,917,701	(460,364)
Other Governments and Citizens Groups	85,000	0	0	85,000
Total Revenues	<u>\$ 1,721,127</u>	<u>\$ 2,075,225</u>	<u>\$ 2,075,225</u>	<u>\$ (354,098)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 138,030	\$ 165,482	\$ 165,482	\$ 27,452
Highway and Bridge Maintenance	707,819	739,523	739,523	31,704
Operation and Maintenance of Equipment	320,255	351,221	351,221	30,966
Quarry Operations	144,737	225,937	225,937	81,200
Other Charges	84,398	100,500	100,500	16,102
Employee Benefits	188,722	238,000	238,000	49,278
Capital Outlay	300,613	300,000	300,000	(613)
Total Expenditures	<u>\$ 1,884,574</u>	<u>\$ 2,120,663</u>	<u>\$ 2,120,663</u>	<u>\$ 236,089</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (163,447)</u>	<u>\$ (45,438)</u>	<u>\$ (45,438)</u>	<u>\$ (118,009)</u>
Net Change in Fund Balance	\$ (163,447)	\$ (45,438)	\$ (45,438)	\$ (118,009)
Fund Balance, July 1, 2011	897,243	720,875	720,875	176,368
Fund Balance, June 30, 2012	<u>\$ 733,796</u>	<u>\$ 675,437</u>	<u>\$ 675,437</u>	<u>\$ 58,359</u>

Exhibit F-4

DeKalb County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented DeKalb County School Department
June 30, 2012

(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	30.00

* - Information for July 1, 2011, was not available from the state Treasurer's Office in time for inclusion in this report; therefore, only two years are presented.

Exhibit F-5

DeKalb County, Tennessee
Schedule of Funding Progress – Pension Plan
Discretely Presented DeKalb County Emergency Communications District
June 30, 2012

(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 frozen entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the frozen 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, 2012

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial			Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a Percentage of Covered Payroll ((b-a)/c)
			Accrued Liability (AAL) (b)	Unfunded AAL (UAAAL) (b)-(a)	Funded Ratio (a/b)			
Local Government Group	7-1-09	\$ 0	\$ 272	\$ 272	0 %	\$ 1,421	19 %	
"	7-1-10	0	285	285	0	1,532	19	
"	7-1-11	0	108	108	0	2,932	4	
Local Education Group	7-1-09	0	1,677	1,677	0	8,508	20	
"	7-1-10	0	1,741	1,741	0	9,674	18	
"	7-1-11	0	2,465	2,465	0	13,491	18	

DEKALB COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2012

A. BUDGETARY INFORMATION

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

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

The county's budgetary basis of accounting is consistent with generally accepted accounting principles (GAAP), except instances in which encumbrances are treated as budgeted expenditures. The difference between the budgetary basis and the GAAP basis is presented on the face of each budgetary schedule.

B. EXPENDITURES EXCEEDED APPROPRIATIONS

Expenditures exceeded appropriations approved by the County Commission in the Other Charges major appropriation category (the legal level of control) of the General Fund by \$16,143 and the Capital Outlay major appropriation category (the legal level of control) of the Highway/Public Works Fund by \$613. Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balances.

**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 other than debt service or capital projects.

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

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, 2012

	<u>Special Revenue Funds</u>			Total Nonmajor Governmental Funds
	<u>Courthouse and Jail Maintenance</u>	<u>Drug Control</u>	<u>Constitu - tional Officers - Fees</u>	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 189,782	\$ 189,782
Equity in Pooled Cash and Investments	45,266	27,204	0	72,470
Accounts Receivable	0	0	3,335	3,335
Total Assets	\$ 45,266	\$ 27,204	\$ 193,117	\$ 265,587
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Due to Other Funds	\$ 0	\$ 0	\$ 9,163	\$ 9,163
Total Liabilities	\$ 0	\$ 0	\$ 9,163	\$ 9,163
<u>Fund Balances</u>				
Restricted:				
Restricted for Public Safety	\$ 0	\$ 27,204	\$ 0	\$ 27,204
Committed:				
Committed for General Government	45,266	0	581	45,847
Committed for Finance	0	0	183,373	183,373
Total Fund Balances	\$ 45,266	\$ 27,204	\$ 183,954	\$ 256,424
Total Liabilities and Fund Balances	\$ 45,266	\$ 27,204	\$ 193,117	\$ 265,587

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, 2012

	<u>Special Revenue Funds</u>			Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Drug Control	Constitu - tional Officers - Fees	
<u>Revenues</u>				
Local Taxes	\$ 59,853	\$ 0	\$ 0	\$ 59,853
Fines, Forfeitures, and Penalties	0	2,472	0	2,472
Charges for Current Services	0	0	339,610	339,610
Other Local Revenues	0	100	0	100
Total Revenues	<u>\$ 59,853</u>	<u>\$ 2,572</u>	<u>\$ 339,610</u>	<u>\$ 402,035</u>
<u>Expenditures</u>				
Current:				
General Government	\$ 97,988	\$ 0	\$ 104,746	\$ 202,734
Finance	0	0	104,232	104,232
Administration of Justice	0	0	452	452
Public Safety	0	10,986	0	10,986
Other Operations	0	23	0	23
Support Services	0	3,616	0	3,616
Total Expenditures	<u>\$ 97,988</u>	<u>\$ 14,625</u>	<u>\$ 209,430</u>	<u>\$ 322,043</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (38,135)</u>	<u>\$ (12,053)</u>	<u>\$ 130,180</u>	<u>\$ 79,992</u>
Net Change in Fund Balances	\$ (38,135)	\$ (12,053)	\$ 130,180	\$ 79,992
Fund Balance, July 1, 2011	<u>83,401</u>	<u>39,257</u>	<u>53,774</u>	<u>176,432</u>
Fund Balance, June 30, 2012	<u>\$ 45,266</u>	<u>\$ 27,204</u>	<u>\$ 183,954</u>	<u>\$ 256,424</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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 59,853	\$ 48,600	\$ 48,600	\$ 11,253
Total Revenues	\$ 59,853	\$ 48,600	\$ 48,600	\$ 11,253
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 97,988	\$ 64,255	\$ 101,875	\$ 3,887
Total Expenditures	\$ 97,988	\$ 64,255	\$ 101,875	\$ 3,887
Excess (Deficiency) of Revenues Over Expenditures	\$ (38,135)	\$ (15,655)	\$ (53,275)	\$ 15,140
Net Change in Fund Balance	\$ (38,135)	\$ (15,655)	\$ (53,275)	\$ 15,140
Fund Balance, July 1, 2011	83,401	90,905	90,905	(7,504)
Fund Balance, June 30, 2012	\$ 45,266	\$ 75,250	\$ 37,630	\$ 7,636

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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 2,472	\$ 31,355	\$ 32,051	\$ (29,579)
Other Local Revenues	100	3,555	3,655	(3,555)
Total Revenues	<u>\$ 2,572</u>	<u>\$ 34,910</u>	<u>\$ 35,706</u>	<u>\$ (33,134)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Sheriff's Department	\$ 6,986	\$ 11,134	\$ 11,830	\$ 4,844
Drug Enforcement	4,000	16,000	16,000	12,000
<u>Other Operations</u>				
Other Charges	23	401	401	378
<u>Support Services</u>				
Other Student Support	3,616	6,000	6,100	2,484
Total Expenditures	<u>\$ 14,625</u>	<u>\$ 33,535</u>	<u>\$ 34,331</u>	<u>\$ 19,706</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (12,053)</u>	<u>\$ 1,375</u>	<u>\$ 1,375</u>	<u>\$ (13,428)</u>
Net Change in Fund Balance	\$ (12,053)	\$ 1,375	\$ 1,375	\$ (13,428)
Fund Balance, July 1, 2011	<u>39,257</u>	<u>36,081</u>	<u>36,081</u>	<u>3,176</u>
Fund Balance, June 30, 2012	<u>\$ 27,204</u>	<u>\$ 37,456</u>	<u>\$ 37,456</u>	<u>\$ (10,252)</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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 560,056	\$ 530,096	\$ 530,096	\$ 29,960
Total Revenues	\$ 560,056	\$ 530,096	\$ 530,096	\$ 29,960
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 367,950	\$ 367,950	\$ 367,950	\$ 0
Education	482,050	482,050	482,050	0
<u>Interest on Debt</u>				
General Government	152,079	125,650	152,079	0
Education	93,496	87,595	93,496	0
<u>Other Debt Service</u>				
General Government	11,946	39,015	24,015	12,069
Education	0	1,000	1,000	1,000
Total Expenditures	\$ 1,107,521	\$ 1,103,260	\$ 1,120,590	\$ 13,069
Excess (Deficiency) of Revenues Over Expenditures	\$ (547,465)	\$ (573,164)	\$ (590,494)	\$ 43,029
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 570,645	\$ 570,645	\$ 570,645	\$ 0
Total Other Financing Sources (Uses)	\$ 570,645	\$ 570,645	\$ 570,645	\$ 0
Net Change in Fund Balance	\$ 23,180	\$ (2,519)	\$ (19,849)	\$ 43,029
Fund Balance, July 1, 2011	1,531,632	1,506,611	1,531,632	0
Fund Balance, June 30, 2012	\$ 1,554,812	\$ 1,504,092	\$ 1,511,783	\$ 43,029

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, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 419,482 \$	0 \$	419,482 \$	397,572 \$	397,572 \$	21,910
Other Local Revenues	42,984	0	42,984	0	41,614	1,370
Total Revenues	\$ 462,466 \$	0 \$	462,466 \$	397,572 \$	439,186 \$	23,280
<u>Expenditures</u>						
<u>Capital Projects</u>						
General Administration Projects	\$ 1,264,566 \$	(775,382) \$	489,184 \$	1,304,369 \$	1,350,358 \$	861,174
Public Safety Projects	559,329	(74,999)	484,330	405,000	513,950	29,620
Public Health and Welfare Projects	18,000	0	18,000	163,000	49,675	31,675
Total Expenditures	\$ 1,841,895 \$	(850,381) \$	991,514 \$	1,872,369 \$	1,913,983 \$	922,469
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,379,429) \$	850,381 \$	(529,048) \$	(1,474,797) \$	(1,474,797) \$	945,749
Net Change in Fund Balance Fund Balance, July 1, 2011	\$ (1,379,429) \$	850,381 \$	(529,048) \$	(1,474,797) \$	(1,474,797) \$	945,749
	2,061,323	(850,381)	1,210,942	2,219,421	2,061,323	(850,381)
Fund Balance, June 30, 2012	\$ 681,894 \$	0 \$	681,894 \$	744,624 \$	586,526 \$	95,368

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, 2012

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,549,111	\$ 1,549,111
Due from Other Governments	161,338	0	161,338
Notes Receivable - Long-term	0	98,982	98,982
Total Assets	<u>\$ 161,338</u>	<u>\$ 1,648,093</u>	<u>\$ 1,809,431</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 161,338	\$ 0	\$ 161,338
Due to Litigants, Heirs, and Others	0	1,648,093	1,648,093
Total Liabilities	<u>\$ 161,338</u>	<u>\$ 1,648,093</u>	<u>\$ 1,809,431</u>

Exhibit I-2

DeKalb County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2012

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 939,773	\$ 939,773	\$ 0
Due from Other Governments	163,919	161,338	163,919	161,338
Total Assets	\$ 163,919	\$ 1,101,111	\$ 1,103,692	\$ 161,338
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 163,919	\$ 1,101,111	\$ 1,103,692	\$ 161,338
Total Liabilities	\$ 163,919	\$ 1,101,111	\$ 1,103,692	\$ 161,338
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,567,111	\$ 10,481,299	\$ 10,499,299	\$ 1,549,111
Notes Receivable - Long-term	95,183	20,000	16,201	98,982
Total Assets	\$ 1,662,294	\$ 10,501,299	\$ 10,515,500	\$ 1,648,093
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,662,294	\$ 10,501,299	\$ 10,515,500	\$ 1,648,093
Total Liabilities	\$ 1,662,294	\$ 10,501,299	\$ 10,515,500	\$ 1,648,093
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,567,111	\$ 10,481,299	\$ 10,499,299	\$ 1,549,111
Equity in Pooled Cash and Investments	0	939,773	939,773	0
Due from Other Governments	163,919	161,338	163,919	161,338
Notes Receivable - Long-term	95,183	20,000	16,201	98,982
Total Assets	\$ 1,826,213	\$ 11,602,410	\$ 11,619,192	\$ 1,809,431
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 163,919	\$ 1,101,111	\$ 1,103,692	\$ 161,338
Due to Litigants, Heirs, and Others	1,662,294	10,501,299	10,515,500	1,648,093
Total Liabilities	\$ 1,826,213	\$ 11,602,410	\$ 11,619,192	\$ 1,809,431

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. This fund was closed during the year ended June 30, 2012.

Exhibit J-1

DeKalb County, Tennessee
Statement of Activities
Discretely Presented DeKalb County School Department
For the Year Ended June 30, 2012

Functions/Programs	Program Revenues		Expenses	Net (Expense) Revenue and Changes in Net Assets	
	Charges for Services	Operating Grants and Contributions		Total	Governmental Activities
Governmental Activities:					
Instruction	\$ 13,705,885	\$ 0	\$ 2,644,191	\$ (11,061,694)	
Support Services	7,180,729	27,475	205,676	(6,947,578)	
Operation of Non-Instructional Services	2,118,705	359,695	1,196,183	(562,827)	
Total Governmental Activities	\$ 23,005,319	\$ 387,170	\$ 4,046,050	\$ (18,572,099)	
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes				\$ 2,547,768	
Other Local Taxes				1,044	
Grants and Contributions Not Restricted to Specific Programs				16,172,661	
Unrestricted Investment Earnings				5,652	
Miscellaneous				79,561	
Total General Revenues				\$ 18,806,686	
Change in Net Assets				\$ 234,587	
Net Assets, July 1, 2011				14,725,822	
Net Assets, June 30, 2012				\$ 14,960,409	

Exhibit J-2

DeKalb County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented DeKalb County School Department
June 30, 2012

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>School</u>	<u>Fund</u>	
	<u>Purpose</u>	<u>Federal</u>	<u>Central</u>	<u>Governmental</u>
	<u>School</u>	<u>Projects</u>	<u>Cafeteria</u>	<u>Funds</u>
<u>ASSETS</u>				
Equity in Pooled Cash and Investments	\$ 4,596,159	\$ 0	\$ 412,411	\$ 5,008,570
Accounts Receivable	0	82	0	82
Due from Other Governments	48,582	125,625	203,602	377,809
Due from Other Funds	4,520	0	0	4,520
Property Taxes Receivable	2,625,512	0	0	2,625,512
Allowance for Uncollectible Property Taxes	(84,344)	0	0	(84,344)
Total Assets	<u>\$ 7,190,429</u>	<u>\$ 125,707</u>	<u>\$ 616,013</u>	<u>\$ 7,932,149</u>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Cash Overdraft	\$ 0	\$ 96,023	\$ 0	\$ 96,023
Deferred Revenue - Current Property Taxes	2,474,196	0	0	2,474,196
Deferred Revenue - Delinquent Property Taxes	62,822	0	0	62,822
Total Liabilities	<u>\$ 2,537,018</u>	<u>\$ 96,023</u>	<u>\$ 0</u>	<u>\$ 2,633,041</u>
<u>Fund Balances</u>				
Restricted:				
Restricted for Education	\$ 22,628	\$ 29,684	\$ 616,013	\$ 668,325
Committed:				
Committed for Education	3,734,846	0	0	3,734,846
Assigned:				
Assigned for Education	8,369	0	0	8,369
Unassigned	887,568	0	0	887,568
Total Fund Balances	<u>\$ 4,653,411</u>	<u>\$ 29,684</u>	<u>\$ 616,013</u>	<u>\$ 5,299,108</u>
Total Liabilities and Fund Balances	<u>\$ 7,190,429</u>	<u>\$ 125,707</u>	<u>\$ 616,013</u>	<u>\$ 7,932,149</u>

Exhibit J-3

DeKalb County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
Discretely Presented DeKalb County School Department
June 30, 2012

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)		\$	5,299,108
(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		7,831,089	
Add: other capital assets net of accumulated depreciation		<u>1,726,822</u>	10,294,167
(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	\$	(236,685)	
Less: other postemployment benefits liability		<u>(459,003)</u>	(695,688)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>62,822</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>14,960,409</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, 2012

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General Purpose School	School Federal Projects	Other Govern- mental Funds	
<u>Revenues</u>				
Local Taxes	\$ 2,558,146	\$ 0	\$ 0	\$ 2,558,146
Licenses and Permits	963	0	0	963
Charges for Current Services	27,475	0	359,695	387,170
Other Local Revenues	85,919	0	8,304	94,223
State of Tennessee	14,145,641	0	0	14,145,641
Federal Government	278,041	3,081,182	1,172,588	4,531,811
Other Governments and Citizens Groups	1,540,000	0	0	1,540,000
Total Revenues	<u>\$ 18,636,185</u>	<u>\$ 3,081,182</u>	<u>\$ 1,540,587</u>	<u>\$ 23,257,954</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 10,442,677	\$ 2,381,105	\$ 0	\$ 12,823,782
Support Services	6,642,318	725,945	0	7,368,263
Operation of Non-Instructional Services	619,938	0	1,498,767	2,118,705
Capital Outlay	398,340	0	0	398,340
Debt Service:				
Principal on Debt	59,171	0	0	59,171
Total Expenditures	<u>\$ 18,162,444</u>	<u>\$ 3,107,050</u>	<u>\$ 1,498,767</u>	<u>\$ 22,768,261</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 473,741</u>	<u>\$ (25,868)</u>	<u>\$ 41,820</u>	<u>\$ 489,693</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 84,630	\$ 0	\$ 0	\$ 84,630
Transfers In	7,275	0	0	7,275
Transfers Out	0	(3,330)	(3,945)	(7,275)
Total Other Financing Sources (Uses)	<u>\$ 91,905</u>	<u>\$ (3,330)</u>	<u>\$ (3,945)</u>	<u>\$ 84,630</u>
Net Change in Fund Balances	\$ 565,646	\$ (29,198)	\$ 37,875	\$ 574,323
Fund Balance, July 1, 2011	<u>4,087,765</u>	<u>58,882</u>	<u>578,138</u>	<u>4,724,785</u>
Fund Balance, June 30, 2012	<u>\$ 4,653,411</u>	<u>\$ 29,684</u>	<u>\$ 616,013</u>	<u>\$ 5,299,108</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, 2012

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)		\$ 574,323
(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	\$ 375,445	
Less: current-year depreciation expense	<u>(519,587)</u>	(144,142)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		
Less: loss on disposal of capital assets	\$ (9,651)	
Less: proceeds from the sale of capital assets	<u>(93,344)</u>	(102,995)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2012	\$ 62,822	
Less: deferred delinquent property taxes and other deferred June 30, 2011	<u>(72,156)</u>	(9,334)
(4) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.		
Add: principal payments on other loans		59,171
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in other postemployment benefits liability		<u>(142,436)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 234,587</u>

Exhibit J-6

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, 2012

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Central Cafeteria	Education Capital Projects	
<u>Revenues</u>			
Charges for Current Services	\$ 359,695	\$ 0	\$ 359,695
Other Local Revenues	8,304	0	8,304
Federal Government	1,172,588	0	1,172,588
Total Revenues	<u>\$ 1,540,587</u>	<u>\$ 0</u>	<u>\$ 1,540,587</u>
<u>Expenditures</u>			
Current:			
Operation of Non-Instructional Services	\$ 1,498,767	\$ 0	\$ 1,498,767
Total Expenditures	<u>\$ 1,498,767</u>	<u>\$ 0</u>	<u>\$ 1,498,767</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 41,820</u>	<u>\$ 0</u>	<u>\$ 41,820</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ 0	\$ (3,945)	\$ (3,945)
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ (3,945)</u>	<u>\$ (3,945)</u>
Net Change in Fund Balances	\$ 41,820	\$ (3,945)	\$ 37,875
Fund Balance, July 1, 2011	574,193	3,945	578,138
Fund Balance, June 30, 2012	<u>\$ 616,013</u>	<u>\$ 0</u>	<u>\$ 616,013</u>

Exhibit J-7

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, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
Revenues						
Local Taxes	\$ 2,558,146	0	\$ 2,558,146	\$ 3,980,118	\$ 2,440,118	\$ 118,028
Licenses and Permits	963	0	963	1,000	1,000	(37)
Charges for Current Services	27,475	0	27,475	39,500	39,500	(12,025)
Other Local Revenues	85,919	0	85,919	35,000	35,000	50,919
State of Tennessee	14,145,641	0	14,145,641	13,988,409	14,291,266	(145,625)
Federal Government	278,041	0	278,041	888,446	888,446	(610,405)
Other Governments and Citizens Groups	1,540,000	0	1,540,000	0	1,540,000	0
Total Revenues	\$ 18,636,185	0	\$ 18,636,185	\$ 18,932,473	\$ 19,235,330	\$ (599,145)
Expenditures						
<u>Instruction</u>						
Regular Instruction Program	\$ 8,007,359	0	\$ 8,007,359	\$ 9,338,612	\$ 9,112,462	\$ 1,105,103
Alternative Instruction Program	94,952	0	94,952	102,263	102,263	7,311
Special Education Program	1,704,465	0	1,704,465	1,925,443	1,925,443	220,978
Vocational Education Program	635,901	0	635,901	701,959	701,959	66,058
<u>Support Services</u>						
Attendance	122,924	0	122,924	122,237	127,787	4,863
Health Services	310,027	0	310,027	322,313	322,314	12,287
Other Student Support	363,897	0	363,897	445,311	445,311	81,414
Regular Instruction Program	662,323	0	662,323	718,569	718,569	56,246
Special Education Program	346,223	0	346,223	192,228	382,828	36,605
Other Programs	97,420	0	97,420	0	97,420	0
Board of Education	282,439	0	282,439	289,536	289,536	7,097
Director of Schools	164,102	0	164,102	170,980	170,980	6,878

(Continued)

Exhibit J-7

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 7/1/2011	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	\$ 1,193,525	\$ 0	\$ 1,193,525	\$ 1,285,954	\$ 1,285,954	\$ 92,429
Fiscal Services	183,745	0	183,745	195,066	195,065	11,320
Operation of Plant	1,109,657	0	1,109,657	1,222,006	1,222,006	112,349
Maintenance of Plant	312,603	0	312,603	334,353	334,352	21,749
Transportation	1,493,433	0	1,493,433	1,414,130	1,539,498	46,065
<u>Operation of Non-Instructional Services</u>						
Food Service	54,281	0	54,281	57,716	57,716	3,435
Community Services	139,323	0	139,323	0	194,698	55,375
Early Childhood Education	426,334	0	426,334	467,000	467,000	40,666
<u>Capital Outlay</u>						
Regular Capital Outlay	398,340	(96,660)	301,680	568,145	572,090	270,410
Education Debt Service**DELETED 2003**	0	0	0	59,172	0	0
Education Debt Service**DELETED 2003**						
<u>Principal on Debt</u>						
Education	59,171	0	59,171	0	59,172	1
Total Expenditures	\$ 18,162,444	\$ (96,660)	\$ 18,065,784	\$ 19,932,993	\$ 20,324,423	\$ 2,258,639
<u>Excess (Deficiency) of Revenues</u>						
Over Expenditures	\$ 473,741	\$ 96,660	\$ 570,401	\$ (1,000,520)	\$ (1,089,093)	\$ 1,659,494
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 84,630	\$ 0	\$ 84,630	\$ 10,000	\$ 94,630	\$ (10,000)
Transfers In	7,275	0	7,275	0	3,945	3,330
Total Other Financing Sources (Uses)	\$ 91,905	\$ 0	\$ 91,905	\$ 10,000	\$ 98,575	\$ (6,670)

(Continued)

Exhibit J-7

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 7/1/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
Net Change in Fund Balance Fund Balance, July 1, 2011	\$ 565,646 4,087,765	\$ 96,660 (96,660)	\$ 662,306 3,991,105	\$ (990,520) 3,425,513	\$ (990,518) 4,087,765	\$ 1,652,824 (96,660)
Fund Balance, June 30, 2012	\$ 4,653,411	\$ 0	\$ 4,653,411	\$ 2,434,993	\$ 3,097,247	\$ 1,556,164

Exhibit J-8

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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 3,081,182	\$ 3,428,106	\$ 3,384,687	\$ (303,505)
Total Revenues	\$ 3,081,182	\$ 3,428,106	\$ 3,384,687	\$ (303,505)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 1,680,040	\$ 1,879,745	\$ 1,836,641	\$ 156,601
Special Education Program	565,303	583,199	579,835	14,532
Vocational Education Program	135,762	139,544	137,665	1,903
<u>Support Services</u>				
Other Student Support	56,945	58,580	58,731	1,786
Regular Instruction Program	457,682	590,245	587,257	129,575
Special Education Program	175,728	192,653	193,963	18,235
Vocational Education Program	1,397	800	1,397	0
Transportation	34,193	27,893	34,193	0
Total Expenditures	\$ 3,107,050	\$ 3,472,659	\$ 3,429,682	\$ 322,632
Excess (Deficiency) of Revenues Over Expenditures	\$ (25,868)	\$ (44,553)	\$ (44,995)	\$ 19,127
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 76,918	\$ 75,328	\$ (75,328)
Transfers Out	(3,330)	(91,248)	(89,218)	85,888
Total Other Financing Sources (Uses)	\$ (3,330)	\$ (14,330)	\$ (13,890)	\$ 10,560
Net Change in Fund Balance	\$ (29,198)	\$ (58,883)	\$ (58,885)	\$ 29,687
Fund Balance, July 1, 2011	58,882	58,883	58,885	(3)
Fund Balance, June 30, 2012	\$ 29,684	\$ 0	\$ 0	\$ 29,684

Exhibit J-9

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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 359,695	\$ 475,000	\$ 475,000	\$ (115,305)
Other Local Revenues	8,304	12,000	12,000	(3,696)
Federal Government	1,172,588	935,000	935,000	237,588
Total Revenues	<u>\$ 1,540,587</u>	<u>\$ 1,422,000</u>	<u>\$ 1,422,000</u>	<u>\$ 118,587</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,498,767	\$ 1,536,450	\$ 1,536,450	\$ 37,683
Total Expenditures	<u>\$ 1,498,767</u>	<u>\$ 1,536,450</u>	<u>\$ 1,536,450</u>	<u>\$ 37,683</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 41,820</u>	<u>\$ (114,450)</u>	<u>\$ (114,450)</u>	<u>\$ 156,270</u>
Net Change in Fund Balance	\$ 41,820	\$ (114,450)	\$ (114,450)	\$ 156,270
Fund Balance, July 1, 2011	<u>574,193</u>	<u>447,142</u>	<u>574,193</u>	<u>0</u>
Fund Balance, June 30, 2012	<u>\$ 616,013</u>	<u>\$ 332,692</u>	<u>\$ 459,743</u>	<u>\$ 156,270</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, 2012

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-11	Paid and/or Matured During Period 6-30-12
<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	\$ 4,180,000	\$ 570,000
General Obligation Bonds, Series 2010	5,000,000	2 to 3.5	6-10-10	6-1-25	4,725,000	280,000
Total Bonds Payable					<u>\$ 8,905,000</u>	<u>\$ 850,000</u>
<u>DISCRETELY PRESENTED DEKALB COUNTY SCHOOL DEPARTMENT</u>						
<u>OTHER LOANS PAYABLE</u>						
Payable through General Purpose School Fund	414,198	0	2-11-09	3-15-16	\$ 295,856	\$ 59,171
Energy Efficiency Loan						
Total Other Loans Payable					<u>\$ 295,856</u>	<u>\$ 59,171</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
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>\$ 8,055,000</u>	<u>\$ 1,218,764</u>	<u>\$ 9,273,764</u>

DISCRETELY PRESENTED DEKALB
COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Other Loans		
	Principal	Interest	Total
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>\$ 236,685</u>	<u>\$ 0</u>	<u>\$ 236,685</u>

Exhibit K-3

DeKalb County, Tennessee
Schedule of Notes Receivable
For the Year Ended June 30, 2012

Description	Original Amount of Loan	Date of Issue	Date of Maturity	Interest Rate	Balance 6-30-11	Loaned During Period	Retired During Period	Balance 6-30-12
<u>Constitutional Officers - Agency Fund</u>								
Sliger	\$ 5,265	1-4-1995	(1)	(2)	\$ 3,695	0	\$ 875	\$ 2,820
Snow	18,000	7-13-04	(1)	(2)	18,000	0	100	17,900
Evans	15,540	3-10-05	(1)	(2)	9,026	0	9,026	0
N. Cantrell	15,762	1-10-06	(1)	(2)	13,962	0	6,200	7,762
Johnson	12,500	12-19-07	(1)	(2)	12,500	0	0	12,500
Sutherly	8,000	2-21-07	(1)	(2)	8,000	0	0	8,000
Snipes	10,000	1-3-08	(1)	(2)	10,000	0	0	10,000
Raymond	20,000	7-20-09	(1)	(2)	20,000	0	0	20,000
Scott	20,000	5-4-12	(1)	(2)	0	20,000	0	20,000
Total					\$ 95,183	20,000	\$ 16,201	\$ 98,982

(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, 2012

<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>570,645</u>
<u>DISCRETELY PRESENTED DEKALB COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ 3,330
Education Capital Projects	"	To close fund	<u>3,945</u>
Total Transfers Discretely Presented DeKalb County School Department			\$ <u>7,275</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, 2012

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	101,490 (3)	(5)	"
Trustee	Section 8-24-102, TCA	57,751	743,800	"
Assessor of Property	Section 8-24-102, TCA	57,751	20,000	Western Surety Company
County Clerk	Section 8-24-102, TCA	57,751	50,000	RLI Insurance Company
Circuit Court Clerk	Section 8-24-102, TCA	57,751	50,000	"
Clerk and Master	Section 8-24-102, TCA, and Chancery Court Judge	57,751 (4)	75,000	"
Register	Section 8-24-102, TCA	57,751	25,000	RLI Insurance Company
Sheriff	Section 8-24-102, TCA	63,527	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 \$6,619.
- (5) 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, 2012

	Special Revenue Funds										Total
	General	Courthouse and Jail Maintenance	Local Purpose Tax	Drug Control	Constittu- tional Officers - Fees	Highway/ Public Works	Debt		Capital		
							Service Fund	General Debt Service	Projects Fund	General Capital Projects	
<u>Local Taxes</u>											
County Property Taxes											
Current Property Tax	\$ 3,649,979	\$ 0	\$ 0	\$ 0	\$ 0	\$ 131,930	\$ 527,711	\$ 395,779	\$ 4,705,399		
Trustee's Collections - Prior Year	109,122	0	0	0	0	4,367	17,498	11,630	142,617		
Circuit/Clerk & Master Collections - Prior Years	79,063	0	0	0	0	2,936	10,852	9,302	102,153		
Interest and Penalty	23,135	0	0	0	0	902	3,605	2,480	30,122		
Pick-up Taxes	2,688	0	0	0	0	97	390	291	3,466		
Payments in-Lieu-of Taxes - Other	2,340	0	0	0	0	0	0	0	2,340		
<u>County Local Option Taxes</u>											
Local Option Sales Tax	0	0	2,215,872	0	0	0	0	0	2,215,872		
Litigation Tax - General	450	55,586	0	0	0	0	0	0	56,036		
Litigation Tax - Special Purpose	11,851	4,267	0	0	0	0	0	0	16,118		
Business Tax	136,823	0	0	0	0	0	0	0	136,823		
Mineral Severance Tax	0	0	0	0	0	11,598	0	0	11,598		
<u>Statutory Local Taxes</u>											
Interstate Telecommunications Tax	748	0	0	0	0	0	0	0	748		
Total Local Taxes	\$ 4,016,199	\$ 59,853	\$ 2,215,872	\$ 0	\$ 0	\$ 151,830	\$ 560,056	\$ 419,482	\$ 7,423,292		
<u>Licenses and Permits</u>											
<u>Licenses</u>											
Cable TV Franchise	\$ 30,873	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 30,873		
<u>Permits</u>											
Beer Permits	5,708	0	0	0	0	0	0	0	5,708		
Total Licenses and Permits	\$ 36,581	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 36,581		
<u>Fines, Forfeitures, and Penalties</u>											
<u>Circuit Court</u>											
Fines	\$ 5,772	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,772		
Officers Costs	4,395	0	0	0	0	0	0	0	4,395		
Drug Control Fines	1,011	0	0	1,011	0	0	0	0	2,022		
Drug Court Fees	1,662	0	0	0	0	0	0	0	1,662		
Jail Fees	1,228	0	0	0	0	0	0	0	1,228		

(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	Constitu- tional			Highway/ Public Works	Debt Service	Capital Projects	Fund		
				Drug Control	Officers - Fees	General						Debt Service
Fines, Forfeitures, and Penalties (Cont.)												
Circuit Court (Cont.)												
DUI Treatment Fines	855	0	0	0	0	0	0	0	0	0	0	855
Data Entry Fee - Circuit Court	571	0	0	0	0	0	0	0	0	0	0	571
General Sessions Court												
Fines	13,754	0	0	0	0	0	0	0	0	0	0	13,754
Officers Costs	17,807	0	0	0	0	0	0	0	0	0	0	17,807
Game and Fish Fines	738	0	0	0	0	0	0	0	0	0	0	738
Drug Control Fines	1,113	0	0	0	1,113	0	0	0	0	0	0	2,226
Drug Court Fees	5,048	0	0	0	0	0	0	0	0	0	0	5,048
Jail Fees	3,920	0	0	0	0	0	0	0	0	0	0	3,920
DUI Treatment Fines	2,883	0	0	0	0	0	0	0	0	0	0	2,883
Data Entry Fee - General Sessions Court	4,222	0	0	0	0	0	0	0	0	0	0	4,222
Courtroom Security Fee	642	0	0	0	0	0	0	0	0	0	0	642
Juvenile Court												
Fines	3,058	0	0	0	0	0	0	0	0	0	0	3,058
Officers Costs	3,020	0	0	0	0	0	0	0	0	0	0	3,020
Data Entry Fee - Juvenile Court	330	0	0	0	0	0	0	0	0	0	0	330
Courtroom Security Fee	6	0	0	0	0	0	0	0	0	0	0	6
Chancery Court												
Data Entry Fee - Chancery Court	1,168	0	0	0	0	0	0	0	0	0	0	1,168
Courtroom Security Fee	21	0	0	0	0	0	0	0	0	0	0	21
Other Courts - In-county												
Fines	11,397	0	0	0	0	0	0	0	0	0	0	11,397
Judicial District Drug Program												
Drug Task Force Forfeitures and Seizures	2,514	0	0	0	348	0	0	0	0	0	0	2,862
Other Fines, Forfeitures, and Penalties												
Proceeds from Confiscated Property	696	0	0	0	0	0	0	0	0	0	0	696
Total Fines, Forfeitures, and Penalties	\$ 87,831	\$ 0	\$ 0	\$ 0	\$ 2,472	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 90,303

(Continued)

Exhibit K-6

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

	Special Revenue Funds										Total
	General	Courthouse and Jail Maintenance	Local Purpose Tax	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works	General Debt Service	Capital Projects Fund	Capital		
									General	Projects	
Charges for Current Services											
<u>General Service Charges</u>											
Patient Charges	\$ 903,475	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 903,475
Other General Service Charges	412	0	0	0	0	0	0	0	0	0	412
<u>Fees</u>											
Airport Fees	100	0	0	0	0	0	0	0	0	0	100
Recreation Fees	4,335	0	0	0	0	0	0	0	0	0	4,335
Library Fees	14,870	0	0	0	0	0	0	0	0	0	14,870
Greenbelt Late Application Fee	100	0	0	0	0	0	0	0	0	0	100
Telephone Commissions	14,822	0	0	0	0	0	0	0	0	0	14,822
Constitutional Officers' Fees and Commissions	0	0	0	0	339,610	0	0	0	0	0	339,610
Data Processing Fee - Register	6,932	0	0	0	0	0	0	0	0	0	6,932
Data Processing Fee - Sheriff	51	0	0	0	0	0	0	0	0	0	51
Sexual Offender Registration Fees - Sheriff	2,100	0	0	0	0	0	0	0	0	0	2,100
<u>Education Charges</u>											
TBI Criminal Background Fees	1,567	0	0	0	0	0	0	0	0	0	1,567
Total Charges for Current Services	\$ 948,764	\$ 0	\$ 0	\$ 0	\$ 339,610	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,288,374
<u>Other Local Revenues</u>											
<u>Recurring Items</u>											
Investment Income	1,269	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,269
Lease/Rentals	56,051	0	0	0	0	0	0	0	0	0	56,051
Sale of Materials and Supplies	1,528	0	0	0	0	22,310	0	0	0	0	23,838
Commissary Sales	4,011	0	0	0	0	0	0	0	0	0	4,011
Sale of Recycled Materials	252	0	0	0	0	0	0	0	0	0	252
Cobra Insurance Payments	0	0	0	0	0	283	0	0	0	0	283
Miscellaneous Refunds	15,009	0	0	0	0	4,367	0	0	0	0	41,984
<u>Nonrecurring Items</u>											
Contributions and Gifts	12,755	0	0	100	0	0	0	0	0	0	13,855
Performance Bond Forfeitures	4,500	0	0	0	0	0	0	0	0	0	4,500
Total Other Local Revenues	\$ 95,375	\$ 0	\$ 0	\$ 100	\$ 0	\$ 26,960	\$ 0	\$ 0	\$ 0	\$ 42,984	\$ 165,419

(Continued)

Exhibit K-6

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

	Special Revenue Funds										Total
	General	Courthouse and Jail Maintenance	Local Purpose Tax	Drug Control	Constitu- tional Officers - Fees	Highway/ Public Works	General Debt Service	Capital Projects Fund	Capital		
									Projects	Fund	
<u>Excess Fees</u>											
Register	\$ 749	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	749
<u>Fees in-Lieu-of Salary</u>											
County Clerk	147,638	0	0	0	0	0	0	0	0	0	147,638
Circuit Court Clerk	48,364	0	0	0	0	0	0	0	0	0	48,364
General Sessions Court Clerk	120,357	0	0	0	0	0	0	0	0	0	120,357
Clerk and Master	82,140	0	0	0	0	0	0	0	0	0	82,140
Juvenile Court Clerk	10,444	0	0	0	0	0	0	0	0	0	10,444
Sheriff	6,436	0	0	0	0	0	0	0	0	0	6,436
Total Fees Received from County Officials	\$ 416,128	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 416,128
<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	3,545	0	0	0	0	0	0	0	0	0	3,545
Other General Government Grants	5,000	0	0	0	0	0	0	0	0	0	5,000
<u>Public Safety Grants</u>											
Drug Control Grants	65,533	0	0	0	0	0	0	0	0	0	65,533
<u>Public Works Grants</u>											
Litter Program	45,095	0	0	0	0	0	0	0	0	0	45,095
<u>Other State Revenues</u>											
Flood Control	194,169	0	0	0	0	0	0	0	0	0	194,169
Income Tax	37,504	0	0	0	0	0	0	0	0	0	37,504
Mixed Drink Tax	11,205	0	0	0	0	0	0	0	0	0	11,205
Contracted Prisoner Boarding	193,808	0	0	0	0	0	0	0	0	0	193,808
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,443,827	0	0	0	0	1,443,827
Petroleum Special Tax	0	0	0	0	0	13,510	0	0	0	0	13,510
Registrar's Salary Supplement	18,955	0	0	0	0	0	0	0	0	0	18,955
Other State Grants	1,938	0	0	0	0	0	0	0	0	0	1,938
Other State Revenues	21,761	0	0	0	0	0	0	0	0	0	21,761
Total State of Tennessee	\$ 607,513	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,457,337	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,064,850

(Continued)

Exhibit K-6

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

	Special Revenue Funds							Capital Projects Fund
	General	Courthouse and Jail Maintenance	Local Purpose Tax	Drug Control	Constitu- tional Officers - Fees	Highway/ Public Works	General Debt Service	
<u>Federal Government</u>								
<u>Federal Through State</u>								
USDA - Other	\$ 5,317	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,317
<u>Direct Federal Revenue</u>								
Police Service (Lake Area)	37,760	0	0	0	0	0	0	37,760
Other Direct Federal Revenue	42,851	0	0	0	0	0	0	42,851
<u>Total Federal Government</u>	\$ 85,928	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 85,928
<u>Other Governments and Citizens Groups</u>								
<u>Other Governments</u>								
Paving and Maintenance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 85,000	\$ 0	\$ 85,000
<u>Total Other Governments and Citizens Groups</u>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 85,000	\$ 0	\$ 85,000
<u>Total</u>	\$ 6,294,319	\$ 59,853	\$ 2,215,872	\$ 2,572	\$ 339,610	\$ 1,721,127	\$ 560,056	\$ 11,655,875

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, 2012

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 2,418,632	\$ 0	\$ 0	\$ 2,418,632
Trustee's Collections - Prior Year	69,875	0	0	69,875
Circuit/Clerk & Master Collections - Prior Years	51,864	0	0	51,864
Interest and Penalty	14,951	0	0	14,951
Pick-up Taxes	1,780	0	0	1,780
<u>Statutory Local Taxes</u>				
Interstate Telecommunications Tax	1,044	0	0	1,044
Total Local Taxes	\$ 2,558,146	\$ 0	\$ 0	\$ 2,558,146
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 963	\$ 0	\$ 0	\$ 963
Total Licenses and Permits	\$ 963	\$ 0	\$ 0	\$ 963
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Lunch Payments - Children	\$ 0	\$ 0	\$ 198,255	\$ 198,255
Lunch Payments - Adults	0	0	43,392	43,392
Income from Breakfast	0	0	34,674	34,674
A la carte Sales	0	0	83,374	83,374
Receipts from Individual Schools	26,314	0	0	26,314
TBI Criminal Background Fees	384	0	0	384
<u>Other Charges for Services</u>				
Other Charges for Services	777	0	0	777
Total Charges for Current Services	\$ 27,475	\$ 0	\$ 359,695	\$ 387,170
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 5,652	\$ 5,652
Sale of Recycled Materials	1,390	0	0	1,390
Refund of Telecommunication & Internet Fees (E-Rate)	32,650	0	0	32,650
Miscellaneous Refunds	40,169	0	2,652	42,821
<u>Nonrecurring Items</u>				
Sale of Equipment	10,974	0	0	10,974
Damages Recovered from Individuals	440	0	0	440
Contributions and Gifts	296	0	0	296
Total Other Local Revenues	\$ 85,919	\$ 0	\$ 8,304	\$ 94,223
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 97,420	\$ 0	\$ 0	\$ 97,420
<u>State Education Funds</u>				
Basic Education Program	13,137,999	0	0	13,137,999
Early Childhood Education	426,335	0	0	426,335
School Food Service	16,027	0	0	16,027
Driver Education	7,199	0	0	7,199
Other State Education Funds	287,973	0	0	287,973
Career Ladder Program	102,687	0	0	102,687

(Continued)

Exhibit K-7

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

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>State of Tennessee (Cont.)</u>				
<u>State Education Funds (Cont.)</u>				
Career Ladder - Extended Contract	\$ 65,300	\$ 0	\$ 0	\$ 65,300
<u>Other State Revenues</u>				
Other State Grants	1,267	0	0	1,267
Other State Revenues	3,434	0	0	3,434
Total State of Tennessee	\$ 14,145,641	\$ 0	\$ 0	\$ 14,145,641
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 791,266	\$ 791,266
USDA - Commodities	0	0	69,329	69,329
Breakfast	0	0	291,694	291,694
USDA - Other	0	0	20,299	20,299
Vocational Education - Basic Grants to States	0	146,341	0	146,341
Community Based Organizations	0	3,000	0	3,000
Title I Grants to Local Education Agencies	0	934,021	0	934,021
Special Education - Grants to States	131,519	743,765	0	875,284
Special Education Preschool Grants	2,475	26,308	0	28,783
English Language Acquisition Grants	0	20,500	0	20,500
Safe and Drug-free Schools - State Grants	0	205,437	0	205,437
Rural Education	0	43,766	0	43,766
Eisenhower Professional Development State Grants	0	141,001	0	141,001
Job Training Partnership Act	11,000	0	0	11,000
Race-to-the-Top - ARRA	0	137,160	0	137,160
Other Federal through State	0	679,883	0	679,883
<u>Direct Federal Revenue</u>				
Public Law 874 - Maintenance and Operation	133,047	0	0	133,047
Total Federal Government	\$ 278,041	\$ 3,081,182	\$ 1,172,588	\$ 4,531,811
<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	\$ 18,636,185	\$ 3,081,182	\$ 1,540,587	\$ 23,257,954

Exhibit K-8

DeKalb County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2012

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	49,125	
Social Security		3,045	
State Retirement		2,595	
Unemployment Compensation		162	
Employer Medicare		712	
Audit Services		5,617	
Fiscal Agent Charges		15,000	
Legal Notices, Recording, and Court Costs		4,595	
Tax Relief Program		17,687	
Other Charges		924	
Total County Commission			\$ 99,462

Board of Equalization

Board and Committee Members Fees	\$	3,723	
Total Board of Equalization			3,723

Beer Board

Board and Committee Members Fees	\$	3,805	
Social Security		31	
State Retirement		31	
Unemployment Compensation		3	
Employer Medicare		7	
Total Beer Board			3,877

County Mayor/Executive

County Official/Administrative Officer	\$	66,702	
Assistant(s)		46,048	
Part-time Personnel		3,239	
Longevity Pay		500	
Social Security		6,915	
State Retirement		2,892	
Employee and Dependent Insurance		2,057	
Unemployment Compensation		403	
Employer Medicare		1,617	
Data Processing Services		7,846	
Travel		177	
Office Supplies		4,773	
Other Charges		634	
Total County Mayor/Executive			143,803

(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	464	
Total County Attorney		\$ 18,464

Election Commission

County Official/Administrative Officer	\$ 51,976	
Part-time Personnel	1,285	
Other Salaries and Wages	23,024	
Election Commission	3,250	
Election Workers	16,246	
In-Service Training	340	
Social Security	3,965	
State Retirement	4,710	
Employee and Dependent Insurance	4,849	
Unemployment Compensation	343	
Employer Medicare	927	
Advertising	2,440	
Communication	379	
Maintenance and Repair Services - Equipment	105	
Printing, Stationery, and Forms	5,840	
Other Contracted Services	10,000	
Office Supplies	2,767	
Other Charges	6,809	
Voting Machines	1,938	
Total Election Commission		141,193

Register of Deeds

Longevity Pay	\$ 1,150	
Social Security	6,026	
State Retirement	6,519	
Employee and Dependent Insurance	4,878	
Unemployment Compensation	324	
Employer Medicare	1,409	
Other Contracted Services	600	
Office Supplies	1,528	
Other Supplies and Materials	1,497	
Data Processing Equipment	1,165	
Total Register of Deeds		25,096

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Planning

Board and Committee Members Fees	\$	3,450	
Social Security		65	
State Retirement		31	
Employer Medicare		15	
Other Contracted Services		8,325	
Total Planning			\$ 11,886

County Buildings

Supervisor/Director	\$	3,562	
Custodial Personnel		39,049	
Social Security		2,516	
State Retirement		2,452	
Employee and Dependent Insurance		4,540	
Unemployment Compensation		541	
Employer Medicare		588	
Maintenance and Repair Services - Buildings		128,244	
Utilities		89,254	
Building and Contents Insurance		4,066	
Total County Buildings			274,812

Other General Administration

Other Salaries and Wages	\$	4,361	
Social Security		251	
State Retirement		274	
Employee and Dependent Insurance		389	
Unemployment Compensation		26	
Employer Medicare		59	
Communication		54,465	
Contributions		1,795	
Dues and Memberships		7,896	
Operating Lease Payments		14,477	
Postal Charges		35,539	
Office Supplies		4,121	
Periodicals		188	
Premiums on Corporate Surety Bonds		3,000	
Workers' Compensation Insurance		112,244	
Other Charges		500	
Total Other General Administration			239,585

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	57,751	
Assistant(s)		23,024	
Secretary(ies)		23,024	
Longevity Pay		950	
Other Salaries and Wages		28,579	
Social Security		7,639	
State Retirement		8,313	
Employee and Dependent Insurance		4,860	
Unemployment Compensation		486	
Employer Medicare		1,786	
Data Processing Services		570	
Travel		1,618	
Other Contracted Services		20,499	
Office Supplies		1,417	
Total Property Assessor's Office			\$ 180,516

County Trustee's Office

Longevity Pay	\$	250	
Social Security		6,121	
State Retirement		6,519	
Employee and Dependent Insurance		2,430	
Unemployment Compensation		324	
Employer Medicare		1,432	
Data Processing Services		21,125	
Legal Notices, Recording, and Court Costs		194	
Office Supplies		3,116	
Total County Trustee's Office			41,511

County Clerk's Office

County Official/Administrative Officer	\$	57,751
Deputy(ies)		69,072
Longevity Pay		650
Social Security		7,554
State Retirement		7,964
Employee and Dependent Insurance		2,430
Unemployment Compensation		478
Employer Medicare		1,767
Contracts with Private Agencies		11,884
Office Supplies		3,497
Other Charges		827

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Office Equipment	\$ 2,000	
Total County Clerk's Office		\$ 165,874

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$ 57,751	
Deputy(ies)	69,925	
Other Salaries and Wages	321	
Jury and Witness Expense	8,269	
Social Security	7,522	
State Retirement	7,964	
Employee and Dependent Insurance	4,876	
Unemployment Compensation	600	
Employer Medicare	1,759	
Data Processing Services	10,400	
Other Contracted Services	820	
Office Supplies	4,880	
Other Charges	610	
Data Processing Equipment	526	
Total Circuit Court		176,223

General Sessions Court

Judge(s)	\$ 83,641	
Secretary(ies)	8,762	
Social Security	5,304	
State Retirement	5,253	
Employee and Dependent Insurance	2,417	
Unemployment Compensation	162	
Employer Medicare	1,240	
Travel	1,560	
Office Supplies	1,750	
Other Charges	2,255	
Total General Sessions Court		112,344

Drug Court

Other Salaries and Wages	\$ 40,854
Social Security	2,424
State Retirement	1,784
Employee and Dependent Insurance	2,034
Unemployment Compensation	418

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Drug Court (Cont.)

Employer Medicare	\$	567	
Communication		4,604	
Travel		6,852	
Other Contracted Services		15,659	
Drugs and Medical Supplies		5,858	
Other Charges		874	
Total Drug Court			\$ 81,928

Chancery Court

County Official/Administrative Officer	\$	57,751	
Secretary(ies)		23,024	
Longevity Pay		500	
Social Security		4,351	
State Retirement		5,073	
Employee and Dependent Insurance		4,849	
Unemployment Compensation		324	
Employer Medicare		1,018	
Data Processing Services		5,635	
Office Supplies		2,362	
Other Charges		1,604	
Office Equipment		1,454	
Total Chancery Court			107,945

Juvenile Court

Youth Service Officer(s)	\$	27,724	
Longevity Pay		550	
Social Security		1,478	
State Retirement		1,741	
Employee and Dependent Insurance		2,430	
Unemployment Compensation		162	
Employer Medicare		346	
Contracts with Other Public Agencies		11,250	
Other Charges		921	
Total Juvenile Court			46,602

Judicial Commissioners

County Official/Administrative Officer	\$	23,970	
Social Security		1,486	
Unemployment Compensation		353	
Employer Medicare		348	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Judicial Commissioners (Cont.)

Travel	\$	2,172	
Office Supplies		280	
Total Judicial Commissioners			\$ 28,609

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	63,527	
Deputy(ies)		662,978	
Overtime Pay		37,500	
In-Service Training		5,759	
Social Security		45,304	
State Retirement		46,277	
Employee and Dependent Insurance		21,948	
Unemployment Compensation		3,516	
Employer Medicare		10,595	
Communication		16,020	
Contracts with Private Agencies		680	
Contributions		1,500	
Maintenance and Repair Services - Vehicles		60,481	
Travel		2,883	
Gasoline		96,018	
Law Enforcement Supplies		1,802	
Office Supplies		13,561	
Tires and Tubes		6,923	
Uniforms		15,040	
Utilities		59,262	
Other Supplies and Materials		19,336	
Other Charges		1,368	
Motor Vehicles		16,000	
Total Sheriff's Department			1,208,278

Special Patrols

Guards	\$	29,737
Other Salaries and Wages		4,361
Social Security		2,004
State Retirement		2,141
Employee and Dependent Insurance		2,240
Unemployment Compensation		212
Employer Medicare		469
Gasoline		3,282

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Special Patrols (Cont.)

Instructional Supplies and Materials	\$	4,500	
Other Charges		417	
Total Special Patrols			\$ 49,363

Traffic Control

Part-time Personnel	\$	1,980	
Other Salaries and Wages		14,694	
Social Security		743	
State Retirement		168	
Unemployment Compensation		268	
Employer Medicare		213	
Total Traffic Control			18,066

Correctional Incentive Program Improvements

Cafeteria Personnel	\$	20,617	
Other Salaries and Wages		560,453	
Social Security		34,714	
State Retirement		36,827	
Employee and Dependent Insurance		24,840	
Unemployment Compensation		4,488	
Employer Medicare		8,118	
Contracts with Private Agencies		95,019	
Medical and Dental Services		84,496	
Food Supplies		184,003	
Other Supplies and Materials		20,718	
Other Charges		30,530	
Total Correctional Incentive Program Improvements			1,104,823

Fire Prevention and Control

In-Service Training	\$	8,049	
Forest Resource Services		1,500	
Maintenance and Repair Services - Buildings		5,697	
Maintenance and Repair Services - Equipment		9,424	
Equipment and Machinery Parts		19,372	
Gasoline		40,618	
Law Enforcement Supplies		25,706	
Utilities		21,011	
Other Supplies and Materials		4,361	
Liability Insurance		2,758	
Other Charges		12,484	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Fire Prevention and Control (Cont.)

Communication Equipment	\$ 2,700	
Law Enforcement Equipment	7,231	
Other Equipment	<u>9,500</u>	
Total Fire Prevention and Control		\$ 170,411

Civil Defense

Other Charges	\$ <u>2,416</u>	
Total Civil Defense		2,416

Other Emergency Management

Contributions	\$ 113,595	
Liability Insurance	<u>4,009</u>	
Total Other Emergency Management		117,604

County Coroner/Medical Examiner

Evaluation and Testing	\$ 27,900	
Medical and Dental Services	9,000	
Other Contracted Services	<u>14,490</u>	
Total County Coroner/Medical Examiner		51,390

Other Public Safety

Contributions	\$ <u>11,500</u>	
Total Other Public Safety		11,500

Public Health and Welfare

Local Health Center

Social Workers	\$ 346	
Custodial Personnel	2,880	
Social Security	21	
Unemployment Compensation	6	
Employer Medicare	5	
Communication	2,305	
Contracts with Government Agencies	11,208	
Maintenance and Repair Services - Equipment	81	
Travel	148	
Custodial Supplies	1,422	
Drugs and Medical Supplies	350	
Office Supplies	2,303	
Utilities	13,272	
Other Charges	<u>9,044</u>	
Total Local Health Center		43,391

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control

Contracts with Other Public Agencies	\$	2,860	
Veterinary Services		60	
Total Rabies and Animal Control			\$ 2,920

Ambulance/Emergency Medical Services

County Official/Administrative Officer	\$	47,024	
Medical Personnel		493,780	
Secretary(ies)		23,024	
Part-time Personnel		139,988	
Overtime Pay		13,548	
In-Service Training		5,730	
Social Security		42,158	
State Retirement		37,732	
Employee and Dependent Insurance		24,514	
Unemployment Compensation		4,521	
Employer Medicare		9,859	
Advertising		50	
Communication		7,823	
Operating Lease Payments		39,445	
Licenses		2,343	
Maintenance and Repair Services - Buildings		3,122	
Maintenance and Repair Services - Equipment		2,042	
Maintenance and Repair Services - Vehicles		28,582	
Postal Charges		200	
Printing, Stationery, and Forms		2,062	
Travel		187	
Disposal Fees		314	
Other Contracted Services		5,486	
Custodial Supplies		2,620	
Diesel Fuel		53,949	
Drugs and Medical Supplies		38,337	
Instructional Supplies and Materials		188	
Office Supplies		6,741	
Uniforms		7,842	
Utilities		7,451	
Other Supplies and Materials		858	
Refunds		6,331	
Workers' Compensation Insurance		34,979	
Other Charges		1,488	
Other Equipment		1,397	
Total Ambulance/Emergency Medical Services			1,095,715

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Regional Mental Health Center

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

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Clerical Personnel	\$ 16,371	
Longevity Pay	550	
Social Security	766	
State Retirement	1,028	
Employee and Dependent Insurance	2,430	
Unemployment Compensation	168	
Employer Medicare	179	
Travel	160	
Other Supplies and Materials	303	
Other Charges	238	
Total Senior Citizens Assistance		22,193

Libraries

Librarians	\$ 25,024	
Clerical Personnel	35,048	
Part-time Personnel	28,734	
Longevity Pay	800	
Social Security	5,556	
State Retirement	3,773	
Unemployment Compensation	1,048	
Employer Medicare	1,299	
Communication	7,473	
Library Books/Media	9,552	
Periodicals	1,470	
Utilities	13,073	
Other Supplies and Materials	9,753	
Other Equipment	1,559	
Total Libraries		144,162

Other Social, Cultural, and Recreational

Other Charges	\$ 54,682	
Total Other Social, Cultural, and Recreational		54,682

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Agriculture and Natural Resources

Agriculture Extension Service

Assistant(s)	\$ 11,460	
Supervisor/Director	10,641	
Clerical Personnel	8,000	
Other Fringe Benefits	6,748	
Rentals	2,650	
Total Agriculture Extension Service		\$ 39,499

Soil Conservation

Secretary(ies)	\$ 23,024	
Longevity Pay	450	
Social Security	1,125	
State Retirement	1,446	
Employee and Dependent Insurance	2,430	
Unemployment Compensation	162	
Employer Medicare	263	
Total Soil Conservation		28,900

Other Operations

Industrial Development

Other Charges	\$ 73	
Total Industrial Development		73

Other Economic and Community Development

Contributions	\$ 15,000	
Engineering Services	2,500	
Travel	500	
Other Charges	2,284	
Total Other Economic and Community Development		20,284

Veterans' Services

Supervisor/Director	\$ 5,555	
Social Security	323	
Unemployment Compensation	96	
Employer Medicare	75	
Travel	500	
Total Veterans' Services		6,549

Other Charges

Contributions	\$ 7,200	
Trustee's Commission	93,566	
Total Other Charges		100,766

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Other Operations (Cont.)

Contributions to Other Agencies

Contributions	\$ 28,245	
Total Contributions to Other Agencies		\$ 28,245

Employee Benefits

Employee and Dependent Insurance	\$ 8,353	
Unemployment Compensation	20	
Total Employee Benefits		8,373

Miscellaneous

Laborers	\$ 10,407	
Other Salaries and Wages	8,456	
Pauper Burials	1,750	
Road Signs	8,070	
Liability Insurance	139,977	
Other Charges	9,902	
Total Miscellaneous		<u>178,562</u>

Total General Fund \$ 6,418,798

Courthouse and Jail Maintenance Fund

General Government

County Buildings

Maintenance and Repair Services - Buildings	\$ 69,719	
Custodial Supplies	27,670	
Trustee's Commission	599	
Total County Buildings		<u>\$ 97,988</u>

Total Courthouse and Jail Maintenance Fund 97,988

Local Purpose Tax Fund

Capital Projects

Other General Government Projects

Contributions	\$ 1,540,000	
Trustee's Commission	21,990	
Total Other General Government Projects		<u>\$ 1,561,990</u>

Total Local Purpose Tax Fund 1,561,990

(Continued)

Exhibit K-8

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

Drug Control Fund

Public Safety

Sheriff's Department

Overtime Pay	\$ 3,591	
Social Security	223	
State Retirement	226	
Unemployment Compensation	48	
Employer Medicare	52	
Other Charges	<u>2,846</u>	
Total Sheriff's Department		\$ 6,986

Drug Enforcement

Confidential Drug Enforcement Payments	\$ 4,000	
Total Drug Enforcement		4,000

Other Operations

Other Charges

Trustee's Commission	\$ 23	
Total Other Charges		23

Support Services

Other Student Support

Other Supplies and Materials	\$ 3,616	
Total Other Student Support		<u>3,616</u>

Total Drug Control Fund \$ 14,625

Constitutional Officers - Fees Fund

General Government

Register of Deeds

Constitutional Officers' Operating Expenses	\$ 104,746	
Total Register of Deeds		\$ 104,746

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$ 103,967	
Total County Trustee's Office		103,967

County Clerk's Office

Constitutional Officers' Operating Expenses	\$ 265	
Total County Clerk's Office		265

(Continued)

Exhibit K-8

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

Constitutional Officers - Fees Fund (Cont.)

Administration of Justice

Circuit Court Clerk

Constitutional Officers' Operating Expenses	\$ 144	
Total Circuit Court Clerk		\$ 144

General Sessions Court Clerk

Constitutional Officers' Operating Expenses	\$ 69	
Total General Sessions Court Clerk		69

Chancery Court

Constitutional Officers' Operating Expenses	\$ 170	
Total Chancery Court		170

Juvenile Court Clerk

Constitutional Officers' Operating Expenses	\$ 69	
Total Juvenile Court Clerk		<u>69</u>

Total Constitutional Officers - Fees Fund		\$ 209,430
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Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 65,027	
Accountants/Bookkeepers	24,700	
Secretary(ies)	23,234	
Board and Committee Members Fees	600	
Communication	4,986	
Data Processing Services	4,110	
Dues and Memberships	2,913	
Postal Charges	352	
Rentals	1,135	
Travel	879	
Electricity	4,175	
Natural Gas	4,733	
Office Supplies	1,036	
Water and Sewer	<u>150</u>	
Total Administration		\$ 138,030

Highway and Bridge Maintenance

Foremen	\$ 28,550
Equipment Operators	85,617
Truck Drivers	49,825

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Laborers	\$	40,030	
Rentals		19,451	
Other Contracted Services		38,537	
Asphalt - Liquid		380,318	
Concrete		786	
Crushed Stone		41,786	
Pipe - Metal		12,332	
Salt		1,213	
Structural Steel		2,510	
Wood Products		2,340	
Other Supplies and Materials		4,524	
Total Highway and Bridge Maintenance			\$ 707,819

Operation and Maintenance of Equipment

Mechanic(s)	\$	33,956	
Maintenance and Repair Services - Equipment		29,787	
Diesel Fuel		130,045	
Equipment and Machinery Parts		50,942	
Garage Supplies		4,243	
Gasoline		29,093	
Lubricants		5,644	
Small Tools		1,872	
Tires and Tubes		34,673	
Total Operation and Maintenance of Equipment			320,255

Quarry Operations

Equipment Operators	\$	87,837	
Explosive and Drilling Services		33,907	
Maintenance and Repair Services - Equipment		300	
Electricity		7,684	
Equipment and Machinery Parts		15,009	
Total Quarry Operations			144,737

Other Charges

Liability Insurance	\$	40,249	
Trustee's Commission		17,540	
Workers' Compensation Insurance		26,591	
Other Charges		18	
Total Other Charges			84,398

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Employee Benefits

Social Security	\$ 33,612	
State Retirement	27,361	
Employee and Dependent Insurance	122,524	
Unemployment Compensation	4,587	
Other Contracted Services	638	
Total Employee Benefits		\$ 188,722

Capital Outlay

Highway Equipment	\$ 36,725	
Land	16,000	
Motor Vehicles	247,888	
Total Capital Outlay		<u>300,613</u>

Total Highway/Public Works Fund \$ 1,884,574

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 367,950	
Total General Government		\$ 367,950

Education

Principal on Bonds	\$ 482,050	
Total Education		482,050

Interest on Debt

General Government

Interest on Bonds	\$ 152,079	
Total General Government		152,079

Education

Interest on Bonds	\$ 93,496	
Total Education		93,496

Other Debt Service

General Government

Trustee's Commission	\$ 11,096	
Other Debt Service	850	
Total General Government		<u>11,946</u>

Total General Debt Service Fund 1,107,521

(Continued)

Exhibit K-8

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

General Capital Projects Fund

Capital Projects

General Administration Projects

Trustee's Commission	\$ 8,300	
Building Construction	<u>1,256,266</u>	
Total General Administration Projects		\$ 1,264,566

Public Safety Projects

Furniture and Fixtures	\$ 134,380	
Law Enforcement Equipment	31,000	
Motor Vehicles	334,999	
Other Equipment	33,950	
Other Construction	<u>25,000</u>	
Total Public Safety Projects		559,329

Public Health and Welfare Projects

Other Construction	\$ 18,000	
Total Public Health and Welfare Projects		<u>18,000</u>

Total General Capital Projects Fund \$ 1,841,895

Total Governmental Funds - Primary Government \$ 13,136,821

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, 2012

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 5,563,204	
Career Ladder Program	49,000	
Career Ladder Extended Contracts	4,275	
Educational Assistants	134,035	
Other Salaries and Wages	36,417	
Certified Substitute Teachers	34,174	
Non-certified Substitute Teachers	60,066	
Social Security	335,227	
State Retirement	518,198	
Medical Insurance	785,030	
Dental Insurance	50,511	
Unemployment Compensation	10,569	
Employer Medicare	78,703	
Food Supplies	2,360	
Instructional Supplies and Materials	60,941	
Textbooks	208,524	
Fee Waivers	17,837	
Other Charges	12,455	
Regular Instruction Equipment	45,833	
Total Regular Instruction Program		\$ 8,007,359

Alternative Instruction Program

Teachers	\$ 56,990	
Career Ladder Program	3,000	
Career Ladder Extended Contracts	600	
Educational Assistants	12,614	
Social Security	4,233	
State Retirement	6,276	
Medical Insurance	9,510	
Dental Insurance	391	
Unemployment Compensation	65	
Employer Medicare	990	
Instructional Supplies and Materials	283	
Total Alternative Instruction Program		94,952

Special Education Program

Teachers	\$ 1,001,604
Career Ladder Program	11,000
Homebound Teachers	45,748

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Educational Assistants	\$ 151,098	
Speech Pathologist	48,440	
Certified Substitute Teachers	2,013	
Non-certified Substitute Teachers	12,458	
Social Security	71,692	
State Retirement	109,654	
Medical Insurance	166,826	
Dental Insurance	10,225	
Unemployment Compensation	1,434	
Employer Medicare	16,776	
Contracts with Other School Systems	30,000	
Other Contracted Services	10,424	
Instructional Supplies and Materials	3,855	
Other Supplies and Materials	4,463	
Special Education Equipment	6,755	
Total Special Education Program		\$ 1,704,465

Vocational Education Program

Teachers	\$ 431,984	
Career Ladder Program	5,000	
Career Ladder Extended Contracts	3,780	
Other Salaries and Wages	35,387	
Certified Substitute Teachers	671	
Non-certified Substitute Teachers	6,518	
Social Security	27,695	
State Retirement	42,135	
Medical Insurance	58,358	
Dental Insurance	3,941	
Unemployment Compensation	457	
Employer Medicare	6,479	
Other Contracted Services	300	
Instructional Supplies and Materials	13,196	
Total Vocational Education Program		635,901

Support Services

Attendance

Supervisor/Director	\$ 64,195
Career Ladder Program	3,000
Clerical Personnel	25,179

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Attendance (Cont.)

Social Security	\$	5,559	
State Retirement		7,662	
Medical Insurance		3,601	
Dental Insurance		389	
Unemployment Compensation		72	
Employer Medicare		1,300	
Travel		2,431	
Other Contracted Services		7,568	
Other Supplies and Materials		237	
Attendance Equipment		1,731	
Total Attendance			\$ 122,924

Health Services

Supervisor/Director	\$	62,048	
Medical Personnel		149,604	
Clerical Personnel		11,923	
Social Security		12,259	
State Retirement		19,155	
Medical Insurance		41,744	
Dental Insurance		1,952	
Unemployment Compensation		216	
Employer Medicare		2,867	
Travel		1,134	
Other Contracted Services		805	
Drugs and Medical Supplies		1,235	
Other Supplies and Materials		5,085	
Total Health Services			310,027

Other Student Support

Career Ladder Program	\$	1,000	
Guidance Personnel		278,206	
Social Security		16,251	
State Retirement		25,268	
Medical Insurance		26,082	
Dental Insurance		2,377	
Unemployment Compensation		230	
Employer Medicare		3,801	
Evaluation and Testing		10,621	
Travel		61	
Total Other Student Support			363,897

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program

Supervisor/Director	\$ 119,995	
Career Ladder Program	5,000	
Career Ladder Extended Contracts	9,107	
Librarians	225,648	
Instructional Computer Personnel	71,468	
Educational Assistants	28,200	
Social Security	26,833	
State Retirement	36,726	
Medical Insurance	42,022	
Dental Insurance	2,669	
Unemployment Compensation	440	
Employer Medicare	6,275	
Maintenance and Repair Services - Equipment	59,692	
Travel	1,497	
Food Supplies	329	
Library Books/Media	14,680	
Other Supplies and Materials	397	
In Service/Staff Development	278	
Other Charges	370	
Other Equipment	10,697	
Total Regular Instruction Program		\$ 662,323

Special Education Program

Supervisor/Director	\$ 64,765	
Career Ladder Program	1,000	
Psychological Personnel	41,984	
Social Security	6,306	
State Retirement	9,751	
Medical Insurance	9,697	
Dental Insurance	811	
Unemployment Compensation	72	
Employer Medicare	1,475	
Travel	4,129	
Other Contracted Services	206,233	
Total Special Education Program		346,223

Other Programs

On-Behalf Payments to OPEB	\$ 97,420	
Total Other Programs		97,420

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education

Board and Committee Members Fees	\$	4,455	
Social Security		276	
Employer Medicare		65	
Audit Services		6,000	
Dues and Memberships		11,132	
Legal Services		18,760	
Travel		2,325	
Other Contracted Services		1,838	
Liability Insurance		25,000	
Trustee's Commission		79,776	
Workers' Compensation Insurance		125,000	
Criminal Investigation of Applicants - TBI		979	
Refund to Applicant for Criminal Investigation		2,772	
Other Charges		4,061	
Total Board of Education			\$ 282,439

Director of Schools

County Official/Administrative Officer	\$	100,490	
Career Ladder Program		1,000	
Social Security		5,923	
State Retirement		9,185	
Medical Insurance		9,517	
Dental Insurance		389	
Unemployment Compensation		36	
Employer Medicare		1,385	
Communication		29,986	
Dues and Memberships		1,736	
Postal Charges		2,960	
Travel		1,457	
Other Charges		38	
Total Director of Schools			164,102

Office of the Principal

Principals	\$	339,585	
Career Ladder Program		8,000	
Career Ladder Extended Contracts		35,978	
Assistant Principals		293,924	
Secretary(ies)		270,745	
Social Security		55,631	

(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.)

State Retirement	\$	78,316	
Medical Insurance		69,754	
Dental Insurance		3,763	
Unemployment Compensation		795	
Employer Medicare		13,011	
Communication		15,200	
Travel		2,859	
Other Contracted Services		3,550	
Administration Equipment		2,414	
Total Office of the Principal			\$ 1,193,525

Fiscal Services

Accountants/Bookkeepers	\$	68,162	
Secretary(ies)		35,889	
Social Security		5,546	
State Retirement		6,534	
Medical Insurance		13,445	
Unemployment Compensation		108	
Employer Medicare		1,297	
Data Processing Services		6,922	
Travel		1,160	
Other Contracted Services		16,629	
Data Processing Supplies		1,133	
Office Supplies		1,863	
Other Charges		60	
Administration Equipment		24,997	
Total Fiscal Services			183,745

Operation of Plant

Custodial Personnel	\$	284,081	
Other Salaries and Wages		1,800	
Social Security		16,395	
State Retirement		14,916	
Medical Insurance		19,048	
Unemployment Compensation		767	
Employer Medicare		3,834	
Permits		1,780	
Custodial Supplies		39,868	
Electricity		459,615	

(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.)

Natural Gas	\$	91,500	
Uniforms		2,252	
Water and Sewer		57,238	
Other Supplies and Materials		31,097	
Boiler Insurance		6,000	
Building and Contents Insurance		77,000	
Other Charges		120	
Plant Operation Equipment		2,346	
Total Operation of Plant			\$ 1,109,657

Maintenance of Plant

Supervisor/Director	\$	48,702	
Maintenance Personnel		80,786	
Other Salaries and Wages		6,580	
Social Security		7,684	
State Retirement		8,416	
Medical Insurance		10,514	
Unemployment Compensation		163	
Employer Medicare		1,797	
Maintenance and Repair Services - Equipment		1,466	
Pest Control		3,760	
Travel		432	
Other Contracted Services		21,853	
Other Supplies and Materials		119,541	
Maintenance Equipment		909	
Total Maintenance of Plant			312,603

Transportation

Supervisor/Director	\$	27,864	
Mechanic(s)		56,484	
Bus Drivers		427,847	
Other Salaries and Wages		80,096	
Social Security		34,588	
State Retirement		35,974	
Medical Insurance		34,001	
Unemployment Compensation		1,340	
Employer Medicare		8,089	
Contracts with Other School Systems		3,000	
Contracts with Parents		700	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Maintenance and Repair Services - Vehicles	\$	1,002	
Travel		580	
Other Contracted Services		10,894	
Diesel Fuel		208,880	
Food Supplies		200	
Garage Supplies		287	
Gasoline		20,523	
Lubricants		2,635	
Tires and Tubes		14,194	
Uniforms		1,864	
Vehicle Parts		54,848	
Other Supplies and Materials		9,897	
Vehicle and Equipment Insurance		51,249	
Other Charges		30,952	
Transportation Equipment		375,445	
Total Transportation			\$ 1,493,433

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	47,613	
Social Security		2,952	
State Retirement		2,990	
Unemployment Compensation		36	
Employer Medicare		690	
Total Food Service			54,281

Community Services

Teachers	\$	106,375	
Other Salaries and Wages		1,109	
Social Security		6,725	
State Retirement		9,759	
Unemployment Compensation		22	
Employer Medicare		1,573	
Other Supplies and Materials		13,760	
Total Community Services			139,323

Early Childhood Education

Supervisor/Director	\$	6,300	
Teachers		198,094	

(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	\$ 88,111	
Certified Substitute Teachers	3,608	
Non-certified Substitute Teachers	8,142	
Social Security	17,205	
State Retirement	24,031	
Medical Insurance	32,426	
Dental Insurance	1,945	
Unemployment Compensation	441	
Employer Medicare	4,075	
Communication	3,346	
Travel	3,853	
Other Contracted Services	7,096	
Food Supplies	1,426	
Instructional Supplies and Materials	4,572	
Other Supplies and Materials	21,663	
Total Early Childhood Education		\$ 426,334

Capital Outlay

Regular Capital Outlay

Architects	\$ 15,333	
Building Improvements	212,598	
Furniture and Fixtures	14,986	
Heating and Air Conditioning Equipment	74,348	
Regular Instruction Equipment	3,850	
Other Capital Outlay	77,225	
Total Regular Capital Outlay		398,340

Principal on Debt

Education

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

Total General Purpose School Fund \$ 18,162,444

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 1,152,793
Educational Assistants	70,404

(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

Other Salaries and Wages	\$	16,605	
Certified Substitute Teachers		6,385	
Non-certified Substitute Teachers		15,345	
Social Security		72,126	
State Retirement		109,798	
Medical Insurance		131,276	
Dental Insurance		10,407	
Unemployment Compensation		2,811	
Employer Medicare		16,903	
Instructional Supplies and Materials		75,187	
Total Regular Instruction Program			\$ 1,680,040

Special Education Program

Teachers	\$	108,377	
Educational Assistants		296,894	
Certified Substitute Teachers		884	
Non-certified Substitute Teachers		7,318	
Social Security		21,214	
State Retirement		27,769	
Medical Insurance		63,695	
Dental Insurance		1,173	
Unemployment Compensation		919	
Employer Medicare		5,127	
Other Contracted Services		5,788	
Instructional Supplies and Materials		6,375	
Other Supplies and Materials		12,093	
Special Education Equipment		7,677	
Total Special Education Program			565,303

Vocational Education Program

Non-certified Substitute Teachers	\$	303	
Contracts with Government Agencies		23,387	
Contracts with Other School Systems		57,254	
Instructional Supplies and Materials		9,775	
Other Supplies and Materials		642	
Vocational Instruction Equipment		44,401	
Total Vocational Education Program			135,762

(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

Other Student Support

Social Workers	\$	34,592	
Social Security		2,145	
State Retirement		2,172	
Unemployment Compensation		36	
Employer Medicare		502	
Contracts with Private Agencies		494	
Travel		9,987	
Other Supplies and Materials		191	
In Service/Staff Development		70	
Other Charges		6,756	
Total Other Student Support			\$ 56,945

Regular Instruction Program

Supervisor/Director	\$	83,586	
Other Salaries and Wages		30,431	
In-Service Training		2,035	
Social Security		5,823	
State Retirement		9,037	
Medical Insurance		9,517	
Dental Insurance		389	
Unemployment Compensation		90	
Employer Medicare		1,567	
Travel		28,566	
Other Supplies and Materials		5,237	
In Service/Staff Development		257,494	
Other Charges		23,910	
Total Regular Instruction Program			457,682

Special Education Program

Psychological Personnel	\$	82,445	
Secretary(ies)		34,416	
Other Salaries and Wages		18,609	
Social Security		8,092	
State Retirement		11,166	
Medical Insurance		4,947	
Dental Insurance		391	
Unemployment Compensation		144	
Employer Medicare		1,892	
Travel		3,496	

(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 Contracted Services	\$	196	
Instructional Supplies and Materials		5,904	
Other Supplies and Materials		60	
In Service/Staff Development		3,970	
Total Special Education Program			\$ 175,728

Vocational Education Program

Travel	\$	1,397	
Total Vocational Education Program			1,397

Transportation

Bus Drivers	\$	28,856	
Social Security		1,789	
State Retirement		1,577	
Unemployment Compensation		53	
Employer Medicare		418	
Diesel Fuel		1,500	
Total Transportation			34,193

Total School Federal Projects Fund \$ 3,107,050

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	3,968	
Accountants/Bookkeepers		31,548	
Cafeteria Personnel		437,349	
Social Security		25,761	
State Retirement		25,308	
Medical Insurance		56,782	
Unemployment Compensation		1,251	
Employer Medicare		6,103	
Communication		2,287	
Maintenance and Repair Services - Equipment		13,442	
Travel		5,187	
Other Contracted Services		1,852	
Food Supplies		751,533	
USDA - Commodities		69,329	
Other Supplies and Materials		14,138	

(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.)

In Service/Staff Development	\$	2,207	
Other Charges		5,853	
Food Service Equipment		<u>44,869</u>	
Total Food Service			<u>\$ 1,498,767</u>

Total Central Cafeteria Fund \$ 1,498,767

Total Governmental Funds - DeKalb County School Department \$ 22,768,261

Exhibit K-10

DeKalb County, Tennessee
Schedule of Detailed Revenues and Expenses
Proprietary Fund
For the Year Ended June 30, 2012

	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	\$ 1,082
Residential Waste Collection Charge	2,500
Tipping Fees	158,768
Total Charges for Current Services	<u>\$ 162,350</u>
<u>Other Local Revenues</u>	
<u>Recurring Items</u>	
Sale of Recycled Materials	\$ 6,161
Miscellaneous Refunds	9,720
Total Other Local Revenues	<u>\$ 15,881</u>
Total Operating Revenue	<u>\$ 178,231</u>
<u>Nonoperating Revenues</u>	
<u>Local Taxes</u>	
Trustee's Collections - Prior Year	\$ 32
Interest and Penalty	3
Payments in-Lieu-of Taxes - T.V.A.	107
Payments in-Lieu-of Taxes - Other	87,072
Local Option Sales Tax	367,069
Hotel/Motel Tax	65,004
Bank Excise Tax	59,638
Wholesale Beer Tax	98,886
Total Local Taxes	<u>\$ 677,811</u>
<u>Other Local Revenues</u>	
<u>Recurring Items</u>	
Investment Income	\$ 292,124
Total Other Local Revenues	<u>\$ 292,124</u>
<u>State of Tennessee</u>	
<u>Other State of Tennessee Revenues</u>	
Alcoholic Beverage Tax	\$ 34,301
State Revenue Sharing - T.V.A.	413,726
Total State of Tennessee	<u>\$ 448,027</u>
<u>Federal Government</u>	
<u>Federal Through State</u>	
Solid Waste Grants	\$ 6,683
Total Federal Government	<u>\$ 6,683</u>
Total Nonoperating Revenues	<u>\$ 1,424,645</u>
Total Revenues	<u>\$ 1,602,876</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	\$ 43,591
Longevity Pay	1,150
Social Security	2,774
State Retirement	2,738
Unemployment Compensation	292
Employer Medicare	649
Maintenance and Repair Services - Vehicles	33,711
Total Waste Pickup	<u>\$ 84,905</u>
<u>Convenience Centers</u>	
Laborers	\$ 215,801
Social Security	13,380
Unemployment Compensation	3,618
Employer Medicare	3,129
Communication	4,142
Other Supplies and Materials	6,110
Total Convenience Centers	<u>\$ 246,180</u>
<u>Landfill Operation and Maintenance</u>	
Laborers	\$ 185,388
Overtime Pay	11,485
Social Security	11,220
State Retirement	9,580
Employee and Dependent Insurance	7,290
Unemployment Compensation	1,979
Employer Medicare	2,624
Communication	528
Engineering Services	28,462
Operating Lease Payments	18,361
Maintenance and Repair Services - Vehicles	24,381
Rentals	12,799
Other Contracted Services	35,421
Crushed Stone	6,951
Diesel Fuel	140,253
Utilities	12,873
Other Supplies and Materials	33,193
Depreciation	335,168
Landfill Closure/Postclosure Care Costs	457,772
Other Charges	14,390
Other Construction	11,669
Total Landfill Operation and Maintenance	<u>\$ 1,361,787</u>
<u>Other Waste Disposal</u>	
Trustee's Commission	\$ 15,291
Total Other Waste Disposal	<u>\$ 15,291</u>
Total Operating Expenses	<u>\$ 1,708,163</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, 2012

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 939,773
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 930,375
Trustee's Commission	9,398
Total Cash Disbursements	<u>\$ 939,773</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0
Cash Balance, July 1, 2011	<u>0</u>
Cash Balance, June 30, 2012	<u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



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

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

September 21, 2012

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, 2012, which collectively comprise DeKalb County's basic financial statements and have issued our report thereon dated September 21, 2012. 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

The management of DeKalb County is responsible for establishing and maintaining effective internal controls 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: 12.01, 12.02, and 12.13.

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: 12.04, 12.05, 12.10, and 12.14.

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 12.03, 12.06, 12.07, 12.08, 12.09, 12.11, and 12.12.

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

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

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

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/yu



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
SUITE 1500
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NASHVILLE, TENNESSEE 37243-1402
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REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Independent Auditor's Report

September 21, 2012

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, 2012. 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, 2012.

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 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

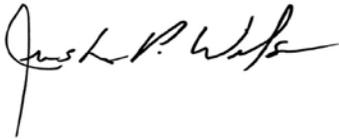
We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of DeKalb County as of and for the year ended June 30, 2012, and have issued our report thereon dated September 21, 2012. 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.

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

This report is intended solely for the information and use of management, the county mayor, road supervisor, director of schools, County Commission, Board of Education, others within 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.

Yours very truly,

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 end.

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

DeKalb County, Tennessee
 Schedule of Expenditures of Federal Awards and State Grants (1)
 For the Year Ended June 30, 2012

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	\$ 69,329 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	291,694
National School Lunch Program	10.555	N/A	811,565 (3)
Passed-through State Library and Archives:			
Community Facilities Loans and Grants	10.766	(2)	<u>4,084</u>
Total U.S. Department of Agriculture			<u>\$ 1,176,672</u>
U.S. Department of Labor:			
Passed-through Upper Cumberland Human Resource Agency:			
WIA Youth Activities	17.259	(2)	\$ 11,000
Passed-through State Department of Education:			
Incentive Grants - WIA Section 503	17.267	(2)	<u>1,000</u>
Total U.S. Department of Labor			<u>\$ 12,000</u>
Institute of Museum and Library Services:			
Passed-through State Library and Archives:			
Grants to States	45.31	(2)	<u>\$ 1,233</u>
U.S. Department of Education:			
Direct Program:			
Impact Aid	84.041	N/A	\$ 133,047
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	934,021
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	887,378
Special Education - Preschool Grants	84.173	N/A	28,783
Career and Technical Education - Basic Grants to States	84.048	N/A	149,341
Twenty-first Century Community Learning Centers	84.287	N/A	205,437
Education Technology State Grants Cluster:			
Education Technology State Grants	84.318	N/A	2,215
Education Technology State Grants, Recovery Act	84.386	N/A	922
Rural Education	84.358	N/A	43,766
English Language Acquisition Grants	84.365	N/A	20,500
Improving Teacher Quality State Grants	84.367	N/A	141,001
State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	137,159
Education Jobs Fund	84.410	N/A	<u>676,746</u>
Total U.S. Department of Education			<u>\$ 3,360,316</u>
U.S. Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	(2)	<u>\$ 1,938</u>
U.S. Department of Homeland Security:			
Direct Program:			
Assistance to Firefighters Grant	97.044	N/A	<u>\$ 36,451</u>
Total Expenditures of Federal Awards			<u>\$ 4,588,610</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	Contract Number	Expenditures
<u>State Grants</u>			
Litter Program - State Department of Transportation	N/A	(2)	\$ 45,095
Archives Development Grant - State Library and Archives	N/A	(2)	5,000
Aging Program - State Commission on Aging	N/A	(2)	3,545
Youth Services Program - State Commission on Children and Youth	N/A	(2)	9,000
Adult Drug Court Grant - State Office of Criminal Justice	N/A	(2)	48,192
Juvenile Drug Court Grant - State Office of Criminal Justice	N/A	(2)	17,341
Early Childhood Education (Pre-K) - State Department of Education	N/A	(2)	426,335
Coordinated School Health - State Department of Education	N/A	(2)	99,999
ConnectTenn - State Department of Education	N/A	(2)	10,225
Star Student Management System - State Department of Education	N/A	(2)	7,568
Safe Schools - State Department of Education	N/A	(2)	12,487
Lottery Education Afterschool Programs - State Department of Education	N/A	(2)	150,323
Student Ticket Subsidy Grant - Tennessee Arts Commission	N/A	(2)	1,267
Waste Tire Grant - State Department of Environment and Conservation	N/A	Z-08-213008-02	6,683
Total State Grants			\$ 843,060

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 \$880,894.

DeKalb County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2012

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, 2011, which have not been corrected.

OFFICE OF COUNTY MAYOR

Finding Number	Page Number	Subject
11.01	160	The Solid Waste Disposal Fund had a deficit in unrestricted net assets

OFFICE OF ROAD SUPERVISOR

Finding Number	Page Number	Subject
11.05	163	The office did not maintain adequate controls over consumable assets
11.06	163	The office had deficiencies in payroll operations
11.08	164	A property owner erected a gate on a county road
11.10	165	The Highway Department performed work and provided materials on roads to private cemeteries without authorization

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

Finding Number	Page Number	Subject
11.12	166	Multiple employees operated from the same cash drawer

DEKALB COUNTY

Finding Number	Page Number	Subject
11.14	167	DeKalb County has a material recurring audit finding

OFFICES OF ROAD SUPERVISOR, TRUSTEE, REGISTER, AND SHERIFF

Finding Number	Page Number	Subject
11.15	168	Duties were not segregated adequately

DEKALB COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2012

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of DeKalb County is unqualified.
2. The audit of the financial statements of DeKalb County disclosed significant deficiencies in internal control. Three of these deficiencies were considered to be material weaknesses.
3. The audit disclosed 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), Title I Grants to Local Educational Agencies (CFDA No 84.010), the Special Education Cluster: Special Education – Grants to States and Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173), and the Education Jobs Fund (CFDA No. 84.410) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. DeKalb County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The director of schools and assessor of property provided written responses to certain findings, which are paraphrased in this report. Other management officials did not provide written responses for inclusion in this report.

OFFICE OF COUNTY MAYOR

FINDING 12.01 **THE SOLID WASTE DISPOSAL FUND REQUIRED MATERIAL AUDIT ADJUSTMENTS FOR PROPER FINANCIAL STATEMENT PRESENTATION**
(Internal Control – Material Weakness Under *Government Auditing Standards*)

At June 30, 2012, certain general ledger account balances in the Solid Waste Disposal Fund were not materially correct, and audit adjustments were required for the financial statements to be materially correct at year end. Generally accepted accounting principles require DeKalb County to have adequate internal controls over the maintenance of its accounting records. Material audit adjustments were required because the county's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the county has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. This deficiency exists due to a lack of management oversight. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

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

FINDING 12.02 **THE SOLID WASTE DISPOSAL FUND HAD A DEFICIT IN UNRESTRICTED NET ASSETS**
(Internal Control – Material Weakness Under *Government Auditing Standards*)

The Solid Waste Disposal Fund had a deficit of \$3,267,777 in unrestricted net assets at June 30, 2012. This deficit resulted from the recognition of a liability totaling \$6,126,542 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 12.03 **FOOD FOR THE JAIL WAS NOT BID IN COMPLIANCE WITH STATE STATUTES**
(Noncompliance Under *Government Auditing Standards*)

Competitive bids were not solicited for food purchased for the jail totaling \$138,208. Chapter 63, Private Acts of 1979, requires public advertisement and solicitation of competitive bids on purchases exceeding \$5,000. The failure to solicit competitive bids could result in the county paying more than the most competitive price.

RECOMMENDATION

Purchases exceeding \$5,000 should be competitively bid as required by state statute.

OFFICE OF ROAD SUPERVISOR

FINDING 12.04 **THE OFFICE DID NOT MAINTAIN ADEQUATE CONTROLS OVER CONSUMABLE ASSETS**
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

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

RECOMMENDATION

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

FINDING 12.05 THE OFFICE HAD DEFICIENCIES IN PAYROLL PROCEDURES
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

During our examination, we noted four individuals who were being paid as other contracted service 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. Federal Forms 1099 were issued for these employees. This deficiency can be attributed to the failure of management to correct the finding noted in the prior-year audit report.

RECOMMENDATION

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

FINDING 12.06 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 with a County Commission resolution permitting the erection of a gate across the county road. This deficiency can be attributed to the failure of management to correct the finding noted in the prior-year audit report.

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 12.07 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. This deficiency can be attributed to the failure of management to correct the finding noted in the prior-year audit report.

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 12.08 THE SCHOOL FEDERAL PROJECTS FUND HAD A CASH OVERDRAFT OF \$96,023 AT JUNE 30, 2012
(Noncompliance Under *Government Auditing Standards*)

At June 30, 2012, the School Federal Projects Fund had a cash overdraft of \$96,023. Sound business practices dictate that expenditures be held within available funds. This overdraft resulted from the issuance of warrants exceeding cash on deposit with the county trustee. This cash overdraft was liquidated subsequent to June 30, 2012.

RECOMMENDATION

The School Department should not issue warrants exceeding cash on deposit with the county trustee.

MANAGEMENT’S RESPONSE – DIRECTOR OF SCHOOLS

The school system will monitor expenditures to ensure that a cash overdraft does not exist when closing our books in June. The school system will continue to adhere to federal program guidelines when requesting reimbursement for expenditures. During the 2011-12 school year, several programs operated in the month of June for which reimbursement was not received until mid-July. We realize that federal programs operate on a reimbursement basis, and an effort will be made to finalize all anticipated expenditures earlier in the school year so that reimbursement may be realized prior to closing the books.

OFFICE OF TRUSTEE

FINDING 12.09 **EXCESS FEES WERE NOT REPORTED AND PAID TO THE COUNTY IN COMPLIANCE WITH STATE STATUE**
(Noncompliance Under *Government Auditing Standards*)

The trustee 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 trustee 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 \$5,720 to \$155,379 at the end of each of the reporting periods.

RECOMMENDATION

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

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

FINDING 12.10 **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 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 and is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

Officials should assign each employee their own cash drawer.

OFFICE OF ASSESSOR OF PROPERTY

FINDING 12.11 **NEW OWNERS OF GREENBELT PROPERTIES WERE NOT REQUIRED TO FILE A NEW APPLICATION FOR AGRICULTURAL PROPERTY**
(Noncompliance Under *Government Auditing Standards*)

New owners who purchased property that previously qualified as agricultural the year before were not required to file a new application for the greenbelt classification. Section 67-5-1005(a)(1), *Tennessee Code Annotated (TCA)*, requires all new owners of property that qualified as agricultural the year before to reapply by March 1 in the year of transferring ownership. This deficiency can be attributed to the lack of management oversight. DeKalb County could be deprived of tax revenues from property that did not qualify to receive a greenbelt exemption.

RECOMMENDATION

New owners of properties who qualified as agricultural should be required to file new greenbelt applications as required by state statute.

MANAGEMENT'S RESPONSE – ASSESSOR OF PROPERTY

Most parcels sold were put back on Greenbelt. However, the system is supposed to flag Greenbelt parcels when a new owner is keyed or when the acres change; this does not always happen. With so much to keep up with, sometimes it is overlooked when the system alert doesn't work.

REBUTTAL – DIVISION OF PROPERTY ASSESSMENTS

Section 67-5-1005(a)(1), *TCA*, provides that any owner of land may apply for its classification as agricultural by filing a written application with the assessor of property. The application must be filed by March 1. Reapplication thereafter is not required as long as the ownership as of the assessment date remains unchanged. Property that qualified as agricultural the year before under different ownership is disqualified if the new owner does not timely apply. The assessor shall send a notice of disqualification to these owners but shall accept a late application if filed within 30 days of the notice of disqualification and accompanied by a late application fee of \$50.

The assessor's statement that the system is supposed to flag Greenbelt parcels when a new owner is keyed or when the acres change does not always happen is incorrect and misleading. The CAAS IV system, which is used by the DeKalb County Assessor's Office, does not flag new ownership of properties that have never been on Greenbelt classification, neither does it flag those properties with new owners who need to recertify according to Section 67-5-1005 (a)(1), *TCA*, should the new owners choose to remain on the Greenbelt classification. The sole responsibility of the assessor of property is to decide whether or not any owner of land who is not currently on the Greenbelt classification but who chooses to apply is qualified to do so. Furthermore, it is the assessor's responsibility to identify, in a timely manner, any property that transferred ownership and qualified the year before still meets the statutory obligations to continue on the Greenbelt program. It is also the assessor's responsibility to notify the owners that they no longer qualify for the Greenbelt program and to calculate and assess any rollback taxes due as a result of such disqualification. The DeKalb County Assessor of Property failed 1) to recertify new owners of property that were previously on the Greenbelt classification, 2) to notify the owners of their pending disqualifications, 3) to change the classification of the owners who no longer qualified as Greenbelt properties, and 4) to calculate any rollback taxes, which resulted from such disqualification. This failure of management's oversight resulted in a loss of tax revenue to DeKalb County because property owners who should have been disqualified from the Greenbelt program and whose assessed values should have been returned to the higher market value were allowed to continue on the assessment rolls at a lower assessed value than that provided by statute, as well as the resulting loss of rollback tax revenue, which should have been assessed to the disqualified owner.

FINDING 12.12 **THE ASSESSOR DID NOT PRORATE NEW CONSTRUCTION**
(Noncompliance Under *Government Auditing Standards*)

The assessor did not pick up and prorate new construction or improvements. Section 67-5-603, *Tennessee Code Annotated (TCA)*, provides that for the year in which an improvement or building is completed, the assessment, or increase in assessment, shall be prorated for the portion of the year following the date of its completion. This deficiency can be attributed to the lack of management's oversight, which resulted in new construction not being properly assessed and the potential loss of county tax revenue.

RECOMMENDATION

The assessor should pick up and prorate new construction and improvements as required by statute.

MANAGEMENT'S RESPONSE – ASSESSOR OF PROPERTY

New constructions were prorated unless it was after August 15. Improvements already built for the year were charged for the whole year.

REBUTTAL – DIVISION OF PROPERTY ASSESSMENTS

Section 67-5-603(b)(1), *TCA*, provides that if after January 1 and before September 1 of any year, an improvement or new building is completed and ready for use or occupancy, or the property has been sold or leased, the assessor of property shall make or correct the assessment of such property on the basis of the value of the property as of the assessment date of January 1, provided, that for the year in which such improvement or building is completed, the assessment or increase in assessment of the improvement shall be prorated for the portion of the year following the date of its completion.

The assessor’s management response clearly ignores the provisions of the statute to prorate properties between January 1 and September 1 of any year. His procedure to assess any improvements or new construction indicates that no matter when an improvement or new construction is completed during a given year, he did not prorate per statute but assessed the improvements or new construction for the entire year. This lack of management oversight resulted in improvements or new construction not being properly prorated per statute, and assessing an incorrect value on those affected properties. The over assessment of values for those properties during a given assessment year resulted in an overpayment of property taxes to the affected property owner. Also, when properties were not placed on the tax roll as a result of prorations ending as of August 15, this resulted in improvements and new construction not being added to the assessment rolls in the correct tax year, which resulted in a loss of tax revenue to DeKalb County.

DEKALB COUNTY

FINDING 12.13 **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:

<u>Finding Numbers</u>	<u>Description</u>
12.02, 11.01, 10.02	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 deficiency. DeKalb County has established an Audit Committee to address financial and other reporting practices, internal control, compliance with laws and regulations, and ethics.

RECOMMENDATION

DeKalb County should work with its Audit Committee to correct the above-noted material weakness in internal control.

OFFICES OF ROAD SUPERVISOR, TRUSTEE, REGISTER, AND SHERIFF

FINDING 12.14 DUTIES WERE NOT SEGREGATED ADEQUATELY (Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Duties were not segregated adequately among officials and employees in the Offices of 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 Local Government 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, 2012

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