ANNUAL FINANCIAL REPORT

DEKALB COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2013

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COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

DIVISION OF LOCAL GOVERNMENT AUDIT
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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, 2013

Scope

We have audited the basic financial statements of DeKalb County as of and for the year ended June 30, 2013.

Results

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

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

Findings and Best Practice

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

OFFICE OF COUNTY MAYOR

- The Solid Waste Disposal Fund had a deficit in unrestricted net position.
- Some landfill and community complex funds were not deposited within three days of collection.

OFFICE OF ROAD SUPERVISOR

- The office did not maintain adequate controls over consumable assets.
- Salary expenditures exceeded appropriations.

OFFICE OF CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK

- Execution docket trial balances for Circuit and General Sessions Courts did not reconcile with general ledger accounts.

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

- Multiple employees operated from the same cash drawer.

DEKALB COUNTY

- DeKalb County has a material recurring audit finding.

OFFICES OF ROAD SUPERVISOR, TRUSTEE, REGISTER OF DEEDS, 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, 2013

Officials

Mike Foster, County Mayor
Kenny Edge, Road Supervisor
Mark Willoughby, Director of Schools
Sean Driver, Trustee
Scott Cantrell, Assessor of Property
Michael Clayborn, County Clerk
Katherine Pack, Circuit, General Sessions, and Juvenile Courts Clerk
Debra Malone, Clerk and Master
Jeffery McMillen, Register of Deeds
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
Bradley Hendrix
Bobby Joines
David McDowell
Jimmy Poss
Jerry Scott
Larry Summers
Vacant

Board of Education

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

Purchasing Committee

Mike Foster, County Mayor, Chairman
Kenny Edge, Road Supervisor
Mark Willoughby, Director of Schools
Bobby Joines
Jerry Scott
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

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

To the County Mayor and Board of County Commissioners:

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of DeKalb County Emergency Communications District, which represent four percent, five percent, and three percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report 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 solely on the report of the other auditors. We

conducted our audit in accordance with auditing standards generally accepted in the United States of America and the 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General, Local Purpose Tax, and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note V.B., DeKalb County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements;* Statement No. 61, *The Financial Reporting Entity: Omnibus (an amendment of GASB Statements No. 14 and No. 34);* Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; and Statement No. 63, *Reporting Deferred Outflows, Deferred Inflows and Net Position*, which became effective for the year ended June 30, 2013. DeKalb County early implemented Statement No. 65, *Items Previously Reported as Assets and Liabilities* and Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62,* which have an effective date of June 30, 2014.

Other Matters

Required Supplementary Information

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 schedules of funding progress – pension plan and other postemployment benefits plan on pages 76-79 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.

The county's original report issued on September 25, 2013, was re-issued November 14, 2013, due to errors that have been discovered on Exhibit A, the Statement of Financial Position. See Footnote I.B. for a detailed explanation.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise DeKalb County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service and General Capital Projects funds, combining and individual fund financial statements of the DeKalb County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service and General Capital Projects funds, combining and individual fund financial statements of the DeKalb County School Department (a discretely presented component unit), and miscellaneous schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements.

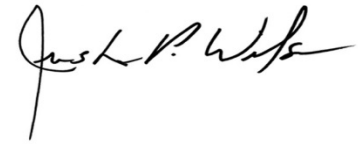
Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and by other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, 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 miscellaneous schedules are fairly stated, in all material respects, in relation to the basic 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2013, on our consideration of DeKalb County's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering DeKalb County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

September 25, 2013, Originally Issued
November 14, 2013, Re-issued

JPW/sb

Basic Financial Statements

Exhibit A

DeKalb County, Tennessee
Statement of Net Position
June 30, 2013

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	DeKalb County School Department	DeKalb County Emergency Communications District
ASSETS					
Cash	$ 33,005	$ 0	$ 33,005	$ 0	$ 700,576
Equity in Pooled Cash and Investments	7,152,892	3,339,937	10,492,829	8,152,538	0
Accounts Receivable	965,277	44,137	1,009,414	0	3,083
Allowance for Uncollectibles	(352,782)	0	(352,782)	0	0
Due from Other Governments	729,491	84,405	813,896	248,035	53,484
Due from Component Units	177,514	0	177,514	0	0
Property Taxes Receivable	5,192,895	0	5,192,895	2,669,245	0
Allowance for Uncollectible Property Taxes	(158,275)	0	(158,275)	(81,356)	0
Prepaid Items	0	0	0	0	18,455
Capital Assets:					
Assets Not Depreciated:					
Land	836,116	428,950	1,265,066	736,256	0
Assets Net of Accumulated Depreciation:					
Buildings and Improvements	4,456,852	0	4,456,852	7,535,156	11,734
Landfill Facilities and Development	0	402,959	402,959	0	0
Other Capital Assets	1,857,982	485,400	2,343,382	1,704,115	107,655
Infrastructure	3,735,186	0	3,735,186	0	0
Total Assets	$ 24,626,153	$ 4,785,788	$ 29,411,941	$ 20,963,989	$ 894,987
LIABILITIES					
Accounts Payable	$ 0	$ 0	$ 0	$ 0	$ 2,734
Accrued Payroll	110	0	110	0	6,644
Payroll Deductions Payable	259	0	259	0	179
Due to Primary Government	0	0	0	177,514	0
Due to State of Tennessee	667	0	667	0	0
Accrued Interest Payable	48,231	0	48,231	0	0

(Continued)

Exhibit A

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

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	DeKalb County School Department	DeKalb County Emergency Communications District
LIABILITIES (CONT.)					
Noncurrent Liabilities:					
Due Within One Year	$ 1,209,171	$ 104,415	$ 1,313,586	$ 0	$ 0
Due in More Than One Year	9,711,772	6,313,204	16,024,976	598,701	0
Total Liabilities	$ 10,970,210	$ 6,417,619	$ 17,387,829	$ 776,215	$ 9,557
DEFERRED INFLOWS OF RESOURCES					
Deferred Revenue - Current Property Taxes	$ 4,900,027	$ 0	$ 4,900,027	$ 2,518,699	$ 0
Total Deferred Inflows of Resources	$ 4,900,027	$ 0	$ 4,900,027	$ 2,518,699	$ 0
NET POSITION					
Net Investment in Capital Assets	$ 6,726,136	$ 0	$ 6,726,136	$ 0	$ 0
Investment in Capital Assets	0	1,317,309	1,317,309	9,975,527	119,389
Restricted for:					
Local Purpose Tax	1,146,081	0	1,146,081	0	0
Drug Control	44,702	0	44,702	0	0
Highway/Public Works	568,280	0	568,280	0	0
Central Cafeteria	0	0	0	662,241	0
General Debt Service	1,551,120	0	1,551,120	0	0
Capital Outlay	638,420	0	638,420	2,627,380	0
Other Purposes	245,834	0	245,834	4,156	0
Unrestricted	(2,164,657)	(2,949,140)	(5,113,797)	4,399,771	766,041
Total Net Position	$ 8,755,916	$ (1,631,831)	$ 7,124,085	$ 17,669,075	$ 885,430

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

Exhibit B

DeKalb County, Tennessee
Statement of Activities
For the Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position – Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Units: DeKalb County School Department	Component Units: DeKalb County Emergency Communications District
Primary Government:									
Governmental Activities:									
General Government	$ 1,057,839	$ 142,618	$ 15,164	$ 0	$ (900,057)	$ 0	$ (900,057)	$ 0	$ 0
Finance	656,150	565,953	0	0	(90,197)	0	(90,197)	0	0
Administration of Justice	557,889	330,204	9,000	0	(218,685)	0	(218,685)	0	0
Public Safety	3,325,364	176,774	69,904	0	(3,078,686)	0	(3,078,686)	0	0
Public Health and Welfare	1,759,553	1,275,400	114,590	435,135	65,572	0	65,572	0	0
Social, Cultural, and Recreational Services	205,028	81,083	0	156,229	32,284	0	32,284	0	0
Agriculture and Natural Resources	77,433	0	0	0	(77,433)	0	(77,433)	0	0
Other Operations	617,296	64,557	12,000	0	(540,739)	0	(540,739)	0	0
Highways/Public Works	2,411,344	287	1,459,570	0	(951,487)	0	(951,487)	0	0
Education	5,116,695	0	0	0	(5,116,695)	0	(5,116,695)	0	0
Interest on Long-term Debt	242,325	0	0	0	(242,325)	0	(242,325)	0	0
Other Debt Service	12,450	0	0	0	(12,450)	0	(12,450)	0	0
Total Governmental Activities	$ 16,039,366	$ 2,636,876	$ 1,680,228	$ 591,364	$ (11,130,898)	$ 0	$ (11,130,898)	$ 0	$ 0
Business-type Activities:									
Landfill	$ 1,489,592	$ 161,355	$ 0	$ 125,891	$ 0	$ (1,202,346)	$ (1,202,346)	$ 0	$ 0
Total Business-type Activities	$ 1,489,592	$ 161,355	$ 0	$ 125,891	$ 0	$ (1,202,346)	$ (1,202,346)	$ 0	$ 0
Total Primary Government	$ 17,528,958	$ 2,798,231	$ 1,680,228	$ 717,255	$ (11,130,898)	$ (1,202,346)	$ (12,333,244)	$ 0	$ 0
Component Units:									
School Department	$ 23,969,244	$ 365,213	$ 3,284,431	$ 49,155	$ 0	$ 0	$ 0	$ (20,270,445)	$ 0
Emergency Communications District	617,034	359,830	0	0	0	0	0	0	(257,204)
Total Component Units	$ 24,586,278	$ 725,043	$ 3,284,431	$ 49,155	$ 0	$ 0	$ 0	$ (20,270,445)	$ (257,204)

(Continued)

Exhibit B

DeKalb County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Units: DeKalb County School Department	Component Units: DeKalb County Emergency Communications District
General Revenues:									
Taxes:									
Property Taxes Levied for General Purposes					$ 4,436,887	$ 0	$ 4,436,887	$ 2,564,443	$ 0
Property Taxes Levied for Debt Service					557,393	0	557,393	0	0
Local Option Sales Taxes					2,258,365	355,952	2,614,317	0	0
Litigation Taxes					65,910	0	65,910	0	0
Business Tax					155,784	0	155,784	0	0
Hotel/Motel Tax					0	57,225	57,225	0	0
Wholesale Beer Tax					0	67,001	67,001	0	0
Mineral Severance Tax					10,205	0	10,205	0	0
Bank Excise Tax					0	53,575	53,575	0	0
Beer Tax					0	33,586	33,586	0	0
Alcoholic Beverage Tax					0	35,466	35,466	0	0
State Revenue Sharing - T.V.A.					0	409,085	409,085	0	0
Other Local Taxes					1,134	0	1,134	1,524	0
Grants and Contributions Not Restricted to Specific Programs					215,674	91,967	307,641	20,275,862	459,628
Unrestricted Investment Earnings					1,054	293,506	294,560	2,541	9,933
Miscellaneous					90,676	1,661	92,337	87,860	1,870
Total General Revenues					$ 7,793,082	$ 1,399,024	$ 9,192,106	$ 22,932,230	$ 471,431
Insurance Recovery					$ 36,957	$ 0	$ 36,957	$ 46,881	$ 0
Change in Net Position					$ (3,300,859)	$ 196,678	$ (3,104,181)	$ 2,708,666	$ 214,227
Net Position, July 1, 2012					12,056,775	(1,828,509)	10,228,266	14,960,409	681,308
Prior-period Adjustment					0	0	0	0	(10,105)
Net Position, June 30, 2013					$ 8,755,916	$ (1,631,831)	$ 7,124,085	$ 17,669,075	$ 885,430

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, 2013

	Major Funds					Nonmajor Funds	
	General	Local Purpose Tax	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern-mental Funds	Total Governmental Funds
ASSETS							
Cash	$ 525	$ 0	$ 0	$ 0	$ 0	$ 32,480	$ 33,005
Equity in Pooled Cash and Investments	3,623,320	953,162	309,469	1,586,594	623,500	56,847	7,152,892
Accounts Receivable	961,887	0	0	0	0	3,390	965,277
Allowance for Uncollectibles	(352,782)	0	0	0	0	0	(352,782)
Due from Other Governments	83,227	385,838	260,426	0	0	0	729,491
Due from Other Funds	11,893	0	0	0	0	0	11,893
Property Taxes Receivable	3,979,601	0	145,595	582,381	485,318	0	5,192,895
Allowance for Uncollectible Property Taxes	(121,295)	0	(4,437)	(17,751)	(14,792)	0	(158,275)
Total Assets	$ 8,186,376	$ 1,339,000	$ 711,053	$ 2,151,224	$ 1,094,026	$ 92,717	$ 13,574,396
LIABILITIES							
Accrued Payroll	$ 0	$ 0	$ 110	$ 0	$ 0	$ 0	$ 110
Payroll Deductions Payable	259	0	0	0	0	0	259
Due to Other Funds	0	0	0	0	0	11,893	11,893
Due to State of Tennessee	667	0	0	0	0	0	667
Total Liabilities	$ 926	$ 0	$ 110	$ 0	$ 0	$ 11,893	$ 12,929
DEFERRED INFLOWS OF RESOURCES							
Deferred Current Property Taxes	$ 3,755,149	$ 0	$ 137,399	$ 549,534	$ 457,945	$ 0	$ 4,900,027
Deferred Delinquent Property Taxes	95,975	0	3,496	14,045	11,706	0	125,222
Other Deferred/Unavailable Revenue	546,943	192,919	128,262	0	0	0	868,124
Total Deferred Inflows of Resources	$ 4,398,067	$ 192,919	$ 269,157	$ 563,579	$ 469,651	$ 0	$ 5,893,373

(Continued)

Exhibit C-1

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

	Major Funds					Nonmajor Funds	
	General	Local Purpose Tax	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern-mental Funds	Total Governmental Funds
FUND BALANCES							
Restricted:							
Restricted for General Government	$ 15,840	$ 0	$ 0	$ 0	$ 0	$ 0	$ 15,840
Restricted for Administration of Justice	35,742	0	0	0	0	0	35,742
Restricted for Public Safety	8,690	0	0	0	0	44,702	53,392
Restricted for Public Health and Welfare	45,393	0	0	0	0	0	45,393
Restricted for Social, Cultural, and Recreational Services	140,169	0	0	0	0	0	140,169
Restricted for Highways/Public Works	0	0	441,786	0	0	0	441,786
Restricted for Education	0	1,146,081	0	0	0	0	1,146,081
Restricted for Capital Outlay	0	0	0	0	624,375	0	624,375
Restricted for Debt Service	0	0	0	1,587,645	0	0	1,587,645
Committed:							
Committed for General Government	0	0	0	0	0	12,145	12,145
Committed for Finance	0	0	0	0	0	23,977	23,977
Unassigned	3,541,549	0	0	0	0	0	3,541,549
Total Fund Balances	$ 3,787,383	$ 1,146,081	$ 441,786	$ 1,587,645	$ 624,375	$ 80,824	$ 7,668,094
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 8,186,376	$ 1,339,000	$ 711,053	$ 2,151,224	$ 1,094,026	$ 92,717	$ 13,574,396

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 Position
June 30, 2013

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		$ 7,668,094
(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	3,735,186	
Add: buildings and improvements net of accumulated depreciation	4,456,852	
Add: other capital assets net of accumulated depreciation	1,857,982	10,886,136
(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	$ (7,170,000)	
Less: notes payable	(3,400,000)	
Less: other loans payable	(177,514)	
Add: other loans contributed by School Department	177,514	
Less: compensated absences payable	(5,264)	
Less: accrued interest on bonds	(19,313)	
Less: accrued interest on notes	(28,918)	
Less: other deferred revenue - premium on debt	(69,342)	
Less: other postemployment benefits liability	(98,823)	(10,791,660)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		993,346
Net position of governmental activities (Exhibit A)		$ 8,755,916

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, 2013

	Major Funds						Nonmajor Funds	
	General	Local Purpose Tax	Highway / Public Works	General Debt Service	General Capital Projects	Education Capital Projects	Other Govern-mental Funds	Total Governmental Funds
Revenues								
Local Taxes	$ 3,995,682	$ 2,250,446	$ 150,208	$ 559,394	$ 464,704	$ 0	$ 54,321	$ 7,474,755
Licenses and Permits	49,308	0	0	0	0	0	0	49,308
Fines, Forfeitures, and Penalties	100,107	0	0	0	0	0	37,547	137,654
Charges for Current Services	1,125,248	0	0	0	0	0	102,999	1,228,247
Other Local Revenues	117,321	0	3,267	0	4,750	0	1,000	126,338
Fees Received from County Officials	784,636	0	0	0	0	0	0	784,636
State of Tennessee	542,068	0	1,453,434	0	0	0	0	1,995,502
Federal Government	613,704	0	0	0	15,740	0	0	629,444
Other Governments and Citizens Groups	50	0	0	59,171	0	0	0	59,221
Total Revenues	$ 7,328,124	$ 2,250,446	$ 1,606,909	$ 618,565	$ 485,194	$ 0	$ 195,867	$ 12,485,105
Expenditures								
Current:								
General Government	$ 1,220,550	$ 0	$ 0	$ 0	$ 0	$ 0	$ 88,294	$ 1,308,844
Finance	394,314	0	0	0	0	0	261,836	656,150
Administration of Justice	556,801	0	0	0	0	0	1,088	557,889
Public Safety	2,803,672	0	0	0	0	0	16,985	2,820,657
Public Health and Welfare	1,315,808	0	0	0	0	0	0	1,315,808
Social, Cultural, and Recreational Services	186,849	0	0	0	0	0	0	186,849
Agriculture and Natural Resources	70,285	0	0	0	0	0	0	70,285
Other Operations	617,246	0	0	0	0	0	50	617,296
Highways	0	0	1,898,919	0	0	0	0	1,898,919
Support Services	0	0	0	0	0	0	3,214	3,214
Debt Service:								
Principal on Debt	0	0	0	944,171	0	0	0	944,171
Interest on Debt	0	0	0	234,731	0	0	0	234,731
Other Debt Service	0	0	0	12,450	0	0	0	12,450
Capital Projects	0	1,642,571	0	0	542,713	53,849	0	2,239,133
Capital Projects - Donated	0	0	0	0	0	3,420,275	0	3,420,275
Total Expenditures	$ 7,165,525	$ 1,642,571	$ 1,898,919	$ 1,191,352	$ 542,713	$ 3,474,124	$ 371,467	$ 16,286,671
Excess (Deficiency) of Revenues Over Expenditures	$ 162,599	$ 607,875	$ (292,010)	$ (572,787)	$ (57,519)	$ (3,474,124)	$ (175,600)	$ (3,801,566)

(Continued)

Exhibit C-3

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

	Major Funds						Nonmajor Funds	
	General	Local Purpose Tax	Highway / Public Works	General Debt Service	General Capital Projects	Education Capital Projects	Other Govern-mental Funds	Total Governmental Funds
Other Financing Sources (Uses)								
Notes Issued	$ 0	$ 0	$ 0	$ 0	$ 0	$ 3,400,000	$ 0	$ 3,400,000
Premiums on Debt Issued	0	0	0	0	0	74,124	0	74,124
Insurance Recovery	66,132	0	0	0	0	0	0	66,132
Transfers In	0	0	0	605,620	0	0	0	605,620
Transfers Out	0	(605,620)	0	0	0	0	0	(605,620)
Total Other Financing Sources (Uses)	$ 66,132	$ (605,620)	$ 0	$ 605,620	$ 0	$ 3,474,124	$ 0	$ 3,540,256
Net Change in Fund Balances	$ 228,731	$ 2,255	$ (292,010)	$ 32,833	$ (57,519)	$ 0	$ (175,600)	$ (261,310)
Fund Balance, July 1, 2012	3,558,652	1,143,826	733,796	1,554,812	681,894	0	256,424	7,929,404
Fund Balance, June 30, 2013	$ 3,787,383	$ 1,146,081	$ 441,786	$ 1,587,645	$ 624,375	$ 0	$ 80,824	$ 7,668,094

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, 2013

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)		$ (261,310)
(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	$ 355,603	
Less: current-year depreciation expense	(998,129)	(642,526)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.		
Less: loss on disposal of capital assets	$ (32,718)	
Less: proceeds from the sale of capital assets	(29,175)	(61,893)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2013	$ 993,346	
Less: deferred delinquent property taxes and other deferred June 30, 2012	(722,512)	270,834
(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 position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:		
Less: note proceeds	$ (3,400,000)	
Less: change in premium on debt issuances	(69,342)	
Less: principal on other loans contributed by School Department	(59,171)	
Add: principal payments on other loans	59,171	
Add: principal payments on bonds	885,000	(2,584,342)
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable on bonds	$ 11,719	
Change in accrued interest payable on notes	(19,313)	
Change in compensated absences payable	2,239	
Change in other postemployment benefits liability	(16,267)	(21,622)
Change in net position of governmental activities (Exhibit B)		$ (3,300,859)

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

Exhibit C-5

DeKalb County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 3,995,682	$ 3,818,889	$ 3,818,889	$ 176,793
Licenses and Permits	49,308	7,585	7,585	41,723
Fines, Forfeitures, and Penalties	100,107	99,225	99,225	882
Charges for Current Services	1,125,248	1,018,215	1,018,815	106,433
Other Local Revenues	117,321	103,750	134,007	(16,686)
Fees Received from County Officials	784,636	773,665	773,665	10,971
State of Tennessee	542,068	500,815	517,815	24,253
Federal Government	613,704	50,500	620,324	(6,620)
Other Governments and Citizens Groups	50	0	0	50
Total Revenues	$ 7,328,124	$ 6,372,644	$ 6,990,325	$ 337,799
Expenditures				
General Government				
County Commission	$ 92,732	$ 100,167	$ 100,167	$ 7,435
Board of Equalization	3,693	4,200	4,200	507
Beer Board	1,164	4,000	2,500	1,336
County Mayor/Executive	150,324	166,279	160,758	10,434
County Attorney	18,455	25,355	18,931	476
Election Commission	180,163	167,734	198,314	18,151
Register of Deeds	138,812	142,305	145,338	6,526
Planning	9,346	15,563	15,563	6,217
County Buildings	256,193	214,262	293,856	37,663
Other Facilities	56,913	65,673	71,239	14,326
Other General Administration	312,755	300,293	359,836	47,081
Finance				
Property Assessor's Office	194,247	182,693	196,863	2,616
County Trustee's Office	32,130	158,164	158,164	126,034
County Clerk's Office	167,937	168,402	169,826	1,889
Administration of Justice				
Circuit Court	184,074	184,861	192,876	8,802
General Sessions Court	114,317	119,924	119,924	5,607
Drug Court	77,377	91,771	91,771	14,394
Chancery Court	112,483	111,030	114,126	1,643
Juvenile Court	42,366	47,730	47,730	5,364
Judicial Commissioners	26,184	31,380	32,380	6,196
Public Safety				
Sheriff's Department	1,246,956	1,204,865	1,294,825	47,869
Special Patrols	46,486	48,591	48,591	2,105
Traffic Control	17,736	13,831	19,260	1,524
Correctional Incentive Program Improvements	1,068,670	1,097,051	1,097,651	28,981
Fire Prevention and Control	259,509	135,450	274,665	15,156
Civil Defense	4,224	3,000	4,500	276
Other Emergency Management	118,171	119,695	119,695	1,524
County Coroner/Medical Examiner	30,420	45,000	45,000	14,580
Other Public Safety	11,500	11,500	11,500	0

(Continued)

Exhibit C-5

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

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)				
Public Health and Welfare				
Local Health Center	$ 106,340	$ 117,737	$ 117,737	$ 11,397
Rabies and Animal Control	1,165	13,000	13,000	11,835
Ambulance/Emergency Medical Services	1,201,123	1,251,534	1,251,534	50,411
Regional Mental Health Center	7,180	7,180	7,180	0
General Welfare Assistance	0	2,750	1,584	1,584
Social, Cultural, and Recreational Services				
Senior Citizens Assistance	23,766	26,378	26,378	2,612
Libraries	144,693	145,184	146,984	2,291
Other Social, Cultural, and Recreational	18,390	0	149,445	131,055
Agriculture and Natural Resources				
Agriculture Extension Service	40,459	54,526	54,526	14,067
Soil Conservation	29,826	29,592	30,482	656
Other Operations				
Industrial Development	1,254	12,545	11,655	10,401
Other Economic and Community Development	455,994	27,000	460,239	4,245
Veterans' Services	6,533	6,643	6,643	110
Other Charges	95,407	84,946	98,056	2,649
Contributions to Other Agencies	14,245	42,571	29,461	15,216
Employee Benefits	8,496	9,500	9,500	1,004
Miscellaneous	35,317	50,070	55,892	20,575
Total Expenditures	$ 7,165,525	$ 6,861,925	$ 7,880,345	$ 714,820
Excess (Deficiency) of Revenues Over Expenditures	$ 162,599	$ (489,281)	$ (890,020)	$ 1,052,619
Other Financing Sources (Uses)				
Insurance Recovery	$ 66,132	$ 0	$ 82,566	$ (16,434)
Total Other Financing Sources	$ 66,132	$ 0	$ 82,566	$ (16,434)
Net Change in Fund Balance	$ 228,731	$ (489,281)	$ (807,454)	$ 1,036,185
Fund Balance, July 1, 2012	3,558,652	3,203,558	3,203,558	355,094
Fund Balance, June 30, 2013	$ 3,787,383	$ 2,714,277	$ 2,396,104	$ 1,391,279

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

Exhibit C-6

DeKalb County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Local Purpose Tax Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 2,250,446	$ 2,200,000	$ 2,200,000	$ 50,446
Total Revenues	$ 2,250,446	$ 2,200,000	$ 2,200,000	$ 50,446
Expenditures				
Capital Projects				
Other General Government Projects	$ 1,642,571	$ 2,169,820	$ 1,644,200	$ 1,629
Total Expenditures	$ 1,642,571	$ 2,169,820	$ 1,644,200	$ 1,629
Excess (Deficiency) of Revenues Over Expenditures	$ 607,875	$ 30,180	$ 555,800	$ 52,075
Other Financing Sources (Uses)				
Transfers Out	$ (605,620)	$ 0	$ (605,620)	$ 0
Total Other Financing Sources	$ (605,620)	$ 0	$ (605,620)	$ 0
Net Change in Fund Balance	$ 2,255	$ 30,180	$ (49,820)	$ 52,075
Fund Balance, July 1, 2012	1,143,826	1,125,744	1,125,744	18,082
Fund Balance, June 30, 2013	$ 1,146,081	$ 1,155,924	$ 1,075,924	$ 70,157

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

Exhibit C-7

DeKalb County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 150,208	$ 158,514	$ 158,514	$ (8,306)
Other Local Revenues	3,267	22,594	25,132	(21,865)
State of Tennessee	1,453,434	1,931,693	1,931,693	(478,259)
Total Revenues	$ 1,606,909	$ 2,112,801	$ 2,115,339	$ (508,430)
Expenditures				
Highways				
Administration	$ 140,618	$ 168,068	$ 153,321	$ 12,703
Highway and Bridge Maintenance	470,769	923,142	547,642	76,873
Operation and Maintenance of Equipment	274,574	353,538	338,538	63,964
Quarry Operations	144,983	204,717	220,717	75,734
Other Charges	91,744	105,500	105,500	13,756
Employee Benefits	196,108	238,000	238,000	41,892
Capital Outlay	580,123	475,000	961,333	381,210
Total Expenditures	$ 1,898,919	$ 2,467,965	$ 2,565,051	$ 666,132
Excess (Deficiency) of Revenues Over Expenditures	$ (292,010)	$ (355,164)	$ (449,712)	$ 157,702
Net Change in Fund Balance	$ (292,010)	$ (355,164)	$ (449,712)	$ 157,702
Fund Balance, July 1, 2012	733,796	851,305	851,305	(117,509)
Fund Balance, June 30, 2013	$ 441,786	$ 496,141	$ 401,593	$ 40,193

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

Exhibit D-1

DeKalb County, Tennessee
Statement of Net Position
Proprietary Fund
June 30, 2013

	Business-type Activities - Enterprise Fund Solid Waste Disposal Fund
ASSETS	
Current Assets:	
Equity in Pooled Cash and Investments	$ 3,339,937
Accounts Receivable	44,137
Due from Other Governments	84,405
Total Current Assets	$ 3,468,479
Noncurrent Assets:	
Capital Assets:	
Assets Not Depreciated:	
Land	$ 428,950
Assets Net of Accumulated Depreciated:	
Landfill Facilities and Development	402,959
Machinery and Equipment	485,400
Total Noncurrent Assets	$ 1,317,309
Total Assets	$ 4,785,788
LIABILITIES	
Current Liabilities:	
Accrued Liability for Landfill Closure/Postclosure Care Costs	$ 104,415
Total Current Liabilities	$ 104,415
Noncurrent Liabilities:	
Accrued Liability for Landfill Closure/Postclosure Care Costs	$ 6,313,204
Total Noncurrent Liabilities	$ 6,417,619
Total Liabilities	
NET POSITION	
Investment in Capital Assets	$ 1,317,309
Unrestricted (Deficit)	$ (2,949,140)
Total Net Position	$ (1,631,831)

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 Position
Proprietary Fund
For the Year Ended June 30, 2013

	Business-type Activities Major Fund Solid Waste Disposal Fund
Operating Revenues	
Charges for Current Services	$ 147,477
Other Local Revenues	13,878
Total Operating Revenues	$ 161,355
Operating Expenses	
Waste Pickup	$ 90,895
Convenience Centers	222,144
Landfill Operation and Maintenance	836,179
Depreciation	325,011
Other Waste Disposal	15,363
Total Operating Expenses	$ 1,489,592
Operating Income (Loss)	$ (1,328,237)
Nonoperating Revenues (Expenses)	
Local Taxes	$ 620,618
State Taxes	478,137
Investment Income	293,506
Gain on the Disposal of Capital Assets	1,661
Grants	5,102
Total Nonoperating Revenues (Expenses)	$ 1,399,024
Income (Loss) Before Contributions	$ 70,787
Capital Contributions - Primary Government	125,891
Change in Net Position	$ 196,678
Net Position, July 1, 2012	(1,828,509)
Net Position, June 30, 2013	$ (1,631,831)

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, 2013

	Business-type Activities Major Fund Solid Waste Disposal Fund
Cash Flows from Operating Activities	
Receipts from Customers and Users	$ 155,255
Payments to Suppliers	(366,148)
Payments to Employees	(491,993)
Other Payments	(15,363)
Net Cash Provided By (Used In) Operating Activities	$ (718,249)
Cash Flows from Noncapital Financing Activities	
Local Taxes	$ 610,878
State Revenues	478,137
Grants Received	4,521
Net Cash Provided By (Used In) Noncapital Financing Activities	$ 1,093,536
Cash Flows from Capital and Related Financing Activities	
Acquisition of Capital Assets	$ (156,000)
Sale of Equipment	11,000
Insurance Recovery	69,500
Net Cash Provided By (Used In) Capital and Related Financing Activities	$ (75,500)
Cash Flows from Investing Activities	
Interest on Investments	$ 293,506
Net Increase (Decrease) in Cash	$ 593,293
Cash, July 1, 2012	2,746,644
Cash, June 30, 2013	$ 3,339,937
Reconciliation of Net Operating Loss to Net Cash Provided By (Used In) Operating Activities	
Operating Income (Loss)	$ (1,328,237)
Adjustment to Reconcile Net Operating Loss to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	325,011
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	(6,100)
Increase (Decrease) in Landfill Closure/Postclosure Care Costs	291,077
Net Cash Provided By (Used In) Operating Activities	$ (718,249)

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, 2013

	Agency Funds
ASSETS	
Cash	$ 2,494,639
Due from Other Governments	159,226
Notes Receivable - Long-term	101,171
Total Assets	$ 2,755,036
LIABILITIES	
Due to Other Taxing Units	$ 159,226
Due to Litigants, Heirs, and Others	2,595,810
Total Liabilities	$ 2,755,036

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

DEKALB COUNTY, TENNESSEE
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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, 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 Position 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. Net debt issues totaling $3,420,275 were contributed by the county to the School Department during the year ended June 30, 2013.

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.

Reissued financial statements - The original report issued on September 25, 2013, was re-issued November 14, 2013, due to two errors that have been discovered on Exhibit A. The primary government's business-type activities net position account "Investment in Capital Assets" was understated $1,317,309, and the unrestricted fund balance was overstated a like amount. Also, the discretely presented School Department's net position account "Investment in Capital Assets" was understated $177,514, and the unrestricted fund balance was overstated a like amount.

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, deferred outflow of resources, liabilities, deferred inflow of resources, 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.

Education Capital Projects Fund – This fund accounts for debt issued by DeKalb County that is subsequently contributed to the discretely presented DeKalb County School Department for building repairs and renovations.

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.

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

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.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

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 position 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 are reported at cost. Investments in the State Treasurer's Investment Pool are reported at fair value. 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. Accordingly, the pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. 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 1.59 percent of total taxes levied.

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 a deferred inflow of resources 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 as a deferred inflow of resources 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:

Assets	Years
Buildings and Improvements	20 - 40
Other Capital Assets	5 - 15
Infrastructure:	
Roads	8 - 20
Bridges	30

4. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. DeKalb County did not have any deferred outflows of resources at June 30, 2013.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These revenues are from two sources: current and delinquent property taxes and various receivables for revenues, which do not meet the availability criteria in governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

5. 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/sick leave benefits up to 20 days. All vacation/sick leave pay is accrued when incurred in the government-wide financial statements for the county. A liability for vacation/sick leave 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.

6. 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 Position. Debt premiums and discounts are deferred and amortized over the life of the new debt using the straight-line method. Debt issuance costs are expensed in the period incurred. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner 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.

7. <u>Net Position and Fund Balance</u>

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

a. Net investment in capital assets – 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 position – Consists of net position 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 position – All other net position that does not meet the definition of restricted or net investment in capital assets.

As of June 30, 2013, DeKalb County had $6,587,514 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 position with no corresponding increase in the county's capital assets.

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.

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 has authorized the county's Budget/Finance Committee to make assignments for the general government. The Board of Education makes assignments for the School Department.

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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 Position.

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 Position.

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 position 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 position of governmental activities reported in the government-wide Statement of Activities.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

In prior years, the budgetary statements for the General Fund and major special revenue funds were presented as required supplementary information in the financial statements of its external financial report. Effective for the year ended June 30, 2013, these budgetary statements are presented as part of the basic financial statements. This change in presentation was done to be consistent in the presentation of the information for both municipal and county governments in Tennessee.

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

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

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

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

B. Unrestricted Net Position Deficit

The Solid Waste Disposal Fund had a deficit in unrestricted net position of $2,949,140 at June 30, 2013. This deficit primarily resulted from the recognition of a liability of $6,417,619 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. The County Mayor Was Indicted on Charges Related to His Position as Chairman of the Upper Cumberland Development District

On September 24, 2013, the county mayor was indicted by a federal Grand Jury on one count of providing false, fictitious, and fraudulent statements to the Upper Cumberland Development District's Board of Directors.

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 position as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets or statements of net position 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, 2013.

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 $101,171 in the Constitutional Officers - Agency Fund represent the total of these student loans outstanding at June 30, 2013. 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, 2013, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Capital Assets Not Depreciated:				
Land	$ 836,116	$ 0	$ 0	$ 836,116
Construction in Progress	0	0	0	0
Total Capital Assets Not Depreciated	$ 836,116	$ 0	$ 0	$ 836,116
Capital Assets Depreciated:				
Buildings and Improvements	$ 7,279,809	$ 0	$ 0	$ 7,279,809
Roads and Bridges	17,343,509	0	0	17,343,509
Other Capital Assets	3,616,030	355,603	(179,991)	3,791,642
Total Capital Assets Depreciated	$ 28,239,348	$ 355,603	$ (179,991)	$ 28,414,960

Governmental Activities (Cont.):

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Less Accumulated Depreciation For:				
Buildings and Improvements	$ 2,516,693	$ 306,264	$ 0	$ 2,822,957
Roads and Bridges	13,158,996	449,327	0	13,608,323
Other Capital Assets	1,809,220	242,538	(118,098)	1,933,660
Total Accumulated Depreciation	$ 17,484,909	$ 998,129	$ (118,098)	$ 18,364,940
Total Capital Assets Depreciatied, Net	$ 10,754,439	$ (642,526)	$ (61,893)	$ 10,050,020
Governmental Activities Capital Assets, Net	$ 11,590,555	$ (642,526)	$ (61,893)	$ 10,886,136

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

Governmental Activities:

General Government	$ 206,870
Public Safety	185,257
Public Health and Welfare	43,159
Social, Cultural, and Recreational Services	18,179
Highways/Public Works	544,664
Total Depreciation Expense - Governmental Activities	$ 998,129

Business-type Activities:

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Capital Assets Not Depreciated:				
Land	$ 428,950	$ 0	$ 0	$ 428,950
Total Capital Assets Not Depreciated	$ 428,950	$ 0	$ 0	$ 428,950

Business-type Activities (Cont.):

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Capital Assets Depreciated:				
Buildings and Improvements	$ 30,000	$ 0	$ 0	$ 30,000
Machinery and Equipment	981,050	296,891	(224,726)	1,053,215
Landfill Facilities and Development	2,683,638	0	0	2,683,638
Total Capital Assets Depreciated	$ 3,694,688	$ 296,891	$ (224,726)	$ 3,766,853
Less Accumulated Depreciation For:				
Buildings and Improvements	$ 30,000	$ 0	$ 0	$ 30,000
Machinery and Equipment	642,332	56,370	(130,887)	567,815
Landfill Facilities and Development	2,012,038	268,641	0	2,280,679
Total Accumulated Depreciation	$ 2,684,370	$ 325,011	$ (130,887)	$ 2,878,494
Total Capital Assets Depreciated, Net	$ 1,010,318	$ (28,120)	$ (93,839)	$ 888,359
Business-type Activities Capital Assets, Net	$ 1,439,268	$ (28,120)	$ (93,839)	$ 1,317,309

Depreciation expense of $325,011 was recorded by the Solid Waste Disposal Fund.

Discretely Presented DeKalb County School Department

Governmental Activities:

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Capital Assets Not Depreciated:				
Land	$ 736,256	$ 0	$ 0	$ 736,256
Total Capital Assets Not Depreciated	$ 736,256	$ 0	$ 0	$ 736,256

Governmental Activities (Cont.):

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Capital Assets Depreciated:				
Buildings and Improvements	$ 14,599,792	$ 0	$ 0	$ 14,599,792
Other Capital Assets	3,148,173	201,779	(129,773)	3,220,179
Total Capital Assets Depreciated	$ 17,747,965	$ 201,779	$ (129,773)	$ 17,819,971
Less Accumulated Depreciated For:				
Buildings and Improvements	$ 6,768,703	$ 295,933	$ 0	$ 7,064,636
Other Capital Assets	1,421,351	199,504	(104,791)	1,516,064
Total Accumulated Depreciation	$ 8,190,054	$ 495,437	$ (104,791)	$ 8,580,700
Total Capital Assets Depreciated, Net	$ 9,557,911	$ (293,658)	$ (24,982)	$ 9,239,271
Governmental Activities Capital Assets, Net	$ 10,294,167	$ (293,658)	$ (24,982)	$ 9,975,527

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

Governmental Activities:

Instruction	$ 289,253
Support Services	206,184
Total Depreciation Expense - Governmental Activities	$ 495,437

D. Insurance Recoveries

During the year, DeKalb County had damage to the Sheriff's Department vehicles totaling $29,915 and storm damage of $36,217 that was received during the current year. This damage was either not repaired or was repaired within a different fiscal year.

The discretely presented School Department received $45,682 for storm damage that was repaired in the prior fiscal year.

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2013, was as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	$ 11,893
Discretely Presented DeKalb County School Department:		
General Purpose School	School Federal Projects	9,980

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.

Due to/from Primary Government and Component Unit:

Receivable Fund	Payable Fund	Amount
Primary Government:	Component Unit:	
General Debt Service	School Department	$ 177,514

Interfund Transfers:

Interfund transfers for the year ended June 30, 2013, consisted of the following amounts:

Primary Government

	Transfer In
Transfer Out	General Debt Service Fund
Local Purpose Tax Fund	$ 605,620

Discretely Presented DeKalb County School Department

Transfer Out	Transfer In General Purpose School Fund
School Federal Projects Fund	$ 12,519

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.

F. Long-term Obligations

Primary Government

General Obligation Bonds, Notes, and Other Loans

DeKalb County issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented School Department. 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, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 16 years for bonds, up to 12 years for notes, and up to seven years for other loans. 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, 2013, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2013, are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-13
General Obligation Bonds	2 to 3.5 %	6-1-25	$ 5,000,000	$ 4,160,000
General Obligation Bonds - Refunding	.1 to 5.5	3-1-19	7,930,000	3,010,000
Capital Outlay Notes	1 to 2	3-1-25	3,400,000	3,400,000
Other Loans	0	3-15-16	414,198	177,514

The annual requirements to amortize all general obligation bonds, notes, and other loans as of June 30, 2013, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds Principal	Bonds Interest	Bonds Total
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
2019-2023	2,250,000	319,676	2,569,676
2024-2025	825,000	43,069	868,069
Total	$ 7,170,000	$ 1,010,139	$ 8,180,139

Year Ending June 30	Notes Principal	Notes Interest	Notes Total
2014	$ 260,000	$ 57,437	$ 317,437
2015	260,000	54,513	314,513
2016	265,000	51,231	316,231
2017	270,000	47,550	317,550
2018	275,000	43,463	318,463
2019-2023	1,445,000	135,950	1,580,950
2024-2025	625,000	12,550	637,550
Total	$ 3,400,000	$ 402,694	$ 3,802,694

Year Ending June 30	Other Loans Principal	Other Loans Interest	Other Loans Total
2014	$ 59,171	$ 0	$ 59,171
2015	59,171	0	59,171
2016	59,172	0	59,172
Total	$ 177,514	$ 0	$ 177,514

There is $1,587,645 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds, notes, and other loans totaled $574, based on the 2010 federal census.

The School Department is currently servicing some of the debt issued on its behalf by the primary government as noted in the table below. This debt is reflected in the government-wide financial statements as Due to the Primary Government in the financial statements of the School Department and as Due from Component Units in the financial statements of the primary

government. In the prior year, this debt was reflected as debt of the School Department; however, this debt has been reclassified as debt of the primary government because the primary government is legally obligated to repay the debt.

Description of Indebtedness	Outstanding 6-30-13
Other Loans	
Contributions from General Purpose School Fund	
Energy Efficiency Loan	$ 177,514

Changes in Long-term Obligations

Long-term obligation activity for the year ended June 30, 2013, was as follows:

	Bonds	Notes	Other Loans
Balance, July 1, 2012	$ 8,055,000	$ 0	$ 0
Reclassification of School Debt	0	0	236,685
Additions	0	3,400,000	0
Reductions	(885,000)	0	(59,171)
Balance, June 30, 2013	$ 7,170,000	$ 3,400,000	$ 177,514
Balance Due Within One Year	$ 890,000	$ 260,000	$ 59,171

	Other Postemployment Benefits	Compensated Absences
Balance, July 1, 2012	$ 82,556	$ 7,503
Additions	18,797	10,728
Reductions	(2,530)	(12,967)
Balance, June 30, 2013	$ 98,823	$ 5,264
Balance Due Within One Year	$ 0	$ 0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2013	$ 10,851,601
Less: Balance Due Within One Year	(1,209,171)
Add: Unamortized Premium on Debt	69,342
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	$ 9,711,772

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 Obligations

Long-term obligation activity for the Solid Waste Disposal Fund (enterprise fund) for the year ended June 30, 2013, was as follows:

Business-type Activities:

	Closure/ Postclosure Care Costs
Balance, July 1, 2012	$ 6,126,542
Additions	321,472
Reductions	(30,395)
Balance, June 30, 2013	$ 6,417,619
Balance Due Within One Year	$ 104,415

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2013	$ 6,417,619
Less: Balance Due Within One Year	(104,415)
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	$ 6,313,204

Discretely Presented DeKalb County School Department

Changes in Long-term Obligations

Long-term obligation activity for the discretely presented DeKalb County School Department for the year ended June 30, 2013, was as follows:

Governmental Activities:

	Other Loan	Other Postemployment Benefits
Balance, July 1, 2012	$ 236,685	$ 459,003
Additions	0	273,871
Reductions	0	(134,173)
Reclassification of School Debt	(236,685)	0
Balance, June 30, 2013	$ 0	$ 598,701
Balance Due Within One Year	$ 0	$ 0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2013	$ 598,701
Less: Balance Due Within One Year	0
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	$ 598,701

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

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the DeKalb County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2013, were $73,790 and $24,762, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. OTHER INFORMATION

A. Risk Management

Primary Government

The county is exposed to various risks related to general liability, property, casualty, and workers' compensation. The county participates in the Local Government Property and Casualty Fund (LGPCF) and the Local Government Workers' Compensation Fund (LGWCF) as opposed to purchasing commercial insurance for these risks. The LGPCF and LGWCF are public entity risk pools established by the Tennessee County Services Association, an association of member counties. The county pays annual premiums to these pools for their insurance coverage. These pools are to be self-sustaining through member premiums. The LGPCF reinsures through commercial insurance companies for claims exceeding $100,000 for each insured event.

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

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

Discretely Presented DeKalb County School Department

The discretely presented DeKalb County School Department participates in the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. The School Department pays annual premiums to the TN-RMT for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of TN-RMT provides for it to be self-sustaining through member premiums.

The School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In

accordance with Section 8-27-301, *Tennessee Code Annotated* (*TCA*), all local education agencies are eligible to participate. The LEGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. Section 8-27-303, *TCA*, provides for the LEGIF to be self-sustaining through member premiums.

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements;* Statement No. 61, *The Financial Reporting Entity: Omnibus (an amendment of GASB Statements No. 14 and No. 34);* Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; and Statement No. 63, *Reporting Deferred Outflows, Deferred Inflows and Net Position* became effective for the year ended June 30, 2013. *DeKalb* County early implemented Statement No. 65, *Items Previously Reported as Assets and Liabilities* and Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62,* which have an effective date of June 30, 2014.

GASB Statement No. 60 provides accounting and financial reporting guidance related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The standard establishes criteria for determining whether a SCA exists, how to account for SCAs, and requires certain disclosures associated with a SCA.

GASB Statement No. 61 amends Statements No. 14 and No. 34 and modifies certain requirements for inclusion of component units in the financial reporting entity to ensure that the reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. Statement No. 61 also clarifies the criteria for blending component units and presenting business-type component units.

GASB Statement No. 62 incorporates into GASB's literature the provisions in Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants' Committee on Accounting Procedure issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. The option to use subsequent FASB guidance has been removed.

GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources that were introduced and defined by Concepts Statement No. 4, *Elements of Financial Statements*. Previous financial reporting standards did not include guidance for reporting those financial statement elements, which are distinct from assets and

liabilities. In addition, the previous Statement of Net Assets was renamed to a Statement of Financial Position.

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassifies, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

GASB Statement No. 66 resolves conflicting guidance by removing the provision that limits fund based reporting of an entity's risk financing activities to the General Fund and the internal service fund type. Under Statement No. 66 decisions about fund type classifications are based on the nature of the activity to be reported as required by Statements No. 54 and No. 34. This statement also modified guidance on operating lease payments, purchased loans, and servicing fees related to mortgage loans.

C. Subsequent Event

On August 26, 2013, the County Commission approved bonds totaling $3,000,000 for the discretely presented DeKalb County School Department for energy efficiency projects.

D. 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.

E. Change in Administration

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

F. 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 $6,417,619 reported as postclosure care liability at June 30, 2013, represents $708,035 for the Midway landfill and $468,904 for the Felts Tract based on what it would cost to perform all postclosure care in 2013. 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, 2013, also represents the cumulative amount reported to date based on the use of 100 percent of the estimated capacity of the extension landfill ($1,270,893) and 83 percent estimated capacity of the lateral expansion ($3,969,787). The county will recognize the remaining estimated costs of the closure and postclosure care of $813,089 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 2013. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

G. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Information for this footnote for the year ended June 30, 2013, 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, 2012.

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, 2012, 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, 2012, the county's annual pension cost of $403,656 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 three percent annual rate of inflation, (c) 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 (d) 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, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-12	$403,656	100%	$0
6-30-11	296,876	100	0
6-30-10	381,483	100	0

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 92.68 percent funded. The actuarial accrued liability for benefits was $10.08 million, and the actuarial value of assets was $9.34 million, resulting in an unfunded actuarial accrued liability (UAAL) of $.74 million. The covered payroll (annual payroll of active employees covered by the plan) was $5.92 million, and the ratio of the UAAL to the covered payroll was 12.44 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.

SCHOOL TEACHERS

Plan Description

The DeKalb County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit

provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.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, 2012, 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, 2012, 2011, and 2010, were $981,111, $923,931, and $643,671 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.

H. 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 local education employees. 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, 2013, the county and the discretely presented School Department contributed $2,530 and $134,173, respectively, for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Government Group Plan	Local Education Group Plan
ARC	$ 19,000	$ 275,000
Interest on the NOPEBO	3,302	18,360
Adjustment to the ARC	(3,505)	(19,489)
Annual OPEB cost	$ 18,797	$ 273,871
Amount of contribution	(2,530)	(134,173)
Increase/decrease in NOPEBO	$ 16,267	$ 139,698
Net OPEB obligation, 7-1-12	82,556	459,003
Net OPEB obligation, 6-30-13	$ 98,823	$ 598,701

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-11	Local Government Group	$ 33,091	15 %	$ 66,219
6-30-12	"	18,837	13	82,556
6-30-13	"	18,797	13	98,823
6-30-11	Local Education Group	196,642	76	316,567
6-30-12	"	271,222	47	459,003
6-30-13	"	273,871	49	598,701

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 for the Local Government Plan and the Local Education Plan, 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) and an annual healthcare cost trend rate of 8.75 percent for the fiscal year 2013. The trend rate will decrease to 8.25 percent in fiscal year 2014 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, 2007.

I. 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 Communications 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.

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	2013 Depreciation
Buildings and Improvements	S/L	10 - 40	$ 2,380
Furniture and Fixtures	S/L	5 - 10	1,033
Office Equipment	S/L	5 - 10	453
Communications Equipment	S/L	5 - 10	17,129
Vehicles	S/L	5	3,200
Total			$ 24,195

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, 2013:

Checking - First Bank	$ 190,518
CD - DeKalb Community Bank	156,126
CD - First Bank	104,658
CD - Liberty State Bank	249,213
Total Deposits	$ 700,515

At June 30, 2013, the carrying amount of the DeKalb County Emergency Communications District's cash deposits was $700,515. 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, 2013. 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, 2013:

Assets	Balance 7-1-12	Additions	Retirements	Balance 6-30-13
Communication Equipment	$ 217,455	$ 36,400	$ 58,838	$ 195,017
Furniture and Fixtures	11,534	0	1,204	10,330
Buildings and Improvements	31,644	0	0	31,644
Vehicles	9,018	14,000	3,518	19,500
Office Equipment	8,191	0	3,141	5,050
Total	$ 277,842	$ 50,400	$ 66,701	$ 261,541

Assets	Accumulated Depreciation 7-1-12	Current-year Depreciation	Current-year Retirements	Accumulated Depreciation 6-30-13
Communication Equipment	$ 133,536	$ 17,130	$ (48,734)	$ 101,932
Furniture and Fixtures	8,951	1,033	(1,203)	8,781
Buildings and Improvements	17,530	2,380	0	19,910
Vehicles	7,551	3,200	(3,518)	7,233
Office Equipment	6,985	452	(3,141)	4,296
Total	$ 174,553	$ 24,195	$ (56,596)	$ 142,152

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	$ 522
State of Tennessee ECB	53,484
Total	$ 54,006

G. Compensated Absences

There were no compensated absences for June 30, 2013.

H. Subsequent Events

The district has evaluated subsequent events through September 9, 2013, the date in which the financial statements were available to be issued.

I. Prior-period Adjustments

Prior-period adjustments totaling $1,203 to Furniture and Fixtures, $3,141 to Office Equipment, and $58,839 to Communications Equipment were made to decrease assets, which were overstated in the prior year. Also, a prior-period adjustment totaling $1,203 to Furniture and Fixtures, $3,141 to Office Equipment, and $48,734 to Communications Equipment were made to remove assets from the depreciation schedule that fell below the board's approved capitalization amount. The net adjustment to Net Position was a decrease totaling $10,105.

J. Calculation of Invested in Capital Assets

Net Book Value	$ 119,389
Current and Non-current Debt	0
Net Invested in Capital Assets	$ 119,389

K. Budgetary Information

As stated in Note VI.A., the district must file a budget with DeKalb County each year. 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.

L. Pension Plan

Information for this footnote for the year ended June 30, 2013, 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, 2012.

Plan Description

Employees of the DeKalb County Emergency Communications District are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability

benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as the DeKalb County Emergency Communications District participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

Funding Policy

The DeKalb County Emergency Communications District requires employees to contribute five percent of earnable compensation. The district is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2012, 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 3, 2013, funding policy information for the year ending June 30, 2013, was not available from the State of Tennessee TCRS. Therefore, all amounts are from the June 30, 2012, TCRS report.

For the year ended June 30, 2012, the district's annual pension cost of $17,653 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 three percent annual rate of inflation, (c) 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), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected postretirement 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, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-12	$ 17,653	100 %	$ 0
6-30-11	14,448	100	0
6-30-10	10,935	100	0

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 53.57 percent funded. The actuarial accrued liability for benefits was $.19 million, and the actuarial value of assets was $.10 million, resulting in an unfunded actuarial accrued liability (UAAL) of $.09 million. The covered payroll (annual payroll of active employees covered by the plan) was $.27 million, and the ratio of the UAAL to the covered payroll was 32.62 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.

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit F-1

DeKalb County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented DeKalb County School Department
June 30, 2013

(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)
7-1-11	$ 9,339	$ 10,076	$ 737	92.68 %	$ 5,924	12.44 %
7-1-09	7,173	7,173	0	100.00	5,537	0.00
7-1-07	6,493	6,493	0	100.00	4,591	0.00

Information for this exhibit for the year ended June 30, 2013, was not available from the state Treasurer's Office in time for inclusion in this report; therefore, the information presented above is for the fiscal year ended June 30, 2012.

Exhibit F-2

DeKalb County, Tennessee
Schedule of Funding Progress – Pension Plan
Discretely Presented DeKalb County Emergency Communications District
June 30, 2013

(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)
7-1-11	$ 101	$ 188	$ 87	53.57 %	$ 268	32.62 %
7-1-09	29	112	83	26	220	37.9
7-1-07	0	0	0	0	0	0

Information for this exhibit for the year ended June 30, 2013, was not available from the state Treasurer's Office in time for inclusion in this report; therefore, the information presented above is for the fiscal year ended June 30, 2012.

Exhibit F-3

DeKalb County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented DeKalb County School Department
June 30, 2013

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
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, 2013

BUDGETARY INFORMATION

In prior years, the budgetary statements for the General Fund and major special revenue funds were presented as required supplementary information in the financial statements of its external financial report. Effective for the year ended June 30, 2013, these budgetary statements are presented as part of the basic financial statements. This change is presentation was done to be consistent in the presentation of the information for both municipal and county governments in Tennessee.

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, 2013

	Special Revenue Funds			
	Courthouse and Jail Maintenance	Drug Control	Constitutional Officers - Fees	Total Nonmajor Governmental Funds
ASSETS				
Cash	$ 0	$ 0	$ 32,480	$ 32,480
Equity in Pooled Cash and Investments	12,145	44,702	0	56,847
Accounts Receivable	0	0	3,390	3,390
Total Assets	$ 12,145	$ 44,702	$ 35,870	$ 92,717
LIABILITIES				
Due to Other Funds	$ 0	$ 0	$ 11,893	$ 11,893
Total Liabilities	$ 0	$ 0	$ 11,893	$ 11,893
FUND BALANCES				
Restricted:				
Restricted for Public Safety	$ 0	$ 44,702	$ 0	$ 44,702
Committed:				
Committed for General Government	12,145	0	0	12,145
Committed for Finance	0	0	23,977	23,977
Total Fund Balances	$ 12,145	$ 44,702	$ 23,977	$ 80,824
Total Liabilities and Fund Balances	$ 12,145	$ 44,702	$ 35,870	$ 92,717

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, 2013

	Special Revenue Funds			
	Courthouse and Jail Maintenance	Drug Control	Constitutional Officers - Fees	Total Nonmajor Governmental Funds
Revenues				
Local Taxes	$ 54,321	$ 0	$ 0	$ 54,321
Fines, Forfeitures, and Penalties	0	37,547	0	37,547
Charges for Current Services	0	0	102,999	102,999
Other Local Revenues	800	200	0	1,000
Total Revenues	$ 55,121	$ 37,747	$ 102,999	$ 195,867
Expenditures				
Current:				
General Government	$ 88,242	$ 0	$ 52	$ 88,294
Finance	0	0	261,836	261,836
Administration of Justice	0	0	1,088	1,088
Public Safety	0	16,985	0	16,985
Other Operations	0	50	0	50
Support Services	0	3,214	0	3,214
Total Expenditures	$ 88,242	$ 20,249	$ 262,976	$ 371,467
Excess (Deficiency) of Revenues Over Expenditures	$ (33,121)	$ 17,498	$ (159,977)	$ (175,600)
Net Change in Fund Balances	$ (33,121)	$ 17,498	$ (159,977)	$ (175,600)
Fund Balance, July 1, 2012	45,266	27,204	183,954	256,424
Fund Balance, June 30, 2013	$ 12,145	$ 44,702	$ 23,977	$ 80,824

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, 2013

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 54,321	$ 55,100	$ 55,100	$ (779)
Other Local Revenues	800	0	0	800
Total Revenues	$ 55,121	$ 55,100	$ 55,100	$ 21
Expenditures				
General Government				
County Buildings	$ 88,242	$ 68,255	$ 90,955	$ 2,713
Total Expenditures	$ 88,242	$ 68,255	$ 90,955	$ 2,713
Excess (Deficiency) of Revenues Over Expenditures	$ (33,121)	$ (13,155)	$ (35,855)	$ 2,734
Net Change in Fund Balance	$ (33,121)	$ (13,155)	$ (35,855)	$ 2,734
Fund Balance, July 1, 2012	45,266	67,746	67,746	(22,480)
Fund Balance, June 30, 2013	$ 12,145	$ 54,591	$ 31,891	$ (19,746)

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, 2013

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Fines, Forfeitures, and Penalties	$ 37,547	$ 25,355	$ 63,470	$ (25,923)
Other Local Revenues	200	4,225	25	175
Total Revenues	$ 37,747	$ 29,580	$ 63,495	$ (25,748)
Expenditures				
Public Safety				
Sheriff's Department	$ 7,985	$ 11,276	$ 45,191	$ 37,206
Drug Enforcement	9,000	17,000	17,000	8,000
Other Operations				
Other Charges	50	340	340	290
Support Services				
Other Student Support	3,214	6,000	6,000	2,786
Total Expenditures	$ 20,249	$ 34,616	$ 68,531	$ 48,282
Excess (Deficiency) of Revenues Over Expenditures	$ 17,498	$ (5,036)	$ (5,036)	$ 22,534
Net Change in Fund Balance	$ 17,498	$ (5,036)	$ (5,036)	$ 22,534
Fund Balance, July 1, 2012	27,204	40,631	40,631	(13,427)
Fund Balance, June 30, 2013	$ 44,702	$ 35,595	$ 35,595	$ 9,107

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, 2013

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 559,394	$ 534,055	$ 534,055	$ 25,339
Other Governments and Citizens Groups	59,171	0	59,171	0
Total Revenues	$ 618,565	$ 534,055	$ 593,226	$ 25,339
Expenditures				
Principal on Debt				
General Government	$ 375,820	$ 375,820	$ 375,820	$ 0
Education	568,351	509,180	568,351	0
Interest on Debt				
General Government	141,160	144,146	141,160	0
Education	93,571	94,941	97,927	4,356
Other Debt Service				
General Government	11,950	24,294	24,294	12,344
Education	500	1,500	1,500	1,000
Total Expenditures	$ 1,191,352	$ 1,149,881	$ 1,209,052	$ 17,700
Excess (Deficiency) of Revenues Over Expenditures	$ (572,787)	$ (615,826)	$ (615,826)	$ 43,039
Other Financing Sources (Uses)				
Transfers In	$ 605,620	$ 605,620	$ 605,620	$ 0
Total Other Financing Sources	$ 605,620	$ 605,620	$ 605,620	$ 0
Net Change in Fund Balance	$ 32,833	$ (10,206)	$ (10,206)	$ 43,039
Fund Balance, July 1, 2012	1,554,812	1,496,782	1,496,782	58,030
Fund Balance, June 30, 2013	$ 1,587,645	$ 1,486,576	$ 1,486,576	$ 101,069

Exhibit H-2

DeKalb County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Capital Projects Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 464,704	$ 445,047	$ 445,047	$ 19,657
Other Local Revenues	4,750	0	4,500	250
Federal Government	15,740	0	0	15,740
Total Revenues	$ 485,194	$ 445,047	$ 449,547	$ 35,647
Expenditures				
Capital Projects				
General Administration Projects	$ 29,391	$ 4,891	$ 29,776	$ 385
Public Safety Projects	387,431	402,000	425,790	38,359
Public Health and Welfare Projects	125,891	145,000	126,000	109
Total Expenditures	$ 542,713	$ 551,891	$ 581,566	$ 38,853
Excess (Deficiency) of Revenues Over Expenditures	$ (57,519)	$ (106,844)	$ (132,019)	$ 74,500
Other Financing Sources (Uses)				
Insurance Recovery	$ 0	$ 0	$ 25,175	$ (25,175)
Total Other Financing Sources	$ 0	$ 0	$ 25,175	$ (25,175)
Net Change in Fund Balance	$ (57,519)	$ (106,844)	$ (106,844)	$ 49,325
Fund Balance, July 1, 2012	681,894	631,526	631,526	50,368
Fund Balance, June 30, 2013	$ 624,375	$ 524,682	$ 524,682	$ 99,693

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, 2013

	Agency Funds		
	Cities - Sales Tax	Constitutional Officers - Agency	Total
ASSETS			
Cash	$ 0	$ 2,494,639	$ 2,494,639
Due from Other Governments	159,226	0	159,226
Notes Receivable - Long-term	0	101,171	101,171
Total Assets	$ 159,226	$ 2,595,810	$ 2,755,036
LIABILITIES			
Due to Other Taxing Units	$ 159,226	$ 0	$ 159,226
Due to Litigants, Heirs, and Others	0	2,595,810	2,595,810
Total Liabilities	$ 159,226	$ 2,595,810	$ 2,755,036

Exhibit I-2

DeKalb County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2013

	Beginning Balance	Additions	Deductions	Ending Balance
Cities - Sales Tax Fund				
Assets				
Equity in Pooled Cash and Investments	$ 0	$ 948,010	$ 948,010	$ 0
Due from Other Governments	161,338	159,226	161,338	159,226
Total Assets	$ 161,338	$ 1,107,236	$ 1,109,348	$ 159,226
Liabilities				
Due to Other Taxing Units	$ 161,338	$ 1,107,236	$ 1,109,348	$ 159,226
Total Liabilities	$ 161,338	$ 1,107,236	$ 1,109,348	$ 159,226
Constitutional Officers - Agency Fund				
Assets				
Cash	$ 1,549,111	$ 12,110,412	$ 11,164,884	$ 2,494,639
Notes Receivable - Long-term	98,982	20,000	17,811	101,171
Total Assets	$ 1,648,093	$ 12,130,412	$ 11,182,695	$ 2,595,810
Liabilities				
Due to Litigants, Heirs, and Others	$ 1,648,093	$ 12,130,412	$ 11,182,695	$ 2,595,810
Total Liabilities	$ 1,648,093	$ 12,130,412	$ 11,182,695	$ 2,595,810
Totals - All Agency Funds				
Assets				
Cash	$ 1,549,111	$ 12,110,412	$ 11,164,884	$ 2,494,639
Equity in Pooled Cash and Investments	0	948,010	948,010	0
Due from Other Governments	161,338	159,226	161,338	159,226
Notes Receivable - Long-term	98,982	20,000	17,811	101,171
Total Assets	$ 1,809,431	$ 13,237,648	$ 12,292,043	$ 2,755,036
Liabilities				
Due to Other Taxing Units	$ 161,338	$ 1,107,236	$ 1,109,348	$ 159,226
Due to Litigants, Heirs, and Others	1,648,093	12,130,412	11,182,695	2,595,810
Total Liabilities	$ 1,809,431	$ 13,237,648	$ 12,292,043	$ 2,755,036

DeKalb County School Department

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

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

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

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

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

Exhibit J-1

DeKalb County, Tennessee
Statement of Activities
Discretely Presented DeKalb County School Department
For the Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Total Governmental Activities
Governmental Activities:					
Instruction	$ 14,747,063	$ 0	$ 1,856,752	$ 49,155	$ (12,841,156)
Support Services	7,097,220	33,979	185,219	0	(6,878,022)
Operation of Non-Instructional Services	2,124,961	331,234	1,242,460	0	(551,267)
Total Governmental Activities	$ 23,969,244	$ 365,213	$ 3,284,431	$ 49,155	$ (20,270,445)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					$ 2,564,443
Other Local Taxes					1,524
Grants and Contributions Not Restricted to Specific Programs					20,275,862
Unrestricted Investment Earnings					2,541
Miscellaneous					87,860
Total General Revenues					$ 22,932,230
Insurance Recovery					$ 46,881
Change in Net Position					$ 2,708,666
Net Position, July 1, 2012					14,960,409
Net Position, June 30, 2013					$ 17,669,075

Exhibit J-2

DeKalb County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented DeKalb County School Department
June 30, 2013

	Major Funds			Nonmajor Fund	
	General Purpose School	School Federal Projects	Education Capital Projects	Central Cafeteria	Total Governmental Funds
ASSETS					
Equity in Pooled Cash and Investments	$ 4,950,887	$ 27,265	$ 2,627,380	$ 547,006	$ 8,152,538
Due from Other Governments	70,085	62,715	0	115,235	248,035
Due from Other Funds	9,980	0	0	0	9,980
Property Taxes Receivable	2,669,245	0	0	0	2,669,245
Allowance for Uncollectible Property Taxes	(81,356)	0	0	0	(81,356)
Total Assets	$ 7,618,841	$ 89,980	$ 2,627,380	$ 662,241	$ 10,998,442
LIABILITIES					
Due to Other Funds	$ 0	$ 9,980	$ 0	$ 0	$ 9,980
Total Liabilities	$ 0	$ 9,980	$ 0	$ 0	$ 9,980
DEFERRED INFLOWS OF RESOURCES					
Deferred Current Property Taxes	$ 2,518,699	$ 0	$ 0	$ 0	$ 2,518,699
Deferred Delinquent Property Taxes	64,373	0	0	0	64,373
Total Deferred Inflows of Resources	$ 2,583,072	$ 0	$ 0	$ 0	$ 2,583,072
FUND BALANCES					
Restricted:					
Restricted for Education	$ 4,156	$ 0	$ 0	$ 662,241	$ 666,397
Restricted for Capital Outlay	0	0	2,627,380	0	2,627,380
Committed:					
Committed for Education	3,747,915	80,000	0	0	3,827,915
Assigned:					
Assigned for Education	9,426	0	0	0	9,426
Unassigned	1,274,272	0	0	0	1,274,272
Total Fund Balances	$ 5,035,769	$ 80,000	$ 2,627,380	$ 662,241	$ 8,405,390
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 7,618,841	$ 89,980	$ 2,627,380	$ 662,241	$ 10,998,442

Exhibit J-3

DeKalb County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
Discretely Presented DeKalb County School Department
June 30, 2013

Amounts reported for governmental activities in the statement of net position (Exhibit A) are different because:		
Total fund balances - balance sheet - governmental funds (Exhibit J-2)		$ 8,405,390
(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	7,535,156	
Add: other capital assets net of accumulated depreciation	1,704,115	9,975,527
(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 on primary government debt	$ (177,514)	
Less: other postemployment benefits liability	(598,701)	(776,215)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		64,373
Net position of governmental activities (Exhibit A)		$ 17,669,075

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, 2013

	Major Funds			Nonmajor Fund	
	General Purpose School	School Federal Projects	Education Capital Projects	Central Cafeteria	Total Governmental Funds
Revenues					
Local Taxes	$ 2,564,416	$ 0	$ 0	$ 0	$ 2,564,416
Licenses and Permits	971	0	0	0	971
Charges for Current Services	33,979	0	0	331,234	365,213
Other Local Revenues	106,670	0	0	3,973	110,643
State of Tennessee	14,525,202	0	7,022	0	14,532,224
Federal Government	524,048	2,250,918	42,133	1,218,242	4,035,341
Other Governments and Citizens Groups	1,540,000	80,000	3,420,275	0	5,040,275
Total Revenues	$ 19,295,286	$ 2,330,918	$ 3,469,430	$ 1,553,449	$ 26,649,083
Expenditures					
Current:					
Instruction	$ 11,414,279	$ 1,686,393	$ 0	$ 0	$ 13,100,672
Support Services	6,616,198	581,690	0	0	7,197,888
Operation of Non-Instructional Services	617,740	0	0	1,507,221	2,124,961
Capital Outlay	264,940	0	0	0	264,940
Debt Service:					
Principal on Debt	59,171	0	0	0	59,171
Capital Projects	0	0	842,050	0	842,050
Total Expenditures	$ 18,972,328	$ 2,268,083	$ 842,050	$ 1,507,221	$ 23,589,682
Excess (Deficiency) of Revenues Over Expenditures	$ 322,958	$ 62,835	$ 2,627,380	$ 46,228	$ 3,059,401
Other Financing Sources (Uses)					
Insurance Recovery	$ 46,881	$ 0	$ 0	$ 0	$ 46,881
Transfers In	12,519	0	0	0	12,519
Transfers Out	0	(12,519)	0	0	(12,519)
Total Other Financing Sources (Uses)	$ 59,400	$ (12,519)	$ 0	$ 0	$ 46,881
Net Change in Fund Balances	$ 382,358	$ 50,316	$ 2,627,380	$ 46,228	$ 3,106,282
Fund Balance, July 1, 2012	4,653,411	29,684	0	616,013	5,299,108
Fund Balance, June 30, 2013	$ 5,035,769	$ 80,000	$ 2,627,380	$ 662,241	$ 8,405,390

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, 2013

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)		$ 3,106,282
(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	$ 201,779	
Less: current-year depreciation expense	(495,437)	(293,658)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.		
Less: loss on disposal of capital assets	$ (5,377)	
Less: proceeds from the disposal of capital assets	(19,605)	(24,982)
(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, 2013	$ 64,373	
Less: deferred delinquent property taxes and other deferred June 30, 2012	(62,822)	1,551
(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 position.		
Add: principal contributed on other loans for primary government		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		(139,698)
Change in net position of governmental activities (Exhibit B)		$ 2,708,666

Exhibit J-6

DeKalb County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented DeKalb County School Department
General Purpose School Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 2,564,416	$ 2,448,754	$ 2,448,754	$ 115,662
Licenses and Permits	971	1,000	1,000	(29)
Charges for Current Services	33,979	46,500	46,500	(12,521)
Other Local Revenues	106,670	60,000	60,000	46,670
State of Tennessee	14,525,202	14,340,620	14,624,064	(98,862)
Federal Government	524,048	270,000	270,000	254,048
Other Governments and Citizens Groups	1,540,000	1,540,000	1,540,000	0
Total Revenues	$ 19,295,286	$ 18,706,874	$ 18,990,318	$ 304,968
Expenditures				
Instruction				
Regular Instruction Program	$ 8,915,350	$ 9,366,745	$ 9,366,745	$ 451,395
Alternative Instruction Program	97,165	98,810	98,810	1,645
Special Education Program	1,777,612	1,808,445	1,808,445	30,833
Vocational Education Program	624,152	669,229	669,229	45,077
Support Services				
Attendance	127,043	131,429	131,429	4,386
Health Services	319,977	323,480	323,480	3,503
Other Student Support	355,787	428,555	428,555	72,768
Regular Instruction Program	704,765	739,390	739,390	34,625
Special Education Program	351,583	426,230	426,230	74,647
Other Programs	98,552	0	98,552	0
Board of Education	296,606	300,036	300,036	3,430
Director of Schools	167,153	174,927	174,927	7,774
Office of the Principal	1,255,007	1,325,157	1,325,157	70,150
Fiscal Services	161,257	169,400	169,400	8,143
Operation of Plant	1,179,036	1,329,460	1,329,460	150,424
Maintenance of Plant	270,364	340,011	340,011	69,647
Transportation	1,329,068	1,435,785	1,450,261	121,193
Operation of Non-Instructional Services				
Food Service	55,766	57,438	57,438	1,672
Community Services	116,725	0	170,417	53,692
Early Childhood Education	445,249	476,000	476,000	30,751
Capital Outlay				
Regular Capital Outlay	264,940	300,000	300,000	35,060
Principal on Debt				
Education	59,171	59,171	59,171	0
Total Expenditures	$ 18,972,328	$ 19,959,698	$ 20,243,143	$ 1,270,815
Excess (Deficiency) of Revenues Over Expenditures	$ 322,958	$ (1,252,824)	$ (1,252,825)	$ 1,575,783

(Continued)

Exhibit J-6

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

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Other Financing Sources (Uses)				
Insurance Recovery	$ 46,881	$ 10,000	$ 10,000	$ 36,881
Transfers In	12,519	6,000	6,000	6,519
Total Other Financing Sources	$ 59,400	$ 16,000	$ 16,000	$ 43,400
Net Change in Fund Balance	$ 382,358	$ (1,236,824)	$ (1,236,825)	$ 1,619,183
Fund Balance, July 1, 2012	4,653,411	4,381,700	4,381,700	271,711
Fund Balance, June 30, 2013	$ 5,035,769	$ 3,144,876	$ 3,144,875	$ 1,890,894

Exhibit J-7

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, 2013

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Federal Government	$ 2,250,918	$ 2,594,870	$ 2,615,191	$ (364,273)
Other Governments and Citizens Groups	80,000	0	80,000	0
Total Revenues	$ 2,330,918	$ 2,594,870	$ 2,695,191	$ (364,273)
Expenditures				
Instruction				
Regular Instruction Program	$ 1,126,269	$ 1,286,295	$ 1,304,862	$ 178,593
Special Education Program	514,665	552,593	554,589	39,924
Vocational Education Program	45,459	42,180	45,958	499
Support Services				
Other Student Support	16,709	20,805	17,733	1,024
Regular Instruction Program	339,903	475,877	473,698	133,795
Special Education Program	195,685	207,532	205,538	9,853
Vocational Education Program	793	1,500	793	0
Transportation	28,600	24,762	28,601	1
Total Expenditures	$ 2,268,083	$ 2,611,544	$ 2,631,772	$ 363,689
Excess (Deficiency) of Revenues Over Expenditures	$ 62,835	$ (16,674)	$ 63,419	$ (584)
Other Financing Sources (Uses)				
Transfers In	$ 0	$ 80,285	$ 285	$ (285)
Transfers Out	(12,519)	(93,291)	(93,384)	80,865
Total Other Financing Sources	$ (12,519)	$ (13,006)	$ (93,099)	$ 80,580
Net Change in Fund Balance	$ 50,316	$ (29,680)	$ (29,680)	$ 79,996
Fund Balance, July 1, 2012	29,684	29,684	29,684	0
Fund Balance, June 30, 2013	$ 80,000	$ 4	$ 4	$ 79,996

Exhibit J-8

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, 2013

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Charges for Current Services	$ 331,234	$ 515,000	$ 515,000	$ (183,766)
Other Local Revenues	3,973	15,500	15,500	(11,527)
Federal Government	1,218,242	1,150,000	1,150,000	68,242
Total Revenues	$ 1,553,449	$ 1,680,500	$ 1,680,500	$ (127,051)
Expenditures				
Operation of Non-Instructional Services				
Food Service	$ 1,507,221	$ 1,794,125	$ 1,794,125	$ 286,904
Total Expenditures	$ 1,507,221	$ 1,794,125	$ 1,794,125	$ 286,904
Excess (Deficiency) of Revenues Over Expenditures	$ 46,228	$ (113,625)	$ (113,625)	$ 159,853
Net Change in Fund Balance	$ 46,228	$ (113,625)	$ (113,625)	$ 159,853
Fund Balance, July 1, 2012	616,013	603,492	603,492	12,521
Fund Balance, June 30, 2013	$ 662,241	$ 489,867	$ 489,867	$ 172,374

MISCELLANEOUS SCHEDULES

Exhibit K-1

DeKalb County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, and Bonds
For the Year Ended June 30, 2013

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-12	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-13
NOTES PAYABLE								
Payable through General Debt Service Fund								
School Capital Outlay Notes, Series 2012	$ 3,400,000	1 to 2 %	9-21-12	3-1-25	$ 0	$ 3,400,000	$ 0	$ 3,400,000
Total Notes Payable					$ 0	$ 3,400,000	$ 0	$ 3,400,000
OTHER LOANS PAYABLE								
Contributed by School Department through General Purpose School Fund								
Energy Efficiency Loan	414,198	0	2-11-09	3-15-16	$ 236,685	$ 0	$ 59,171	$ 177,514
Total Other Loans Payable					$ 236,685	$ 0	$ 59,171	$ 177,514
BONDS PAYABLE								
Payable through General Debt Service Fund								
Refunding Bonds, Series 2003	7,930,000	.1 to 5.5	4-24-03	3-1-19	$ 3,610,000	$ 0	$ 600,000	$ 3,010,000
General Obligation Bonds, Series 2010	5,000,000	2 to 3.5	6-10-10	6-1-25	4,445,000	0	285,000	4,160,000
Total Bonds Payable					$ 8,055,000	$ 0	$ 885,000	$ 7,170,000

Exhibit K-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2014	$ 260,000	$ 57,437	$ 317,437
2015	260,000	54,513	314,513
2016	265,000	51,231	316,231
2017	270,000	47,550	317,550
2018	275,000	43,463	318,463
2019	275,000	38,650	313,650
2020	285,000	33,050	318,050
2021	290,000	27,300	317,300
2022	295,000	21,450	316,450
2023	300,000	15,500	315,500
2024	310,000	9,400	319,400
2025	315,000	3,150	318,150
Total	$ 3,400,000	$ 402,694	$ 3,802,694

Year Ending June 30	Other Loans		
	Principal	Interest	Total
2014	$ 59,171	$ 0	$ 59,171
2015	59,171	0	59,171
2016	59,172	0	59,172
Total	$ 177,514	$ 0	$ 177,514

Year Ending June 30	Bonds		
	Principal	Interest	Total
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	$ 7,170,000	$ 1,010,139	$ 8,180,139

Exhibit K-3

DeKalb County, Tennessee
Schedule of Notes Receivable
For the Year Ended June 30, 2013

Description	Original Amount of Loan	Date of Issue	Date of Maturity	Interest Rate	Balance 6-30-12	Loaned During Period	Retired During Period	Balance 6-30-13
Constitutional Officers - Agency Fund								
Sliger	$ 5,265	1-4-1995	(1)	(2)	$ 2,820	$ 0	$ 2,600	$ 220
Snow	18,000	7-13-04	(1)	(2)	17,900	0	1,711	16,189
N. Cantrell	15,762	1-10-06	(1)	(2)	7,762	0	6,000	1,762
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	7,500	12,500
Scott	20,000	5-4-12	(1)	(2)	20,000	20,000	0	40,000
Total					$ 98,982	$ 20,000	$ 17,811	$ 101,171

(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, 2013

From Fund	To Fund	Purpose	Amount
PRIMARY GOVERNMENT			
Local Purpose Tax	General Debt Service	School debt	$ 605,620
DISCRETELY PRESENTED DEKALB COUNTY SCHOOL DEPARTMENT			
School Federal Projects	General Purpose School	Indirect costs	$ 12,519

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, 2013

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	$ 67,843	(1)	$ 50,000	State Farm Fire and Casualty Company
Road Supervisor	Section 8-24-102, *TCA,* and DeKalb County Commission	66,113	(2)	100,000	RLI Insurance Company
Director of Schools	State Board of Education and DeKalb County Board of Education	104,101	(3)	(6)	
Trustee	Section 8-24-102, *TCA*	58,739		743,800	"
Assessor of Property:					
Timothy Banks (7-1-12 to 8-31-12)	Section 8-24-102, *TCA*	10,166		20,000	Western Surety Company
Scott Cantrell (9-1-12 to 6-30-13)	Section 8-24-102, *TCA*	48,573		50,000	RLI Insurance Company
County Clerk	Section 8-24-102, *TCA*	58,739		50,000	"
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, *TCA*	58,739		50,000	"
Clerk and Master	Section 8-24-102, *TCA,* and Chancery Court Judge	58,739	(4)	75,000	"
Register of Deeds	Section 8-24-102, *TCA*	58,739		25,000	"
Sheriff	Section 8-24-102, *TCA*	65,813	(5)	25,000	"
Employee Blanket Bond Coverage:					
Public Employee Dishonesty - County Departments				150,000	Local Government Insurance Pool
Public Employee Dishonesty - School Department				150,000	Tennessee Risk Management Trust

(1) Includes a $600 payment for serving as chairman of roads.
(2) Includes additional compensation of $1,500 for maintaining E-911 road signs.
(3) Includes a chief executive officer training supplement of $1,000.
(4) Does not include special commissioner fees of $3,720.
(5) Does not include a law enforcement training supplement of $1,200.
(6) The director of schools is covered by the $150,000 employee blanket bond.

Exhibit K-6

DeKalb County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2013

		Special Revenue Funds					Debt Service Fund	Capital Projects Fund	
	General	Courthouse and Jail Maintenance	Local Purpose Tax	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Total
Local Taxes									
County Property Taxes									
Current Property Tax	$ 3,633,064	$ 0	$ 0	$ 0	$ 0	$ 132,921	$ 531,674	$ 443,053	$ 4,740,712
Trustee's Collections - Prior Year	100,934	0	0	0	0	3,651	14,635	10,940	130,160
Circuit/Clerk & Master Collections - Prior Years	70,302	0	0	0	0	2,602	9,776	8,210	90,890
Interest and Penalty	21,466	0	0	0	0	777	3,103	2,329	27,675
Pick-up Taxes	1,409	0	0	0	0	52	206	172	1,839
County Local Option Taxes									
Local Option Sales Tax	0	0	2,250,446	0	0	0	0	0	2,250,446
Litigation Tax - General	415	50,379	0	0	0	0	0	0	50,794
Litigation Tax - Special Purpose	11,174	3,942	0	0	0	0	0	0	15,116
Business Tax	155,784	0	0	0	0	0	0	0	155,784
Mineral Severance Tax	0	0	0	0	0	10,205	0	0	10,205
Statutory Local Taxes									
Interstate Telecommunications Tax	1,134	0	0	0	0	0	0	0	1,134
Total Local Taxes	$ 3,995,682	$ 54,321	$ 2,250,446	$ 0	$ 0	$ 150,208	$ 559,394	$ 464,704	$ 7,474,755
Licenses and Permits									
Licenses									
Cable TV Franchise	$ 36,849	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 36,849
Permits									
Beer Permits	12,459	0	0	0	0	0	0	0	12,459
Total Licenses and Permits	$ 49,308	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 49,308
Fines, Forfeitures, and Penalties									
Circuit Court									
Fines	$ 11,530	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 11,530
Officers Costs	3,922	0	0	415	0	0	0	0	4,337
Drug Control Fines	2,121	0	0	1,705	0	0	0	0	3,826
Drug Court Fees	1,596	0	0	0	0	0	0	0	1,596
Jail Fees	930	0	0	0	0	0	0	0	930
DUI Treatment Fines	570	0	0	0	0	0	0	0	570
Data Entry Fee - Circuit Court	654	0	0	0	0	0	0	0	654
Courtroom Security Fee	2	0	0	0	0	0	0	0	2
General Sessions Court									
Fines	18,529	0	0	0	0	0	0	0	18,529
Officers Costs	20,023	0	0	0	0	0	0	0	20,023

(Continued)

Exhibit K-6

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

		Special Revenue Funds					Debt Service Fund	Capital Projects Fund	
	General	Courthouse and Jail Maintenance	Local Purpose Tax	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Total
Fines, Forfeitures, and Penalties (Cont.)									
General Sessions Court (Cont.)									
Game and Fish Fines	$ 1,163	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 1,163
Drug Control Fines	980	0	0	980	0	0	0	0	1,960
Drug Court Fees	4,439	0	0	100	0	0	0	0	4,539
Jail Fees	4,316	0	0	0	0	0	0	0	4,316
DUI Treatment Fines	4,211	0	0	0	0	0	0	0	4,211
Data Entry Fee - General Sessions Court	6,499	0	0	0	0	0	0	0	6,499
Courtroom Security Fee	205	0	0	0	0	0	0	0	205
Juvenile Court									
Fines	2,499	0	0	0	0	0	0	0	2,499
Officers Costs	2,942	0	0	0	0	0	0	0	2,942
Data Entry Fee - Juvenile Court	498	0	0	0	0	0	0	0	498
Courtroom Security Fee	15	0	0	0	0	0	0	0	15
Chancery Court									
Data Entry Fee - Chancery Court	1,715	0	0	0	0	0	0	0	1,715
Courtroom Security Fee	44	0	0	0	0	0	0	0	44
Other Courts - In-county									
Fines	10,704	0	0	0	0	0	0	0	10,704
Judicial District Drug Program									
Drug Task Force Forfeitures and Seizures	0	0	0	432	0	0	0	0	432
Other Fines, Forfeitures, and Penalties									
Proceeds from Confiscated Property	0	0	0	33,915	0	0	0	0	33,915
Total Fines, Forfeitures, and Penalties	$ 100,107	$ 0	$ 0	$ 37,547	$ 0	$ 0	$ 0	$ 0	$ 137,654
Charges for Current Services									
General Service Charges									
Patient Charges	$ 1,017,208	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 1,017,208
Other General Service Charges	802	0	0	0	0	0	0	0	802
Fees									
Recreation Fees	67,348	0	0	0	0	0	0	0	67,348
Library Fees	13,735	0	0	0	0	0	0	0	13,735
Telephone Commissions	14,177	0	0	0	0	0	0	0	14,177
Constitutional Officers' Fees and Commissions	0	0	0	0	102,999	0	0	0	102,999
Data Processing Fee - Register	7,097	0	0	0	0	0	0	0	7,097
Data Processing Fee - Sheriff	66	0	0	0	0	0	0	0	66
Sexual Offender Registration Fees - Sheriff	1,200	0	0	0	0	0	0	0	1,200

(Continued)

Exhibit K-6

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

		Special Revenue Funds					Debt Service Fund	Capital Projects Fund	
	General	Courthouse and Jail Maintenance	Local Purpose Tax	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Total
Charges for Current Services (Cont.)									
Education Charges									
TBI Criminal Background Fees	$ 3,615	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 3,615
Total Charges for Current Services	$ 1,125,248	$ 0	$ 0	$ 0	$ 102,999	$ 0	$ 0	$ 0	$ 1,228,247
Other Local Revenues									
Recurring Items									
Investment Income	$ 1,054	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 1,054
Lease/Rentals	58,681	0	0	0	0	0	0	0	58,681
Sale of Materials and Supplies	3,338	0	0	0	0	2,538	0	0	5,876
Cobra Insurance Payments	0	0	0	0	0	287	0	0	287
Miscellaneous Refunds	20,685	800	0	0	0	442	0	4,500	26,427
Nonrecurring Items									
Sale of Equipment	16,394	0	0	0	0	0	0	0	16,394
Sale of Property	6,653	0	0	0	0	0	0	0	6,653
Contributions and Gifts	8,061	0	0	200	0	0	0	250	8,511
Other Local Revenues									
Other Local Revenues	2,455	0	0	0	0	0	0	0	2,455
Total Other Local Revenues	$ 117,321	$ 800	$ 0	$ 200	$ 0	$ 3,267	$ 0	$ 4,750	$ 126,338
Fees Received from County Officials									
Excess Fees									
Register	$ 86,213	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 86,213
Trustee	316,501	0	0	0	0	0	0	0	316,501
Fees in-Lieu-of Salary									
County Clerk	146,453	0	0	0	0	0	0	0	146,453
Circuit Court Clerk	42,009	0	0	0	0	0	0	0	42,009
General Sessions Court Clerk	109,529	0	0	0	0	0	0	0	109,529
Clerk and Master	66,325	0	0	0	0	0	0	0	66,325
Juvenile Court Clerk	8,602	0	0	0	0	0	0	0	8,602
Sheriff	9,004	0	0	0	0	0	0	0	9,004
Total Fees Received from County Officials	$ 784,636	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 784,636
State of Tennessee									
General Government Grants									
Juvenile Services Program	$ 9,000	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 9,000
Aging Programs	4,500	0	0	0	0	0	0	0	4,500

(Continued)

Exhibit K-6

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

		Special Revenue Funds					Debt Service Fund	Capital Projects Fund	
	General	Courthouse and Jail Maintenance	Local Purpose Tax	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Total
State of Tennessee (Cont.)									
Public Safety Grants									
Drug Control Grants	$ 64,904	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 64,904
Other Public Safety Grants	5,000	0	0	0	0	0	0	0	5,000
Health and Welfare Grants									
Health Department Programs	69,119	0	0	0	0	0	0	0	69,119
Public Works Grants									
Litter Program	40,971	0	0	0	0	0	0	0	40,971
Other State Revenues									
Flood Control	187,943	0	0	0	0	0	0	0	187,943
Mixed Drink Tax	19,220	0	0	0	0	0	0	0	19,220
Contracted Prisoner Boarding	114,247	0	0	0	0	0	0	0	114,247
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,439,925	0	0	1,439,925
Petroleum Special Tax	0	0	0	0	0	13,509	0	0	13,509
Registrar's Salary Supplement	15,164	0	0	0	0	0	0	0	15,164
Other State Revenues	12,000	0	0	0	0	0	0	0	12,000
Total State of Tennessee	$ 542,068	$ 0	$ 0	$ 0	$ 0	$ 1,453,434	$ 0	$ 0	$ 1,995,502
Federal Government									
Federal Through State									
Community Development	$ 433,239	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 433,239
Other Federal through State	1,896	0	0	0	0	0	0	0	1,896
Direct Federal Revenue									
Police Service (Lake Area)	38,080	0	0	0	0	0	0	0	38,080
Other Direct Federal Revenue	140,489	0	0	0	0	0	0	15,740	156,229
Total Federal Government	$ 613,704	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 15,740	$ 629,444
Other Governments and Citizens Groups									
Other Governments									
Contributions	$ 50	$ 0	$ 0	$ 0	$ 0	$ 0	$ 59,171	$ 0	$ 59,221
Total Other Governments and Citizens Groups	$ 50	$ 0	$ 0	$ 0	$ 0	$ 0	$ 59,171	$ 0	$ 59,221
Total	$ 7,328,124	$ 55,121	$ 2,250,446	$ 37,747	$ 102,999	$ 1,606,909	$ 618,565	$ 485,194	$ 12,485,105

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, 2013

	General Purpose School	Special Revenue Funds: School Federal Projects	Special Revenue Funds: Central Cafeteria	Capital Projects Fund: Education Capital Projects	Total
Local Taxes					
County Property Taxes					
Current Property Tax	$ 2,436,810	$ 0	$ 0	$ 0	$ 2,436,810
Trustee's Collections - Prior Year	66,908	0	0	0	66,908
Circuit/Clerk & Master Collections - Prior Years	44,007	0	0	0	44,007
Interest and Penalty	14,222	0	0	0	14,222
Pick-up Taxes	945	0	0	0	945
Statutory Local Taxes					
Interstate Telecommunications Tax	1,524	0	0	0	1,524
Total Local Taxes	$ 2,564,416	$ 0	$ 0	$ 0	$ 2,564,416
Licenses and Permits					
Licenses					
Marriage Licenses	$ 971	$ 0	$ 0	$ 0	$ 971
Total Licenses and Permits	$ 971	$ 0	$ 0	$ 0	$ 971
Charges for Current Services					
Education Charges					
Lunch Payments - Children	$ 0	$ 0	$ 182,202	$ 0	$ 182,202
Lunch Payments - Adults	0	0	40,722	0	40,722
Income from Breakfast	0	0	31,290	0	31,290
A la carte Sales	0	0	77,020	0	77,020
Receipts from Individual Schools	33,394	0	0	0	33,394
Other Charges for Services					
Other Charges for Services	585	0	0	0	585
Total Charges for Current Services	$ 33,979	$ 0	$ 331,234	$ 0	$ 365,213
Other Local Revenues					
Recurring Items					
Investment Income	$ 0	$ 0	$ 2,541	$ 0	$ 2,541
Sale of Recycled Materials	2,072	0	0	0	2,072
Refund of Telecommunication and Internet Fees (E-Rate)	35,240	0	0	0	35,240
Miscellaneous Refunds	48,165	0	1,282	0	49,447
Nonrecurring Items					
Sale of Equipment	19,805	0	150	0	19,955
Damages Recovered from Individuals	751	0	0	0	751
Contributions and Gifts	637	0	0	0	637
Total Other Local Revenues	$ 106,670	$ 0	$ 3,973	$ 0	$ 110,643
State of Tennessee					
General Government Grants					
On-Behalf Contributions for OPEB	$ 98,552	$ 0	$ 0	$ 0	$ 98,552
Public Safety Grants					
Other Public Safety Grants	0	0	0	7,022	7,022
State Education Funds					
Basic Education Program	13,568,008	0	0	0	13,568,008
Early Childhood Education	445,251	0	0	0	445,251
School Food Service	16,544	0	0	0	16,544
Other State Education Funds	266,826	0	0	0	266,826
Career Ladder Program	87,396	0	0	0	87,396
Career Ladder - Extended Contract	41,400	0	0	0	41,400
Other State Revenues					
Other State Grants	1,225	0	0	0	1,225
Total State of Tennessee	$ 14,525,202	$ 0	$ 0	$ 7,022	$ 14,532,224

(Continued)

Exhibit K-7

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

		Special Revenue Funds		Capital Projects Fund	
	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
Federal Government					
Federal Through State					
USDA School Lunch Program	$ 0	$ 0	$ 819,148	$ 0	$ 819,148
USDA - Commodities	0	0	71,146	0	71,146
Breakfast	0	0	297,900	0	297,900
USDA - Other	0	0	21,069	0	21,069
USDA Food Service Equipment Grant - ARRA	0	0	8,979	0	8,979
Vocational Education - Basic Grants to States	0	52,380	0	0	52,380
Community Based Organizations	0	3,855	0	0	3,855
Title I Grants to Local Education Agencies	0	848,676	0	0	848,676
Special Education - Grants to States	148,004	684,522	0	0	832,526
Special Education Preschool Grants	0	25,825	0	0	25,825
English Language Acquisition Grants	0	22,049	0	0	22,049
Safe and Drug-free Schools - State Grants	0	213,437	0	0	213,437
Rural Education	0	54,175	0	0	54,175
Eisenhower Professional Development State Grants	0	164,580	0	0	164,580
Job Training Partnership Act	4,000	0	0	0	4,000
Homeland Security Grants	0	0	0	42,133	42,133
Race-to-the-Top - ARRA	0	169,100	0	0	169,100
Other Federal through State	0	12,319	0	0	12,319
Direct Federal Revenue					
Public Law 874 - Maintenance and Operation	372,044	0	0	0	372,044
Total Federal Government	$ 524,048	$ 2,250,918	$ 1,218,242	$ 42,133	$ 4,035,341
Other Governments and Citizens Groups					
Other Governments					
Contributions	$ 1,540,000	$ 80,000	$ 0	$ 3,420,275	$ 5,040,275
Total Other Governments and Citizens Groups	$ 1,540,000	$ 80,000	$ 0	$ 3,420,275	$ 5,040,275
Total	$ 19,295,286	$ 2,330,918	$ 1,553,449	$ 3,469,430	$ 26,649,083

Exhibit K-8

DeKalb County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2013

General Fund				
General Government				
County Commission				
Board and Committee Members Fees	$	43,650		
Social Security		2,706		
State Retirement		2,292		
Unemployment Compensation		130		
Employer Medicare		633		
Audit Services		5,617		
Fiscal Agent Charges		15,000		
Legal Notices, Recording, and Court Costs		4,519		
Tax Relief Program		17,780		
Other Charges		405		
Total County Commission			$	92,732
Board of Equalization				
Board and Committee Members Fees	$	3,693		
Total Board of Equalization				3,693
Beer Board				
Board and Committee Members Fees	$	1,150		
Social Security		6		
State Retirement		6		
Unemployment Compensation		1		
Employer Medicare		1		
Total Beer Board				1,164
County Mayor/Executive				
County Official/Administrative Officer	$	67,843		
Assistant(s)		46,626		
Part-time Personnel		1,050		
Other Salaries and Wages		1,168		
Social Security		6,854		
State Retirement		2,984		
Employee and Dependent Insurance		3,763		
Unemployment Compensation		232		
Employer Medicare		1,603		
Data Processing Services		8,000		
Travel		2,531		
Office Supplies		6,920		
Other Charges		750		
Total County Mayor/Executive				150,324
County Attorney				
County Official/Administrative Officer	$	18,000		
Dues and Memberships		195		
Travel		260		
Total County Attorney				18,455
Election Commission				
County Official/Administrative Officer	$	52,865		
Part-time Personnel		1,220		
Other Salaries and Wages		23,602		

(Continued)

Exhibit K-8

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

General Fund (Cont.)				
General Government (Cont.)				
Election Commission (Cont.)				
Election Commission	$	2,500		
Election Workers		32,155		
In-Service Training		205		
Social Security		3,933		
State Retirement		4,787		
Employee and Dependent Insurance		4,900		
Unemployment Compensation		271		
Employer Medicare		920		
Advertising		2,556		
Communication		584		
Printing, Stationery, and Forms		6,958		
Other Contracted Services		10,914		
Office Supplies		2,346		
Other Charges		29,447		
Total Election Commission			$	180,163
Register of Deeds				
County Official/Administrative Officer	$	58,739		
Assistant(s)		49,081		
Social Security		6,208		
State Retirement		6,749		
Employee and Dependent Insurance		4,911		
Unemployment Compensation		270		
Employer Medicare		1,452		
Other Contracted Services		1,000		
Office Supplies		805		
Other Supplies and Materials		1,647		
Data Processing Equipment		7,950		
Total Register of Deeds				138,812
Planning				
Board and Committee Members Fees	$	3,250		
Social Security		50		
State Retirement		22		
Employer Medicare		12		
Other Contracted Services		6,012		
Total Planning				9,346
County Buildings				
Custodial Personnel	$	40,175		
Social Security		2,417		
State Retirement		2,515		
Employee and Dependent Insurance		2,453		
Unemployment Compensation		288		
Employer Medicare		565		
Maintenance and Repair Services - Buildings		101,066		
Utilities		106,714		
Total County Buildings				256,193

(Continued)

Exhibit K-8

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

General Fund (Cont.)				
General Government (Cont.)				
Other Facilities				
Part-time Personnel	$	44,660		
Social Security		2,701		
Unemployment Compensation		652		
Employer Medicare		632		
Office Supplies		913		
Other Supplies and Materials		2,258		
Other Charges		5,097		
Total Other Facilities			$	56,913
Other General Administration				
Other Salaries and Wages	$	4,200		
Social Security		238		
State Retirement		263		
Employee and Dependent Insurance		364		
Unemployment Compensation		19		
Employer Medicare		56		
Communication		43,881		
Contributions		1,500		
Dues and Memberships		8,246		
Operating Lease Payments		13,854		
Postal Charges		26,259		
Office Supplies		2,013		
Periodicals		104		
Liability Insurance		91,000		
Premiums on Corporate Surety Bonds		1,615		
Workers' Compensation Insurance		119,143		
Total Other General Administration				312,755
Finance				
Property Assessor's Office				
County Official/Administrative Officer	$	58,739		
Assistant(s)		23,978		
Secretary(ies)		23,978		
Longevity Pay		650		
Other Salaries and Wages		28,580		
Social Security		7,832		
State Retirement		8,468		
Employee and Dependent Insurance		4,726		
Unemployment Compensation		675		
Employer Medicare		1,832		
Data Processing Services		726		
Travel		2,770		
Other Contracted Services		30,621		
Office Supplies		672		
Total Property Assessor's Office				194,247
County Trustee's Office				
Social Security	$	6,239		
State Retirement		6,656		
Employee and Dependent Insurance		2,472		

(Continued)

Exhibit K-8

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

General Fund (Cont.)				
Finance (Cont.)				
County Trustee's Office (Cont.)				
Unemployment Compensation	$	270		
Employer Medicare		1,459		
Data Processing Services		14,029		
Office Supplies		1,005		
Total County Trustee's Office			$	32,130
County Clerk's Office				
County Official/Administrative Officer	$	58,739		
Deputy(ies)		71,551		
Social Security		7,668		
State Retirement		8,156		
Employee and Dependent Insurance		3,893		
Unemployment Compensation		421		
Employer Medicare		1,793		
Contracts with Private Agencies		10,686		
Office Supplies		2,539		
Other Charges		404		
Office Equipment		2,087		
Total County Clerk's Office				167,937
Administration of Justice				
Circuit Court				
County Official/Administrative Officer	$	58,739		
Deputy(ies)		68,756		
Part-time Personnel		1,234		
Jury and Witness Expense		8,022		
Social Security		7,528		
State Retirement		7,981		
Employee and Dependent Insurance		4,925		
Unemployment Compensation		437		
Employer Medicare		1,761		
Data Processing Services		11,178		
Other Contracted Services		820		
Office Supplies		4,078		
Other Charges		600		
Data Processing Equipment		3,015		
Other Equipment		5,000		
Total Circuit Court				184,074
General Sessions Court				
Judge(s)	$	86,318		
Secretary(ies)		8,762		
Social Security		5,436		
State Retirement		5,404		
Employee and Dependent Insurance		2,432		
Unemployment Compensation		136		
Employer Medicare		1,271		
Travel		984		
Office Supplies		709		
Other Charges		2,865		
Total General Sessions Court				114,317

(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				
Other Salaries and Wages	$	48,836		
Social Security		3,028		
State Retirement		2,191		
Unemployment Compensation		377		
Employer Medicare		708		
Communication		2,942		
Travel		4,213		
Other Contracted Services		9,005		
Drugs and Medical Supplies		4,369		
Other Charges		1,708		
Total Drug Court			$	77,377
Chancery Court				
County Official/Administrative Officer	$	58,739		
Secretary(ies)		24,353		
Social Security		4,432		
State Retirement		5,202		
Employee and Dependent Insurance		4,910		
Unemployment Compensation		270		
Employer Medicare		1,037		
Data Processing Services		6,799		
Office Supplies		1,590		
Other Charges		1,295		
Data Processing Equipment		3,096		
Office Equipment		760		
Total Chancery Court				112,483
Juvenile Court				
Youth Service Officer(s)	$	27,723		
Social Security		1,425		
State Retirement		1,735		
Employee and Dependent Insurance		2,460		
Unemployment Compensation		135		
Employer Medicare		333		
Contracts with Other Public Agencies		7,350		
Data Processing Services		559		
Other Charges		646		
Total Juvenile Court				42,366
Judicial Commissioners				
County Official/Administrative Officer	$	22,990		
Social Security		1,425		
Unemployment Compensation		281		
Employer Medicare		333		
Travel		887		
Office Supplies		268		
Total Judicial Commissioners				26,184

(Continued)

Exhibit K-8

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

General Fund (Cont.)				
Public Safety				
Sheriff's Department				
County Official/Administrative Officer	$	65,813		
Deputy(ies)		661,236		
Overtime Pay		41,442		
In-Service Training		4,156		
Social Security		46,258		
State Retirement		48,110		
Employee and Dependent Insurance		23,033		
Unemployment Compensation		3,047		
Employer Medicare		10,818		
Communication		19,599		
Contracts with Private Agencies		1,700		
Contributions		1,500		
Maintenance and Repair Services - Vehicles		78,789		
Travel		2,599		
Gasoline		95,196		
Law Enforcement Supplies		4,677		
Office Supplies		10,275		
Tires and Tubes		8,236		
Uniforms		16,289		
Utilities		61,512		
Other Supplies and Materials		14,016		
Other Charges		1,295		
Data Processing Equipment		2,092		
Motor Vehicles		25,268		
Total Sheriff's Department			$	1,246,956
Special Patrols				
Guards	$	28,832		
Other Salaries and Wages		4,200		
Social Security		2,013		
State Retirement		2,068		
Employee and Dependent Insurance		292		
Unemployment Compensation		154		
Employer Medicare		471		
Gasoline		3,498		
Instructional Supplies and Materials		4,523		
Other Charges		435		
Total Special Patrols				46,486
Traffic Control				
Part-time Personnel	$	1,980		
Other Salaries and Wages		14,433		
Social Security		895		
Unemployment Compensation		219		
Employer Medicare		209		
Total Traffic Control				17,736
Correctional Incentive Program Improvements				
Cafeteria Personnel	$	20,152		
Other Salaries and Wages		540,474		

(Continued)

Exhibit K-8

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

General Fund (Cont.)				
Public Safety (Cont.)				
Correctional Incentive Program Improvements (Cont.)				
Social Security	$	32,411		
State Retirement		35,096		
Employee and Dependent Insurance		21,768		
Unemployment Compensation		3,153		
Employer Medicare		7,580		
Contracts with Private Agencies		96,261		
Medical and Dental Services		111,306		
Food Supplies		167,342		
Other Supplies and Materials		17,688		
Other Charges		15,439		
Total Correctional Incentive Program Improvements			$	1,068,670
Fire Prevention and Control				
In-Service Training	$	10,493		
Forest Resource Services		1,500		
Maintenance and Repair Services - Buildings		4,965		
Maintenance and Repair Services - Equipment		10,999		
Equipment and Machinery Parts		15,400		
Gasoline		32,849		
Instructional Supplies and Materials		644		
Law Enforcement Supplies		119,115		
Utilities		22,079		
Other Supplies and Materials		4,994		
Liability Insurance		2,758		
Other Charges		4,142		
Communication Equipment		8,862		
Law Enforcement Equipment		10,013		
Other Equipment		10,696		
Total Fire Prevention and Control				259,509
Civil Defense				
Other Charges	$	4,224		
Total Civil Defense				4,224
Other Emergency Management				
Contributions	$	113,595		
Liability Insurance		4,065		
Other Charges		511		
Total Other Emergency Management				118,171
County Coroner/Medical Examiner				
Evaluation and Testing	$	16,740		
Medical and Dental Services		8,500		
Other Contracted Services		5,180		
Total County Coroner/Medical Examiner				30,420
Other Public Safety				
Contributions	$	11,500		
Total Other Public Safety				11,500

(Continued)

Exhibit K-8

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

General Fund (Cont.)		
Public Health and Welfare		
Local Health Center		
Social Workers	$ 32,905	
Medical Personnel	23,084	
Custodial Personnel	3,000	
Social Security	3,360	
State Retirement	1,445	
Employee and Dependent Insurance	2,257	
Unemployment Compensation	589	
Employer Medicare	786	
Communication	1,721	
Contracts with Government Agencies	11,208	
Travel	1,371	
Custodial Supplies	984	
Drugs and Medical Supplies	50	
Office Supplies	1,054	
Utilities	12,830	
Other Charges	9,696	
Total Local Health Center		$ 106,340
Rabies and Animal Control		
Contracts with Other Public Agencies	$ 835	
Veterinary Services	330	
Total Rabies and Animal Control		1,165
Ambulance/Emergency Medical Services		
County Official/Administrative Officer	$ 40,694	
Medical Personnel	451,181	
Secretary(ies)	23,024	
Part-time Personnel	176,698	
Overtime Pay	8,552	
In-Service Training	6,821	
Social Security	40,967	
State Retirement	35,755	
Employee and Dependent Insurance	26,469	
Unemployment Compensation	3,811	
Employer Medicare	9,581	
Advertising	1,603	
Communication	7,583	
Licenses	2,812	
Maintenance and Repair Services - Buildings	3,275	
Maintenance and Repair Services - Equipment	7,000	
Maintenance and Repair Services - Vehicles	60,066	
Printing, Stationery, and Forms	1,988	
Travel	397	
Disposal Fees	445	
Other Contracted Services	7,147	
Custodial Supplies	2,537	
Diesel Fuel	58,364	
Drugs and Medical Supplies	51,948	
Instructional Supplies and Materials	183	
Office Supplies	6,369	

(Continued)

Exhibit K-8

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

General Fund (Cont.)				
Public Health and Welfare (Cont.)				
Ambulance/Emergency Medical Services (Cont.)				
Uniforms	$	6,782		
Utilities		7,458		
Other Supplies and Materials		1,514		
Liability Insurance		74,705		
Refunds		3,066		
Workers' Compensation Insurance		70,436		
Other Charges		1,892		
Total Ambulance/Emergency Medical Services			$	1,201,123
Regional Mental Health Center				
Contributions	$	7,180		
Total Regional Mental Health Center				7,180
Social, Cultural, and Recreational Services				
Senior Citizens Assistance				
Clerical Personnel	$	17,774		
Social Security		797		
State Retirement		1,113		
Employee and Dependent Insurance		2,472		
Unemployment Compensation		161		
Employer Medicare		186		
Travel		85		
Other Supplies and Materials		918		
Other Charges		260		
Total Senior Citizens Assistance				23,766
Libraries				
Librarians	$	25,353		
Clerical Personnel		36,423		
Part-time Personnel		28,463		
Social Security		5,586		
State Retirement		3,867		
Unemployment Compensation		860		
Employer Medicare		1,307		
Communication		7,160		
Library Books/Media		9,583		
Periodicals		1,705		
Utilities		12,614		
Other Supplies and Materials		10,283		
Other Equipment		1,489		
Total Libraries				144,693
Other Social, Cultural, and Recreational				
Other Charges	$	18,390		
Total Other Social, Cultural, and Recreational				18,390
Agriculture and Natural Resources				
Agriculture Extension Service				
Assistant(s)	$	11,225		
Supervisor/Director		11,108		

(Continued)

Exhibit K-8

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

General Fund (Cont.)				
Agriculture and Natural Resources (Cont.)				
Agriculture Extension Service (Cont.)				
Clerical Personnel	$	9,083		
Other Fringe Benefits		7,043		
Other Supplies and Materials		2,000		
Total Agriculture Extension Service			$	40,459
Soil Conservation				
Secretary(ies)	$	24,353		
Social Security		1,088		
State Retirement		1,524		
Employee and Dependent Insurance		2,472		
Unemployment Compensation		135		
Employer Medicare		254		
Total Soil Conservation				29,826
Other Operations				
Industrial Development				
Secretary(ies)	$	492		
Social Security		30		
State Retirement		31		
Unemployment Compensation		2		
Employer Medicare		7		
Other Charges		692		
Total Industrial Development				1,254
Other Economic and Community Development				
Contracts with Government Agencies	$	2,020		
Contributions		15,000		
Travel		500		
Other Charges		5,235		
Other Construction		433,239		
Total Other Economic and Community Development				455,994
Veterans' Services				
Supervisor/Director	$	5,555		
Social Security		323		
Unemployment Compensation		80		
Employer Medicare		75		
Travel		500		
Total Veterans' Services				6,533
Other Charges				
Trustee's Commission	$	95,407		
Total Other Charges				95,407
Contributions to Other Agencies				
Contributions	$	14,245		
Total Contributions to Other Agencies				14,245
Employee Benefits				
Employee and Dependent Insurance	$	7,920		
Unemployment Compensation		576		
Total Employee Benefits				8,496

(Continued)

Exhibit K-8

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

General Fund (Cont.)			
Other Operations (Cont.)			
Miscellaneous			
Laborers	$ 12,852		
Pauper Burials	3,750		
Road Signs	10,616		
Other Charges	8,099		
Total Miscellaneous		$ 35,317	
Total General Fund			$ 7,165,525
Courthouse and Jail Maintenance Fund			
General Government			
County Buildings			
Maintenance and Repair Services - Buildings	$ 56,791		
Custodial Supplies	30,900		
Trustee's Commission	551		
Total County Buildings		$ 88,242	
Total Courthouse and Jail Maintenance Fund			88,242
Local Purpose Tax Fund			
Capital Projects			
Other General Government Projects			
Contributions	$ 1,620,000		
Trustee's Commission	22,571		
Total Other General Government Projects		$ 1,642,571	
Total Local Purpose Tax Fund			1,642,571
Drug Control Fund			
Public Safety			
Sheriff's Department			
Other Charges	$ 7,985		
Total Sheriff's Department		$ 7,985	
Drug Enforcement			
Confidential Drug Enforcement Payments	$ 9,000		
Total Drug Enforcement		9,000	
Other Operations			
Other Charges			
Trustee's Commission	$ 50		
Total Other Charges		50	
Support Services			
Other Student Support			
Other Supplies and Materials	$ 3,214		
Total Other Student Support		3,214	
Total Drug Control Fund			20,249

(Continued)

Exhibit K-8

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

Constitutional Officers - Fees Fund			
General Government			
Register of Deeds			
Constitutional Officers' Operating Expenses	$ 52		
Total Register of Deeds		$ 52	
Finance			
County Trustee's Office			
Constitutional Officers' Operating Expenses	$ 261,699		
Total County Trustee's Office		261,699	
County Clerk's Office			
Constitutional Officers' Operating Expenses	$ 137		
Total County Clerk's Office		137	
Administration of Justice			
General Sessions Court Clerk			
Constitutional Officers' Operating Expenses	$ 89		
Total General Sessions Court Clerk		89	
Chancery Court			
Constitutional Officers' Operating Expenses	$ 999		
Total Chancery Court		999	
Total Constitutional Officers - Fees Fund			$ 262,976
Highway/Public Works Fund			
Highways			
Administration			
County Official/Administrative Officer	$ 66,113		
Accountants/Bookkeepers	24,700		
Secretary(ies)	23,234		
Board and Committee Members Fees	600		
Communication	4,890		
Data Processing Services	4,363		
Dues and Memberships	4,268		
Postal Charges	368		
Rentals	1,197		
Travel	84		
Electricity	5,401		
Natural Gas	1,889		
Office Supplies	982		
Water and Sewer	162		
Data Processing Equipment	2,367		
Total Administration		$ 140,618	
Highway and Bridge Maintenance			
Foremen	$ 15,438		
Equipment Operators	83,842		
Truck Drivers	67,170		
Laborers	43,378		
Rentals	9,856		
Other Contracted Services	9,928		

(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.)				
Asphalt - Liquid	$ 207,285			
Crushed Stone	16,984			
Pipe - Metal	15,410			
Other Supplies and Materials	1,478			
Total Highway and Bridge Maintenance		$ 470,769		
Operation and Maintenance of Equipment				
Mechanic(s)	$ 51,109			
Maintenance and Repair Services - Equipment	13,371			
Diesel Fuel	103,764			
Equipment and Machinery Parts	37,878			
Garage Supplies	2,823			
Gasoline	36,352			
Lubricants	5,430			
Small Tools	1,152			
Tires and Tubes	22,695			
Total Operation and Maintenance of Equipment		274,574		
Quarry Operations				
Foremen	$ 25,896			
Equipment Operators	42,544			
Explosive and Drilling Services	23,462			
Maintenance and Repair Services - Equipment	5,869			
Electricity	21,524			
Equipment and Machinery Parts	25,688			
Total Quarry Operations		144,983		
Other Charges				
Liability Insurance	$ 40,750			
Trustee's Commission	17,386			
Workers' Compensation Insurance	33,517			
Other Charges	91			
Total Other Charges		91,744		
Employee Benefits				
Social Security	$ 33,959			
State Retirement	27,480			
Employee and Dependent Insurance	130,060			
Unemployment Compensation	4,609			
Total Employee Benefits		196,108		
Capital Outlay				
Highway Equipment	$ 30,000			
Motor Vehicles	21,228			
State Aid Projects	528,895			
Total Capital Outlay		580,123		
Total Highway/Public Works Fund				$ 1,898,919

(Continued)

Exhibit K-8

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

General Debt Service Fund			
Principal on Debt			
General Government			
Principal on Bonds	$ 375,820		
Total General Government		$ 375,820	
Education			
Principal on Bonds	$ 509,180		
Principal on Notes	59,171		
Total Education		568,351	
Interest on Debt			
General Government			
Interest on Bonds	$ 141,160		
Total General Government		141,160	
Education			
Interest on Bonds	$ 67,465		
Interest on Notes	26,106		
Total Education		93,571	
Other Debt Service			
General Government			
Trustee's Commission	$ 11,085		
Other Debt Service	865		
Total General Government		11,950	
Education			
Other Debt Service	$ 500		
Total Education		500	
Total General Debt Service Fund			$ 1,191,352
General Capital Projects Fund			
Capital Projects			
General Administration Projects			
Engineering Services	$ 4,500		
Trustee's Commission	9,200		
Building Construction	5,804		
Other Construction	9,887		
Total General Administration Projects		$ 29,391	
Public Safety Projects			
Furniture and Fixtures	$ 18,579		
Motor Vehicles	246,925		
Other Equipment	106,042		
Other Construction	15,885		
Total Public Safety Projects		387,431	
Public Health and Welfare Projects			
Solid Waste Equipment	$ 125,891		
Total Public Health and Welfare Projects		125,891	
Total General Capital Projects Fund			542,713

(Continued)

Exhibit K-8

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

Education Capital Projects Fund			
Capital Projects			
Other General Government Projects			
Underwriter's Discount	$ 15,041		
Other Debt Issuance Charges	38,808		
Total Other General Government Projects		$ 53,849	
Capital Projects - Donated			
Capital Projects Donated to School Department			
Contributions	$ 3,420,275		
Total Capital Projects Donated to School Department		3,420,275	
Total Education Capital Projects Fund			$ 3,474,124
Total Governmental Funds - Primary Government			$ 16,286,671

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, 2013

General Purpose School Fund				
Instruction				
Regular Instruction Program				
Teachers	$	6,266,754		
Career Ladder Program		45,000		
Career Ladder Extended Contracts		5,226		
Educational Assistants		129,018		
Other Salaries and Wages		43,832		
Certified Substitute Teachers		31,428		
Non-certified Substitute Teachers		89,204		
Social Security		371,515		
State Retirement		570,173		
Medical Insurance		948,608		
Dental Insurance		60,810		
Unemployment Compensation		10,411		
Employer Medicare		87,177		
Other Contracted Services		528		
Instructional Supplies and Materials		64,159		
Textbooks		109,311		
Fee Waivers		15,230		
Other Charges		9,259		
Regular Instruction Equipment		57,707		
Total Regular Instruction Program			$	8,915,350
Alternative Instruction Program				
Teachers	$	58,415		
Career Ladder Program		3,000		
Educational Assistants		13,182		
Social Security		4,276		
State Retirement		6,279		
Medical Insurance		10,278		
Dental Insurance		426		
Unemployment Compensation		109		
Employer Medicare		1,000		
Instructional Supplies and Materials		200		
Total Alternative Instruction Program				97,165
Special Education Program				
Teachers	$	1,064,276		
Career Ladder Program		8,600		
Homebound Teachers		46,943		
Educational Assistants		166,798		
Speech Pathologist		24,949		
Other Salaries and Wages		4,578		
Certified Substitute Teachers		1,323		
Non-certified Substitute Teachers		12,702		
Social Security		74,798		
State Retirement		112,097		
Medical Insurance		176,243		
Dental Insurance		11,323		
Unemployment Compensation		2,578		
Employer Medicare		17,508		

(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.)				
Contracts with Other School Systems	$	30,000		
Other Contracted Services		9,824		
Instructional Supplies and Materials		331		
Other Supplies and Materials		4,004		
Special Education Equipment		8,737		
Total Special Education Program			$	1,777,612
Vocational Education Program				
Teachers	$	425,952		
Career Ladder Program		1,000		
Career Ladder Extended Contracts		4,039		
Other Salaries and Wages		35,457		
Certified Substitute Teachers		189		
Non-certified Substitute Teachers		5,800		
Social Security		26,907		
State Retirement		40,491		
Medical Insurance		60,944		
Dental Insurance		3,867		
Unemployment Compensation		698		
Employer Medicare		6,293		
Instructional Supplies and Materials		12,440		
Other Supplies and Materials		75		
Total Vocational Education Program				624,152
Support Services				
Attendance				
Supervisor/Director	$	65,800		
Career Ladder Program		3,000		
Clerical Personnel		25,784		
Social Security		5,654		
State Retirement		7,723		
Medical Insurance		3,794		
Dental Insurance		420		
Unemployment Compensation		105		
Employer Medicare		1,322		
Travel		2,903		
Other Contracted Services		7,674		
Other Supplies and Materials		325		
Attendance Equipment		2,539		
Total Attendance				127,043
Health Services				
Supervisor/Director	$	63,688		
Medical Personnel		155,110		
Clerical Personnel		11,112		
Social Security		12,484		
State Retirement		19,429		
Medical Insurance		44,926		
Dental Insurance		2,124		

(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.)				
Health Services (Cont.)				
Unemployment Compensation	$	362		
Employer Medicare		2,920		
Travel		909		
Other Contracted Services		375		
Drugs and Medical Supplies		1,916		
Other Supplies and Materials		4,622		
Total Health Services			$	319,977
Other Student Support				
Career Ladder Program	$	1,000		
Guidance Personnel		269,442		
Social Security		15,650		
State Retirement		24,015		
Medical Insurance		26,888		
Dental Insurance		2,450		
Unemployment Compensation		355		
Employer Medicare		3,660		
Evaluation and Testing		10,047		
Other Contracted Services		2,280		
Total Other Student Support				355,787
Regular Instruction Program				
Supervisor/Director	$	127,825		
Career Ladder Program		6,000		
Career Ladder Extended Contracts		8,685		
Librarians		235,126		
Instructional Computer Personnel		73,445		
Educational Assistants		29,695		
Social Security		27,919		
State Retirement		37,843		
Medical Insurance		44,713		
Dental Insurance		2,970		
Unemployment Compensation		736		
Employer Medicare		6,530		
Maintenance and Repair Services - Equipment		68,313		
Travel		2,053		
Other Contracted Services		3,670		
Food Supplies		12,265		
Library Books/Media		14,940		
Other Supplies and Materials		2,037		
Total Regular Instruction Program				704,765
Special Education Program				
Supervisor/Director	$	66,500		
Career Ladder Program		1,000		
Psychological Personnel		55,086		
Social Security		7,334		
State Retirement		10,886		
Medical Insurance		6,504		

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)				
Support Services (Cont.)				
Special Education Program (Cont.)				
Dental Insurance	$	839		
Unemployment Compensation		104		
Employer Medicare		1,715		
Travel		4,040		
Other Contracted Services		197,575		
Total Special Education Program			$	351,583
Other Programs				
On-Behalf Payments to OPEB	$	98,552		
Total Other Programs				98,552
Board of Education				
Board and Committee Members Fees	$	4,845		
Social Security		300		
Employer Medicare		70		
Audit Services		6,000		
Dues and Memberships		7,606		
Legal Services		5,753		
Travel		2,181		
Other Contracted Services		3,400		
Liability Insurance		24,981		
Trustee's Commission		82,329		
Workers' Compensation Insurance		151,833		
Refund to Applicant for Criminal Investigation		2,436		
Other Charges		4,872		
Total Board of Education				296,606
Director of Schools				
County Official/Administrative Officer	$	103,101		
Career Ladder Program		1,000		
Social Security		6,073		
State Retirement		9,244		
Medical Insurance		9,929		
Dental Insurance		420		
Unemployment Compensation		60		
Employer Medicare		1,420		
Communication		29,195		
Dues and Memberships		1,896		
Postal Charges		2,595		
Travel		2,151		
Other Charges		69		
Total Director of Schools				167,153
Office of the Principal				
Principals	$	333,093		
Career Ladder Program		7,000		
Career Ladder Extended Contracts		32,828		
Assistant Principals		317,713		
Secretary(ies)		280,254		

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)		
Support Services (Cont.)		
Office of the Principal (Cont.)		
Social Security	$ 56,089	
State Retirement	78,872	
Medical Insurance	88,722	
Dental Insurance	4,171	
Unemployment Compensation	1,450	
Employer Medicare	13,118	
Communication	13,700	
Dues and Memberships	7,250	
Travel	2,900	
Other Contracted Services	6,169	
Other Charges	2,408	
Administration Equipment	9,270	
Total Office of the Principal		$ 1,255,007
Fiscal Services		
Accountants/Bookkeepers	$ 68,736	
Secretary(ies)	35,855	
Social Security	5,513	
State Retirement	6,547	
Medical Insurance	14,296	
Unemployment Compensation	181	
Employer Medicare	1,289	
Travel	1,587	
Other Contracted Services	24,051	
Data Processing Supplies	1,727	
Office Supplies	1,415	
Other Charges	60	
Total Fiscal Services		161,257
Operation of Plant		
Custodial Personnel	$ 316,370	
Other Salaries and Wages	1,740	
Social Security	18,161	
State Retirement	17,367	
Medical Insurance	26,654	
Unemployment Compensation	1,172	
Employer Medicare	4,247	
Permits	110	
Other Contracted Services	3,668	
Custodial Supplies	48,956	
Electricity	454,769	
Natural Gas	107,279	
Uniforms	3,396	
Water and Sewer	43,582	
Other Supplies and Materials	46,415	
Boiler Insurance	6,000	
Building and Contents Insurance	78,000	
Plant Operation Equipment	1,150	
Total Operation of Plant		1,179,036

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)		
Support Services (Cont.)		
Maintenance of Plant		
Supervisor/Director	$ 48,746	
Maintenance Personnel	75,065	
Other Salaries and Wages	7,316	
Social Security	7,410	
State Retirement	7,075	
Medical Insurance	11,087	
Unemployment Compensation	280	
Employer Medicare	1,733	
Pest Control	3,300	
Travel	288	
Other Contracted Services	3,071	
Other Supplies and Materials	104,707	
Maintenance Equipment	286	
Total Maintenance of Plant		$ 270,364
Transportation		
Supervisor/Director	$ 28,561	
Mechanic(s)	51,244	
Bus Drivers	439,123	
Other Salaries and Wages	79,534	
Social Security	34,812	
State Retirement	36,929	
Medical Insurance	32,355	
Unemployment Compensation	2,277	
Employer Medicare	8,164	
Contracts with Other School Systems	3,000	
Maintenance and Repair Services - Equipment	104	
Travel	599	
Other Contracted Services	25,271	
Diesel Fuel	197,197	
Food Supplies	267	
Garage Supplies	674	
Gasoline	21,037	
Tires and Tubes	18,894	
Uniforms	2,309	
Vehicle Parts	69,483	
Other Supplies and Materials	8,649	
Vehicle and Equipment Insurance	54,000	
Transportation Equipment	214,585	
Total Transportation		1,329,068
Operation of Non-Instructional Services		
Food Service		
Supervisor/Director	$ 48,904	
Social Security	3,032	
State Retirement	3,061	
Unemployment Compensation	60	
Employer Medicare	709	
Total Food Service		55,766

(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.)			
Community Services			
Teachers	$ 95,507		
Social Security	5,921		
State Retirement	8,481		
Unemployment Compensation	17		
Employer Medicare	1,385		
Other Supplies and Materials	5,414		
Total Community Services		$ 116,725	
Early Childhood Education			
Supervisor/Director	$ 6,300		
Teachers	204,789		
Clerical Personnel	2,344		
Educational Assistants	93,383		
Certified Substitute Teachers	922		
Non-certified Substitute Teachers	8,906		
Social Security	17,900		
State Retirement	24,737		
Medical Insurance	33,246		
Dental Insurance	2,121		
Unemployment Compensation	737		
Employer Medicare	4,200		
Communication	2,644		
Travel	3,459		
Other Contracted Services	6,032		
Food Supplies	1,582		
Instructional Supplies and Materials	10,650		
Other Supplies and Materials	21,297		
Total Early Childhood Education		445,249	
Capital Outlay			
Regular Capital Outlay			
Building Improvements	$ 40,115		
Furniture and Fixtures	353		
Heating and Air Conditioning Equipment	18,024		
Other Capital Outlay	206,448		
Total Regular Capital Outlay		264,940	
Principal on Debt			
Education			
Debt Service Contribution to Primary Government	$ 59,171		
Total Education		59,171	
Total General Purpose School Fund			$ 18,972,328
School Federal Projects Fund			
Instruction			
Regular Instruction Program			
Teachers	$ 655,911		
Educational Assistants	65,083		

(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	$ 30,752	
Certified Substitute Teachers	12,237	
Non-certified Substitute Teachers	8,729	
Social Security	43,909	
State Retirement	64,752	
Medical Insurance	88,436	
Dental Insurance	5,538	
Unemployment Compensation	1,196	
Employer Medicare	10,354	
Instructional Supplies and Materials	127,053	
Regular Instruction Equipment	12,319	
Total Regular Instruction Program		$ 1,126,269
Special Education Program		
Teachers	$ 105,866	
Educational Assistants	270,843	
Other Salaries and Wages	3,748	
Certified Substitute Teachers	284	
Non-certified Substitute Teachers	11,871	
Social Security	20,910	
State Retirement	25,668	
Medical Insurance	51,213	
Dental Insurance	1,311	
Unemployment Compensation	1,475	
Employer Medicare	5,052	
Instructional Supplies and Materials	7,116	
Other Supplies and Materials	8,148	
Special Education Equipment	1,160	
Total Special Education Program		514,665
Vocational Education Program		
Non-certified Substitute Teachers	$ 562	
Instructional Supplies and Materials	8,524	
Other Supplies and Materials	439	
Vocational Instruction Equipment	35,934	
Total Vocational Education Program		45,459
Support Services		
Other Student Support		
Other Salaries and Wages	$ 771	
Social Security	48	
State Retirement	68	
Unemployment Compensation	5	
Employer Medicare	11	
Travel	6,185	
Other Charges	9,621	
Total Other Student Support		16,709

(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)			
Support Services (Cont.)			
Regular Instruction Program			
Supervisor/Director	$ 88,782		
Other Salaries and Wages	28,371		
In-Service Training	1,705		
Non-certified Substitute Teachers	527		
Social Security	5,774		
State Retirement	8,805		
Medical Insurance	10,109		
Dental Insurance	420		
Unemployment Compensation	150		
Employer Medicare	1,612		
Travel	51,607		
Other Supplies and Materials	6,456		
In Service/Staff Development	135,365		
Other Charges	220		
Total Regular Instruction Program		$ 339,903	
Special Education Program			
Psychological Personnel	$ 55,249		
Secretary(ies)	35,280		
Other Salaries and Wages	50,635		
Social Security	8,292		
State Retirement	11,611		
Medical Insurance	9,186		
Dental Insurance	459		
Unemployment Compensation	257		
Employer Medicare	1,939		
Consultants	300		
Travel	5,425		
Instructional Supplies and Materials	2,888		
Other Supplies and Materials	3,100		
In Service/Staff Development	11,064		
Total Special Education Program		195,685	
Vocational Education Program			
Travel	$ 793		
Total Vocational Education Program		793	
Transportation			
Bus Drivers	$ 25,074		
Social Security	1,542		
State Retirement	1,557		
Unemployment Compensation	67		
Employer Medicare	360		
Total Transportation		28,600	
Total School Federal Projects Fund			$ 2,268,083

(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			
Operation of Non-Instructional Services			
Food Service			
Supervisor/Director	$ 4,075		
Accountants/Bookkeepers	35,208		
Cafeteria Personnel	450,929		
Social Security	27,079		
State Retirement	27,480		
Medical Insurance	51,917		
Unemployment Compensation	2,083		
Employer Medicare	6,361		
Communication	2,194		
Maintenance and Repair Services - Equipment	18,089		
Travel	4,356		
Other Contracted Services	1,978		
Food Supplies	760,960		
USDA - Commodities	71,146		
Other Supplies and Materials	15,606		
In Service/Staff Development	2,002		
Other Charges	4,479		
Food Service Equipment	21,279		
Total Food Service		$ 1,507,221	
Total Central Cafeteria Fund			$ 1,507,221
Education Capital Projects Fund			
Capital Projects			
Education Capital Projects			
Architects	$ 118,877		
Building Improvements	717,673		
Other Capital Outlay	5,500		
Total Education Capital Projects		$ 842,050	
Total Education Capital Projects Fund			842,050
Total Governmental Funds - DeKalb County School Department			$ 23,589,682

Exhibit K-10

DeKalb County, Tennessee
Schedule of Detailed Revenues and Expenses
Proprietary Fund
For the Year Ended June 30, 2013

	Business-type Activities Enterprise Fund Solid Waste Disposal Fund
Revenues	
Operating Revenues	
Charges for Current Services	
Residential Waste Collection Charge	$ 4,300
Tipping Fees	143,177
Total Charges for Current Services	$ 147,477
Other Local Revenues	
Recurring Items	
Sale of Recycled Materials	$ 1,730
Miscellaneous Refunds	12,148
Total Other Local Revenues	$ 13,878
Total Operating Revenue	$ 161,355
Nonoperating Revenues	
Local Taxes	
Trustee's Collections - Prior Year	$ 12
Payments in-Lieu-of Taxes - T.V.A.	105
Payments in-Lieu-of Taxes - Other	86,748
Local Option Sales Tax	355,952
Hotel/Motel Tax	57,225
Bank Excise Tax	53,575
Wholesale Beer Tax	67,001
Total Local Taxes	$ 620,618
Other Local Revenues	
Recurring Items	
Investment Income	$ 293,506
Nonrecurring Items	
Gain on Disposal of Property	1,661
Total Other Local Revenues	$ 295,167
State of Tennessee	
Other State of Tennessee Revenues	
Beer Tax	$ 33,586
Alcoholic Beverage Tax	35,466
State Revenue Sharing - T.V.A.	409,085
Solid Waste Grants	5,102
Total State of Tennessee	$ 483,239
Total Nonoperating Revenues	$ 1,399,024
Total Revenues	$ 1,560,379

(Continued)

Exhibit K-10

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

	Business-type Activities Enterprise Fund Solid Waste Disposal Fund
Expenses	
Operating Expenses	
Waste Pickup	
Laborers	$ 47,958
Social Security	2,973
State Retirement	3,002
Unemployment Compensation	287
Employer Medicare	695
Maintenance and Repair Services - Vehicles	35,980
Total Waste Pickup	$ 90,895
Convenience Centers	
Laborers	$ 195,429
Social Security	12,117
Unemployment Compensation	2,729
Employer Medicare	2,834
Communication	3,333
Other Supplies and Materials	5,584
Other Construction	118
Total Convenience Centers	$ 222,144
Landfill Operation and Maintenance	
Laborers	$ 178,412
Overtime Pay	14,842
Social Security	11,251
State Retirement	10,170
Employee and Dependent Insurance	5,356
Unemployment Compensation	1,307
Employer Medicare	2,631
Communication	543
Engineering Services	2,014
Operating Lease Payments	18,395
Maintenance and Repair Services - Vehicles	37,773
Rentals	19,421
Other Contracted Services	33,113
Diesel Fuel	118,009
Utilities	12,767
Other Supplies and Materials	22,943
Depreciation	325,011
Landfill Closure/Postclosure Care Costs	325,761
Other Charges	15,954
Other Construction	5,517
Total Landfill Operation and Maintenance	$ 1,161,190
Other Waste Disposal	
Trustee's Commission	$ 15,363
Total Other Waste Disposal	$ 15,363
Total Operating Expenses	$ 1,489,592

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, 2013

	Cities - Sales Tax Fund
Cash Receipts	
Local Option Sales Tax	$ 948,010
Cash Disbursements	
Remittance of Revenues Collected	$ 938,530
Trustee's Commission	9,480
Total Cash Disbursements	$ 948,010
Excess of Cash Receipts Over (Under) Cash Disbursements	$ 0
Cash Balance, July 1, 2012	0
Cash Balance, June 30, 2013	$ 0

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*

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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, 2013, and the related notes to the financial statements, which collectively comprise DeKalb County's basic financial statements, and have issued our report thereon dated September 25, 2013. Our report includes a reference to other auditors who audited the financial statements of the DeKalb County Emergency Communications District, as described in our report on DeKalb County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered DeKalb County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of DeKalb County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or

significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and 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 a 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 deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses: 2013-001 and 2013-007.

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 deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 2013-003, 2013-006, and 2013-008.

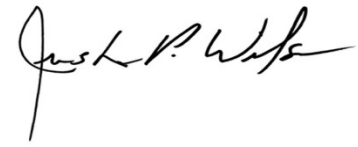
Compliance and Other Matters

As part of obtaining reasonable assurance about whether DeKalb County's financial statements are free from 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 2013-002, 2013-004, and 2013-005.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering DeKalb County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

September 25, 2013

JPW/sb

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 Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited DeKalb County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of DeKalb County's major federal programs for the year ended June 30, 2013. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of DeKalb County's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of DeKalb County's compliance.

Opinion on Each Major Federal Program

In our opinion, DeKalb County complied, in all material respects, with the types of compliance 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, 2013.

Report on Internal Control Over Compliance

Management of DeKalb County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered DeKalb County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

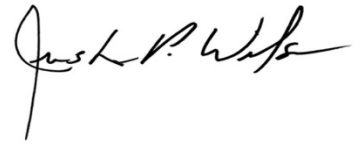
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

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, 2013, and the related notes to the financial statements, which collectively comprise DeKalb County's basic financial statements. We issued our report thereon dated September 25, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the 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 Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

September 25, 2013

JPW/sb

DeKalb County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2013

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Program:			
Rural Community Development Initiative	10.446	N/A	$ 15,740
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	71,146 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	297,900
National School Lunch Program	10.555	N/A	840,217 (3)
Child Nutrition Discretionary Grants Limited Availability	10.579	N/A	8,979
Total U.S. Department of Agriculture			$ 1,233,982
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
WIA Youth Activities	14.228	(2)	$ 433,239
U.S. Department of Labor:			
Passed-through Upper Cumberland Human Resource Agency:			
WIA Youth Activities	17.259	(2)	$ 4,000
Institute of Museum and Library Services:			
Passed-through State Library and Archives:			
Grants to States	45.310	(2)	$ 1,896
U.S. Department of Education:			
Direct Program:			
Impact Aid	84.041	52-TN-2013-1603	$ 372,044
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	848,676
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	832,526
Special Education - Preschool Grants	84.173	N/A	25,825
Career and Technical Education - Basic Grants to States	84.048	N/A	56,235
Twenty-first Century Community Learning Centers	84.287	N/A	213,437
Education Technology State Grants Cluster:			
Education Technology State Grants	84.318	N/A	12,319
Rural Education	84.358	N/A	54,175
English Language Acquisition Grants	84.365	N/A	22,049
Improving Teacher Quality State Grants	84.367	N/A	164,580
State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	169,100
Total U.S. Department of Education			$ 2,770,966
U.S. Department of Homeland Security:			
Direct Program:			
Assistance to Firefighters Grant	97.044	N/A	$ 98,753
Staffing for Adequate Fire and Emergency Response (SAFER)	97.084	N/A	41,736
Passed-through State Department of Military:			
Hazard Mitigation Grant	97.039	N/A	42,133
Total U.S. Department of Homeland Security			$ 182,622
Total Expenditures of Federal Awards			$ 4,626,705

(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
State Grants			
Litter Program - State Department of Transportation	N/A	(2)	$ 40,971
Courtroom Technology - State Office of Criminal Justice	N/A	(2)	5,000
Aging Program - State Commission on Aging	N/A	(2)	4,500
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)	50,000
Juvenile Drug Court Grant - State Office of Criminal Justice	N/A	(2)	14,904
Rural Local Health Services - State Department of Health	N/A	(2)	69,119
Early Childhood Education (Pre-K) - State Department of Education	N/A	(2)	445,251
Coordinated School Health - State Department of Education	N/A	(2)	100,000
ConnectTenn - State Department of Education	N/A	(2)	9,539
Star Student Management System - State Department of Education	N/A	(2)	7,674
Safe Schools - State Department of Education	N/A	(2)	15,280
Lottery Education Afterschool Programs - State Department of Education	N/A	(2)	128,632
Student Ticket Subsidy Grant - Tennessee Arts Commission	N/A	(2)	1,225
Safe Space - State Emergency Management Agency	N/A	(2)	7,022
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	5,102
Total State Grants			$ 913,219

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 $911,363.

DeKalb County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2013

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, 2012, which have not been corrected.

OFFICE OF COUNTY MAYOR

Finding Number	Page Number	Subject
12.02	159	The Solid Waste Disposal Fund had a deficit in unrestricted net position

OFFICE OF ROAD SUPERVISOR

Finding Number	Page Number	Subject
12.04	160	The office did not maintain adequate controls over consumable assets

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

Finding Number	Page Number	Subject
12.10	163	Multiple employees operated from the same cash drawer

DEKALB COUNTY

Finding Number	Page Number	Subject
12.13	166	DeKalb County has a material recurring audit finding

OFFICES OF ROAD SUPERVISOR, TRUSTEE, REGISTER OF DEEDS, AND SHERIFF

Finding Number	Page Number	Subject
12.14	167	Duties were not segregated adequately

DEKALB COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2013

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of DeKalb County is unmodified.

2. The audit of the financial statements of DeKalb County disclosed significant deficiencies in internal control. Two of these deficiencies were considered to be material weaknesses.

3. The audit disclosed no instances of noncompliance that were material to the financial statements of DeKalb County.

4. The audit disclosed no significant deficiencies in internal control over major programs.

5. An unmodified opinion was issued on compliance for major programs.

6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.

7. The Community Development Block Grants/State's Program (CFDA No. 14.228), the Title I Grants to Local Educational Agencies (CFDA No 84.010), the Special Education Cluster: Special Education – Grants to States and Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173), Impact Aid (CFDA No. 84.041), and the State Fiscal Stabilization Fund – Race-to-the-Top Incentive Grants (CFDA No. 84.395) were determined to be major programs.

8. A $300,000 threshold was used to distinguish between Type A and Type B federal programs.

9. DeKalb County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

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

OFFICE OF COUNTY MAYOR

FINDING 2013-001 **THE SOLID WASTE DISPOSAL FUND HAD A DEFICIT IN UNRESTRICTED NET POSITION**
(Internal Control – Material Weakness Under *Government Auditing Standards*)

The Solid Waste Disposal Fund had a deficit of $2,949,140 in unrestricted net position at June 30, 2013. This deficit resulted from the recognition of a liability totaling $6,417,619 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 position.

FINDING 2013-002 **SOME LANDFILL AND COMMUNITY COMPLEX FUNDS WERE NOT DEPOSITED WITHIN THREE DAYS OF COLLECTION**
(Noncompliance Under *Government Auditing Standards*)

As part of our audit procedures for obtaining reasonable assurance that funds were deposited within three days of collection as required by Section 5-8-207, *Tennessee Code Annotated*, we judgmentally selected 34 landfill receipts to trace to deposits and 329 community complex receipts to trace to the deposits. The office did not deposit funds with the county trustee within three days of collection in nine of the 34 landfill receipts tested and in 55 of the 329 community complex receipts tested. This deficiency was the result of a lack of management oversight. The delay in depositing funds weakens internal controls over collections and increases the risks of fraud and misappropriation.

RECOMMENDATION

All funds should be deposited within three days of collection as required by state statute.

OFFICE OF ROAD SUPERVISOR

FINDING 2013-003 **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 2013-004 **SALARY EXPENDITURES EXCEEDED APPROPRIATIONS**
(Noncompliance Under *Government Auditing Standards*)

Our review of the budget revealed that two of ten salary line-items exceeded appropriations approved by the County Commission in the Highway/Public Works Fund. The salary line-items for mechanics and equipment operators exceeded appropriations by $11,551 and $15,502, respectively. The budget resolution approved by the County Commission states that the salary, wages, or enumeration of each official, employee, or agent of the county will not exceed appropriations that accompany this resolution. Therefore, the salaries that exceeded line-item appropriations were expenditures not approved by the County Commission.

RECOMMENDATION

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

OFFICE OF CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK

FINDING 2013-005 **EXECUTION DOCKET TRIAL BALANCES FOR CIRCUIT AND GENERAL SESSIONS COURTS DID NOT RECONCILE WITH GENERAL LEDGER ACCOUNTS**
(Noncompliance Under *Government Auditing Standards*)

As of June 30, 2013, the circuit and general sessions courts clerk had prepared trial balances of execution docket cause balances for the Circuit and General Sessions Courts as required by Section 18-2-103, *Tennessee Code Annotated* (*TCA*). However, these trial

balances failed to reconcile with general ledger accounts by $6,679 and $2,937, respectively. Therefore, we were unable to determine if the clerk had complied with provisions of the Unclaimed Property Act, Section 6-29-113, *TCA*. This statute provides that any funds held by the courts for more than one year and unclaimed by the owner are considered abandoned. Section 66-29-113, *TCA*, further requires these funds to be reported and paid to the state Treasurer's Office. This deficiency is the result of a lack of management oversight.

RECOMMENDATION

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

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

FINDING 2013-006 **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 of Deeds. 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.

DEKALB COUNTY

FINDING 2013-007 **DEKALB COUNTY HAS A MATERIAL RECURRING AUDIT FINDING**
(Internal Control – Material Weakness Under *Government Auditing Standards*)

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

Finding Numbers	Description
2013.001, 12.02, 11.01	The Solid Waste Disposal Fund had a deficit in unrestricted net position (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 OF DEEDS, AND SHERIFF

FINDING 2013-008 **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 of Deeds, 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, 2013

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