ANNUAL FINANCIAL REPORT

DYER COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2005

Comptroller of the Treasury
Department of Audit
Division of County Audit
Nashville, Tennessee

ANNUAL FINANCIAL REPORT

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FOR THE YEAR ENDED JUNE 30, 2005

DEPARTMENT OF AUDIT
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DYER COUNTY, TENNESSEE
TABLE OF CONTENTS

	Exhibit/Table	Page(s)
Audit Highlights		1-2
INTRODUCTORY SECTION		3
Dyer County Officials		5
FINANCIAL SECTION		7
Independent Auditor's Report		9-11
BASIC FINANCIAL STATEMENTS:		13
Government-wide Financial Statements:		
Statement of Net Assets	A	15-16
Statement of Activities	B	17-18
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C-1	19
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	C-2	20
Statement of Revenues, Expenditures, and Changes in Fund Balances	D-1	21-22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	D-2	23
Proprietary Fund:		
Statement of Net Assets	E-1	24
Statement of Revenues, Expenses, and Changes in Net Assets	E-2	25
Statement of Cash Flows	E-3	26
Fiduciary Funds:		
Statement of Fiduciary Assets and Liabilities	F	27
Notes to the Financial Statements		29-62
REQUIRED SUPPLEMENTARY INFORMATION:		63
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
General Fund	G-1	65-66
Special Purpose Fund	G-2	67
Highway/Public Works Fund	G-3	68
Notes to the Required Supplementary Information		69

	Exhibit/Table	Page(s)
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		71
Nonmajor Governmental Funds:		73-74
Combining Balance Sheet	H-1	75
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	H-2	76
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
Law Library Fund	H-3	77
Solid Waste/Sanitation Fund	H-4	78
Drug Control Fund	H-5	79
Major Governmental Fund:		81
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget:		
General Debt Service Fund	I	83
Fiduciary Funds:		85
Combining Statement of Fiduciary Assets and Liabilities	J-1	87
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	J-2	88-89
Component Unit:		
Discretely Presented Dyer County School Department:		91
Statement of Activities	K-1	93
Balance Sheet – Governmental Funds	K-2	94
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	K-3	95
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	K-4	96
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	K-5	97
Combining Balance Sheet – Nonmajor Governmental Funds	K-6	98
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	K-7	99
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Purpose School Fund	K-8	100-101
School Federal Projects Fund	K-9	102
Central Cafeteria Fund	K-10	103
School Transportation Fund	K-11	104

	Exhibit/Table	Page(s)
Miscellaneous Schedules:		105
Schedule of Changes in Long-term Notes, Capital Leases, Other Loans, and Bonds	L-1	107-108
Schedule of Bond and Interest Requirements by Year	L-2	109
Schedule of Notes Receivable – All Funds	L-3	110
Schedule of Transfers – All Funds and Discretely Presented Dyer County School Department	L-4	111
Schedule of Salaries and Official Bonds of Principal Officials	L-5	112
Schedule of Detailed Revenues – All Governmental Fund Types	L-6	113-122
Schedule of Detailed Revenues – All Governmental Fund Types – Discretely Presented Dyer County School Department	L-7	123-124
Schedule of Detailed Expenditures – All Governmental Fund Types	L-8	125-146
Schedule of Detailed Expenditures – All Governmental Fund Types – Discretely Presented Dyer County School Department	L-9	147-159
Schedule of Detailed Receipts, Disbursements, and Changes in Cash Balance – City Agency Funds	L-10	160
STATISTICAL SECTION		161
Uncollected Taxes Filed in Chancery Court	1	163
Tax Rates and Assessments – Last Ten Years	2	164
SINGLE AUDIT SECTION		165
Auditor's 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		167-168
Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133		169-170
Other Auditor's Report on Dyer County Emergency Communications District:		
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		171-173
Schedule of Expenditures of Federal Awards and State Grants		175-176
Schedule of Audit Findings Not Corrected		177
Schedule of Findings and Questioned Costs		179-186
Auditee Reporting Responsibilities		187

Audit Highlights

Annual Financial Report
Dyer County, Tennessee
For the Year Ended June 30, 2005

Scope

We have audited the basic financial statements of Dyer County as of and for the year ended June 30, 2005.

Results

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

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

Findings

The following are summaries of the audit findings:

OFFICE OF COUNTY MAYOR

- The courthouse custodial services contract has not been bid in several years.
- Dollar amounts were not listed on some purchase orders.
- Dyer County did not report to the Internal Revenue Service fringe benefits provided to the county mayor.

OFFICE OF ROAD SUPERVISOR

- Highway/Public Works Fund expenditures exceeded appropriations approved by the County Commission in the Capital Outlay major appropriation category (the legal level of control) by $99,962.
- Competitive bids were not solicited for rock and dump trucks.
- Dollar amounts were not listed on some purchase orders until after the purchases were made and the invoices were received.
- The economic benefit derived from the use of employer provided vehicles was not calculated and reported to the Internal Revenue Service.

OFFICE OF TRUSTEE

- Some county funds were not invested in accordance with state statute.

OTHER FINDINGS

- County officials had not adopted a central system of accounting, budgeting, and purchasing.
- Duties were not segregated adequately among officials and employees in the Offices of Circuit and General Sessions Courts Clerk and Sheriff.

Introductory Section

Dyer County Officials
June 30, 2005

Officials:

Richard Hill, County Mayor
Jeff Jones, Road Supervisor
Dwight Hedge, Director of Schools
Judy Patton, Trustee
Janie Gregson, Assessor of Property
Diane Moore, County Clerk
Tom Jones, Circuit and General Sessions Courts Clerk
John Hoff, Clerk and Master
Danny Fowlkes, Register
Jeffrey Holt, Sheriff

Board of County Commissioners:

Milton Eugene Magee, Chairman Pro-Tem
Alan Burchfiel, Vice Chairman Pro-Tem
David Agee
Debbie Bradshaw
Bill Cloar
John Flatt
Ralph Henson
Billy Jones
Larry Maupin
Terry McCreight
Tom Reasons
Kyle Reynolds
Harold Sartin
Al Seward
Eddie Shults, III
Joe Swafford
John Uitendaal
Jimmy Wells
Chris Young

Budget Committee:

Debbie Bradshaw, Chairman
Richard Hill
David Agee
Bill Cloar
Terry McCreight
Harold Sartin

Board of Education:

Bruce Kerr, Chairman
Ross Maldanado, Vice Chairman
Tony Childress
Steve Dodds
Carol Feather
Jim Horn
William May
Mike McLaughlin
Herman Reed
Maria Starks

Financial Section

STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
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INDEPENDENT AUDITOR'S REPORT

February 1, 2006

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Dyer County, Tennessee, as of and for the year ended June 30, 2005, which collectively comprise Dyer County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Dyer County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented Dyer County Emergency Communications District, which represent 2.55 percent and 1.24 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. These financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Dyer County Emergency Communications District, is based on the report of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Dyer County, Tennessee, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated February 1, 2006, on our consideration of Dyer County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

As described in Note V.B., Dyer County has implemented Governmental Accounting Standards Board Statement No. 40, Deposit and Investment Risk Disclosures, which modifies the county's disclosures for custodial credit risk and adds disclosures about other types of risk.

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

The budgetary comparison information on pages 65 through 69 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Dyer 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 Fund, combining and individual fund financial statements of the Dyer County School Department (a discretely presented component unit), miscellaneous schedules, and statistical tables 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 Fund, combining and individual fund financial statements of the Dyer County School Department (a discretely presented component unit), and the miscellaneous

schedules have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Very truly yours,

John G. Morgan
Comptroller of the Treasury

JGM/rd

Basic Financial Statements

Exhibit A

Dyer County, Tennessee
Statement of Net Assets
June 30, 2005

	Primary Government	Component Units	
	Governmental Activities	Dyer County School Department	Emergency Communications District
ASSETS			
Cash	$ 1,000	$ 0	$ 431,578
Equity in Pooled Cash and Investments	24,048,960	2,793,691	0
Accounts Receivable	46,278	20,900	35,927
Due from Other Governments	726,347	846,023	0
Property Taxes Receivable	6,624,753	4,327,347	0
Allowance for Uncollectible Property Taxes	(148,504)	(97,005)	0
Prepaid Items	0	0	1,414
Accrued Interest Receivable	146,283	16,082	987
Notes Receivable	3,414,102	0	0
Deferred Charges - Debt Issuance Cost	133,903	0	0
Capital Assets:			
Assets Not Depreciated:			
Land	597,869	703,268	0
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	8,246,090	30,620,639	622,261
Infrastructure	1,712,359	0	0
Other Capital Assets	2,827,614	2,512,213	0
Total Assets	$ 48,377,054	$ 41,743,158	$ 1,092,167

(Continued)

Exhibit A

Dyer County, Tennessee
Statement of Net Assets (Cont.)

	Primary Government	Component Units	
		Dyer County	Emergency
	Governmental Activities	School Department	Communications District
LIABILITIES			
Accounts Payable	$ 0	$ 168,257	$ 7,477
Accrued Payroll	0	8,661	0
Payroll Deductions Payable	3,444	515,959	0
Contracts Payable	42,661	0	0
Retainage Payable	0	14,960	0
Accrued Interest Payable	221,224	0	0
Deferred Revenue - Current Property Taxes	6,226,274	4,067,057	0
Noncurrent Liabilities:			
Due Within One Year	1,582,658	15,211	0
Due In More Than One Year (net of deferred amount on refunding and unamortized discount on debt)	41,498,969	60,844	0
Total Liabilities	$ 49,575,230	$ 4,850,949	$ 7,477
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	$ 3,868,455	$ 0	$ 0
Invested in Capital Assets	0	33,836,120	622,261
Restricted for:			
Capital Projects	1,620	0	0
Debt Service	5,188,932	0	0
Other Purposes	6,858,517	1,095,437	0
Unrestricted	(17,115,700)	1,960,652	462,429
Total Net Assets	$ (1,198,176)	$ 36,892,209	$ 1,084,690

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

Exhibit B

Dyer County, Tennessee
Statement of Activities
For the Year Ended June 30, 2005

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
					Primary Government	Component Units	
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Dyer County School Department	Emergency Communications District
Primary Government:							
Governmental Activities:							
General Government	$ 1,399,186	$ 317,861	$ 16,380	$ 0	$ (1,064,945)	$ 0	$ 0
Finance	944,982	842,773	12,581	0	(89,628)	0	0
Administration of Justice	1,162,252	645,164	9,000	0	(508,088)	0	0
Public Safety	3,837,558	1,131,678	11,411	328,377	(2,366,092)	0	0
Public Health and Welfare	847,811	12,107	149,623	344,090	(341,991)	0	0
Social, Cultural, and Recreational Services	535,933	34,565	222,858	0	(278,510)	0	0
Agriculture & Natural Resources	239,787	5,541	16,906	0	(217,340)	0	0
Other Operations	228,169	0	0	0	(228,169)	0	0
Highways/Public Works	1,987,426	773	1,875,927	473,827	363,101	0	0
Education	47,375	51,926	0	0	4,551	0	0
Interest on Long-term Debt	1,420,077	0	0	0	(1,420,077)	0	0
Other Debt Service	208,817	0	0	0	(208,817)	0	0
Total Primary Government	$ 12,859,373	$ 3,042,388	$ 2,314,686	$ 1,146,294	$ (6,356,005)	$ 0	$ 0
Component Units:							
Dyer County School Department	$ 24,472,975	$ 751,049	$ 3,103,063	$ 0	$ 0	$ (20,618,863)	$ 0
Emergency Communications District	192,915	241,228	50,000	0	0	0	98,313
Total Component Unit	$ 24,665,890	$ 992,277	$ 3,153,063	$ 0	$ 0	$ (20,618,863)	$ 98,313

Exhibit B

Dyer 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 Assets: Primary Government: Total Governmental Activities	Component Units: Dyer County School Department	Component Units: Emergency Communications District
General Revenues:							
Property taxes levied for general purposes					$ 4,737,501	$ 4,323,550	$ 0
Property taxes levied for debt service					1,904,880	0	0
Local option sales tax					68,538	2,614,631	0
Other local taxes					574,646	690,021	0
Grants & Contributions not restricted for specific programs					1,351,175	11,742,652	0
Interest Income					871,726	107,986	3,698
Gain on Disposal of Capital Assets					51,463	0	0
Miscellaneous					78,567	95,966	0
Total General Revenues					$ 9,638,496	$ 19,574,806	$ 3,698
Change in net assets					$ 3,282,491	$ (1,044,057)	$ 102,011
Net assets, July 1, 2004					(4,480,667)	37,936,266	982,679
Net assets, June 30, 2005					$ (1,198,176)	$ 36,892,209	$ 1,084,690

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

Exhibit C-1

Dyer County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2005

	Major Funds				Nonmajor Funds	
	General	Special Purpose	Highway / Public Works	General Debt Service	Other Govern-mental Funds	Total Govern-mental Funds
ASSETS						
Cash	$ 0	$ 0	$ 0	$ 0	$ 1,000	$ 1,000
Equity in Pooled Cash and Investments	1,147,855	15,076,401	2,244,366	4,837,065	113,317	23,419,004
Accounts Receivable	25,463	0	706	770	415	27,354
Due from Other Governments	341,273	0	367,722	13,108	4,244	726,347
Due from Other Funds	7,591	0	0	0	1,172	8,763
Property Taxes Receivable	2,983,876	0	1,741,051	1,899,826	0	6,624,753
Allowance for Uncollectible Property Taxes	(66,888)	0	(39,028)	(42,588)	0	(148,504)
Accrued Interest Receivable	1,032	0	0	145,251	0	146,283
Notes Receivable - Long-Term	0	3,414,102	0	0	0	3,414,102
Total Assets	$ 4,440,202	$ 18,490,503	$ 4,314,817	$ 6,853,432	$ 120,148	$ 34,219,102
LIABILITIES AND FUND BALANCES						
Liabilities						
Payroll Deductions Payable	$ 0	$ 0	$ 3,444	$ 0	$ 0	$ 3,444
Contracts Payable	0	0	42,661	0	0	42,661
Due to Other Funds	11,723	0	0	0	8,763	20,486
Deferred Revenue - Current Property Taxes	2,804,396	0	1,636,327	1,785,551	0	6,226,274
Deferred Revenue - Delinquent Property Taxes	96,445	0	56,274	61,406	0	214,125
Other Deferred Revenues	76,432	0	161,097	6,802	0	244,331
Total Liabilities	$ 2,988,996	$ 0	$ 1,899,803	$ 1,853,759	$ 8,763	$ 6,751,321
Fund Balances						
Reserved for Alcohol and Drug Treatment	$ 22,511	$ 0	$ 0	$ 0	$ 0	$ 22,511
Reserved for Automation Purposes - General Sessions	21,257	0	0	0	0	21,257
Reserved for Long-Term Notes Receivable	0	3,414,102	0	0	0	3,414,102
Unreserved, Reported In:						
General Fund	1,407,438	0	0	0	0	1,407,438
Special Revenue Funds	0	15,076,401	2,415,014	0	109,765	17,601,180
Debt Service Funds	0	0	0	4,999,673	0	4,999,673
Capital Projects Funds	0	0	0	0	1,620	1,620
Total Fund Balances	$ 1,451,206	$ 18,490,503	$ 2,415,014	$ 4,999,673	$ 111,385	$ 27,467,781
Total Liabilities and Fund Balances	$ 4,440,202	$ 18,490,503	$ 4,314,817	$ 6,853,432	$ 120,148	$ 34,219,102

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

Exhibit C-2

Dyer County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
June 30, 2005

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		$ 27,467,781
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		13,383,932
(2) Internal service funds are used by management to charge the costs of workers'compensation benefits to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		660,603
(3) Debt issuance costs of long-term debt are expensed when due in governmental funds. The unamortized portion of these charges are reflected on the statement of net assets.		133,903
(4) Interest costs of long-term debt are expensed when due in the governmental funds. Interest costs incurred as of the balance sheet date are accrued in the statement of net assets.		(221,224)
(5) Long-term liabilities are not due in the current period and therefore are not reported in the governmental funds.		
Less: Bonds payable	$ (8,740,000)	
Less: Notes payable	(3,182,581)	
Less: Other loans payable	(30,680,000)	
Less: Capital leases payable	(869,352)	
Add: Deferred amount on unamortized debt discount	52,553	
Add: Deferred amount on refunding	337,753	(43,081,627)
(6) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		458,456
Net assets of governmental activities (Exhibit A)		$ (1,198,176)

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

Exhibit D-1

Dyer County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2005

	Major Funds				Nonmajor Funds	
	General	Special Purpose	Highway / Public Works	General Debt Service	Other Govern-mental Funds	Total Governmental Funds
Revenues						
Local Taxes	$ 4,782,407	$ 0	$ 1,730,829	$ 2,004,444	$ 2,752	$ 8,520,432
Licenses and Permits	151,040	0	0	0	0	151,040
Fines, Forfeitures, and Penalties	107,424	0	0	0	27,336	134,760
Charges for Current Services	58,650	0	0	0	2,410	61,060
Other Local Revenues	173,106	0	49,264	868,759	14,546	1,105,675
Fees Received from County Officials	1,512,306	0	0	0	0	1,512,306
State of Tennessee	1,324,314	0	2,347,967	0	33,549	3,705,830
Federal Government	416,020	0	0	0	344,090	760,110
Other Governments and Citizens Groups	73,576	0	0	0	0	73,576
Total Revenues	$ 8,598,843	$ 0	$ 4,128,060	$ 2,873,203	$ 424,683	$ 16,024,789
Expenditures						
Current:						
General Government	$ 1,576,243	$ 0	$ 0	$ 0	$ 0	$ 1,576,243
Finance	935,573	0	0	0	925	936,498
Administration of Justice	1,105,364	0	0	0	11,750	1,117,114
Public Safety	3,587,540	0	0	0	30,739	3,618,279
Public Health and Welfare	420,288	0	0	0	84,533	504,821
Social, Cultural, and Recreational Services	518,633	0	0	0	0	518,633
Agricultural and Natural Resources	169,109	0	0	0	0	169,109
Other Operations	192,648	0	0	0	0	192,648
Highways	0	0	4,441,122	0	0	4,441,122
Debt Service:						
Principal	79,198	0	136,334	1,395,000	9,256	1,619,788
Interest	2,329	0	16,706	1,524,534	1,009	1,544,578
Other Debt Service	0	0	0	208,817	0	208,817
Capital Projects	0	0	0	0	342,470	342,470
Total Expenditures	$ 8,586,925	$ 0	$ 4,594,162	$ 3,128,351	$ 480,682	$ 16,790,120
Excess (Deficiency) of Revenues Over Expenditures	$ 11,918	$ 0	$ (466,102)	$ (255,148)	$ (55,999)	$ (765,331)
Other Financing Sources (Uses)						
Notes Issued	$ 65,508	$ 0	$ 0	$ 0	$ 0	$ 65,508
Capital Leases Issued	0	0	671,680	0	0	671,680

(Continued)

Exhibit D-1

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

	Major Funds				Nonmajor Funds	
	General	Special Purpose	Highway / Public Works	General Debt Service	Other Govern-mental Funds	Total Governmental Funds
Other Financing Sources (Uses) (Cont.)						
Refunding Debt Issued	$ 0	$ 0	$ 0	$ 7,980,000	$ 0	$ 7,980,000
Proceeds From Sale of Capital Assets	0	0	341,000	0	0	341,000
Transfers In	0	0	0	0	61,409	61,409
Transfers Out	(61,409)	0	0	0	0	(61,409)
Discounts on Debt Issued	0	0	0	(53,258)	0	(53,258)
Payments to Refunded Debt Escrow Agent	0	0	0	(7,761,964)	0	(7,761,964)
Total Other Financing Sources (Uses)	$ 4,099	$ 0	$ 1,012,680	$ 164,778	$ 61,409	$ 1,242,966
Net Change in Fund Balances	$ 16,017	$ 0	$ 546,578	$ (90,370)	$ 5,410	$ 477,635
Fund Balance, July 1, 2004	1,435,189	18,490,503	1,868,436	5,090,043	105,975	26,990,146
Fund Balance, June 30, 2005	$ 1,451,206	$ 18,490,503	$ 2,415,014	$ 4,999,673	$ 111,385	$ 27,467,781

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

Exhibit D-2

Dyer 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, 2005

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

Net change in fund balances - total governmental funds (Exhibit D-1)		$ 477,635
(1) Governmental funds report capital outlays as expenditures. However, in the statement activities the cost of those assets is allocated over their estimated useful lives and depreciation expense. The amount by which capital outlays exceeded depreciation in current period is itemized as follows:		
Add: Assets purchased and capitalized	$ 2,899,586	
Less: Depreciation expense	(661,014)	2,238,572
(2) Governmental funds only report the disposal of capital assets to the extent proceeds are received from the disposal. In the statement of activities, gains and losses are recorded for disposals.		
Less: Proceeds received from the disposal of assets	$ (341,000)	
Add: Gain on disposal of capital assets	51,463	(289,537)
(3) Revenues in the statement of activities that do not provide current financial resources reported as revenues in the funds.		
Less: For the year ended June 30, 2004	$ (444,795)	
Add: For the year ended June 30, 2005	458,456	13,661
(4) The issuance of long-term debt (e.g., bonds, notes, other loans) provides current resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of costs, premiums, discounts, and similar items when debt is first issued, whereas these are deferred and amortized in the statement of activities. This amount is the net effect these differences in the treatment of long-term debt and related items.		
Less: Notes issued	$ (65,508)	
Less: Capital lease issued	(671,680)	
Less: Refunding bonds issued	(7,980,000)	
Less: Current amount of deferred refunding costs	(24,211)	
Add: Discount on debt issuances	52,553	
Add: Deferred charges - debt issuance costs	133,903	
Add: Principal payments on notes	1,017,927	
Add: Principal payments on other loans	160,000	
Add: Principal payments on capital leases	201,861	
Add: Principal payments on bonds	240,000	
Add: Payment to refunding debt escrow agent	7,761,964	826,809
(5) Some expenses reported in the statement of activities do not require the use of current resources and therefore are not reported as expenditures in the governmental funds.		
Less: Net change in accrued interest on bonds	$ (1,331)	
Add: Net change in accrued interest on notes	15,633	
Add: Net change in accrued interest on capital leases	513	
Add: Net change in accrued interest on other loans	699	15,514
(6) Internal service funds are used by management to charge the costs of workers' benefits to individual funds. The net expense of certain activities of internal service is reported with governmental activities in the statement of activities.		(163)
Change in net assets of governmental activities (Exhibit B)		$ 3,282,491

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

Exhibit E-1

Dyer County, Tennessee
Statement of Net Assets
Proprietary Fund
June 30, 2005

	Governmental Activities - Internal Service Fund Workers' Compensation
ASSETS	
Current Assets:	
Equity in Pooled Cash and Investments	
Cash with Trustee	$ 629,956
Accounts Receivable	18,924
Due from Other Funds	11,723
Total Assets	$ 660,603
NET ASSETS	
Unrestricted	$ 660,603
Total Net Assets	$ 660,603

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

Exhibit E-2

Dyer County, Tennessee
Statement of Revenues, Expenses and
Changes in Net Assets
Proprietary Fund
For the Year Ended June 30, 2005

	Governmental Activities - Internal Service Fund Workers' Compensation
Operating Revenues	
Self-Insurance Premiums	$ 193,181
Total Operating Revenues	$ 193,181
Operating Expenses	
Workers' Compensation Insurance	$ 115,715
Other Self-Insured Claims	114,798
Total Operating Expenses	$ 230,513
Operating Loss	$ (37,332)
Nonoperating Revenues (Expenses)	
Insurance Recovery	$ 37,144
Miscellaneous Refunds	25
Total Nonoperating Revenues (Expenses)	$ 37,169
Change in Net Assets	$ (163)
Net Assets, July 1, 2004	660,766
Nets Assets, June 30, 2005	$ 660,603

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

Exhibit E-3

Dyer County, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2005

	Governmental Activities - Internal Service Fund Workers' Compensation
Cash Flows from Operating Activities	
Receipts from self-insurance premiums	$ 162,534
Claims paid	(114,798)
Payments for workers' compensation insurance	(115,715)
Net Cash Provided By (Used In) Operating Activities	$ (67,979)
Cash Flows from Noncapital Financing Activities	
Insurance recovery	$ 37,144
Miscellaneous refunds	25
Net Cash Provided By (Used In) Noncapital Financing Activities	$ 37,169
Net Increase (Decrease) In Cash And Cash Equivalents	$ (30,810)
Cash And Cash Equivalents, July 1, 2004	660,766
Cash And Cash Equivalents, June 30, 2005	$ 629,956
Reconciliation of Operating Income (Loss) To Net Cash Provided by Operating Activities	
Operating Income (Loss)	$ (37,332)
Adjustments to reconcile net operating loss to net cash used in operating activities:	
Change in assets:	
(Increase) decrease in accounts receivable	(30,647)
Net Cash Provided By (Used In) Operating Activities	$ (67,979)

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

Exhibit F

Dyer County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2005

	Agency Funds
ASSETS	
Cash	$ 2,458,693
Equity in Pooled Cash and Investments	345,076
Accounts Receivable	1,298
Due from Other Governments	1,285,110
Property Taxes Receivable	3,173,404
Allowance for Uncollectible Property Taxes	(71,137)
Total Assets	$ 7,192,444
LIABILITIES	
Due to Other Taxing Units	$ 4,733,751
Due to Litigants, Heirs, and Others	2,458,693
Total Liabilities	$ 7,192,444

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

DYER COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Dyer 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 Dyer County:

A. Reporting Entity

Dyer County is a public municipal corporation governed by an elected 20-member board. As required by GAAP, these financial statements present Dyer County (the 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.

Blended Component Units – There are no legally separate component units of Dyer County that meet the criteria for being reported as part of the primary government by the blending method.

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 Dyer County School Department operates the public school system in the county, and the voters of Dyer County elect its board. The School Department is fiscally dependent on the county because it may not issue debt without county approval, and its budget and property tax levy are subject to the County Commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

The Dyer County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Dyer County, and the Dyer 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 Dyer County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the Dyer County School Department are included in this report as listed in the table of contents. Complete financial statements of the Dyer County

Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Dyer County Emergency Communications District
401 East Cedar Street
Dyersburg, TN 38024

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. 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. However, the primary government of Dyer County does not have any business-type activities to report. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Dyer 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.

Dyer County issues all debt for the discretely presented Dyer County School Department.

Separate financial statements are provided for governmental funds, proprietary funds (internal service), and fiduciary funds. The internal service fund is reported with the governmental activities in the government-wide financial statements, and the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and fiduciary fund financial statements. 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 Dyer County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental category. Dyer County only reports one proprietary fund, an internal service fund. It has no enterprise funds to report. Separate financial statements are provided for governmental funds, the proprietary fund, and fiduciary funds. Major individual governmental funds 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 internal service fund and the fiduciary funds in total are reported in single columns by fund type.

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. Dyer 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 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.

Dyer 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.

Special Purpose Fund – This fund is used to account for the proceeds from the sale of the county's hospital.

Highway Public Works Fund – This fund accounts for transactions of the county's Highway Department.

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

Additionally, Dyer County reports the following fund types:

Capital Projects Fund – The HUD Grant Projects Fund, is used to account for a community development grant for housing improvements for low-income households.

Internal Service Fund – The Workers' Compensation Fund is used to account for the self-insured workers' compensation programs managed by the county for the primary government. Premiums charged to the various county funds are placed in this fund for the payment of claims of county employees.

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 Dyer County, the city school system's share of educational revenues, and assets held in a custodial capacity for two watershed districts. 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 Dyer 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 Transportation Fund – This fund is used to account for the transportation of students in the school system.

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 internal service fund, used to account for the workers' compensation program. 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 internal service fund are charges for services. Operating expenses for the internal service fund includes workers' compensation claims and administrative charges.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted revenues first, then unrestricted resources as they are needed.

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

For purposes of the statement of cash flows, cash includes cash on deposit with the county trustee.

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; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; the county's own legally issued bonds or notes; the State Treasurer's Investment Pool; and repurchase agreements.

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Dyer County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is

assigned to the General Debt Service Fund. Dyer County and the Dyer County School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value.

2. <u>Receivables and Payables</u>

Activity between funds for unremitted current collections outstanding at the end of the fiscal year is referred to as due to/from other funds.

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 1.17 percent of total taxes levied.

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

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

Property taxes receivable are also reported as of June 30 for the taxes that are levied, collected, and reported as revenue during the current fiscal year. These property taxes receivable are presented on the balance sheet with offsetting deferred revenue to reflect amounts not available as of June 30. Property taxes collected within 30 days of year-end are considered available and accrued. The allowance for uncollectible taxes represents the estimated amount of the receivable

that will be filed in court for collection. Delinquent taxes filed in court for collection are not included in taxes receivable since they are neither measurable nor available.

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

3. Capital Assets

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $15,000 and an estimated useful life of more than three years. 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 the primary government and the discretely presented School Department are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and Improvements	20-50
Other Capital Assets	3-15
Infrastructure:	
Roads	5-10
Bridges	20-50

Dyer County has recognized infrastructure assets acquired after July 1, 2002, in the financial statements of this report, and plans to

retroactively report infrastructure assets acquired prior to July 1, 2002, by the fiscal year ending June 30, 2007.

4. Compensated Absences

The general policy of Dyer County does not allow employees to accumulate vacation days beyond the employee's anniversary date. The discretely presented Dyer County School Department allows employees to accumulate a limited amount of earned but unused vacation benefits which will be paid to employees upon separation from service. All vacation leave is accrued when incurred in the government-wide statements for the School Department. A liability for vacation benefits is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

The granting of sick leave has no guaranteed payment attached and therefore is not required to be accrued or recorded.

5. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method. Debt issuance costs are reported as deferred charges and amortized over the term of the related debt.

In 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, while discounts on debt issuances are reported as other financing uses. 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, are recognized to the extent that the liabilities have matured (come due for payment) each period.

6. Net Assets and Fund Equity

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

a. Invested in capital assets, net of related debt – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

c. Unrestricted net assets – All other net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

As of June 30, 2005, Dyer County had $33,770,000 in outstanding debt issued for capital purposes for the discretely presented Dyer County School Department. In accordance with state statutes certain county school debt proceeds must be shared with other public school systems in the county (City of Dyersburg School System) based on the average daily attendance proration. This debt is a liability of Dyer County; but the capital assets acquired are reported in the financial statements of the School Department and the City of Dyersburg School System. Therefore, Dyer County has incurred a liability, significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

In the fund financial statements, governmental funds report reservations of the fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

Primary Government

Exhibit C-2 includes explanations of the nature of individual elements of items required to reconcile fund balances reported on the governmental funds

balance sheet (Exhibit C-1) to net assets reported in the primary government governmental activities column of the statement of net assets (Exhibit A).

Discretely Presented Dyer County School Department

Exhibit K-3 includes explanations of the nature of individual elements of items required to reconcile fund balances reported on the governmental funds balance sheet (Exhibit K-2) to net assets reported in the discretely presented component unit – Dyer County School Department column of the statement of net assets (Exhibit A).

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 D-2 in the basic financial statement includes explanations of the nature of individual elements of items required to reconcile net changes in fund balances – governmental funds (Exhibit D-1) to changes in net assets reported in the primary government – governmental activities column on the statement of activities (Exhibit B).

Discretely Presented Dyer County School Department

Exhibit K-5 includes explanations of the nature of individual elements of items required to reconcile net changes in fund balances – governmental funds (Exhibit K-4) to changes in net assets reported in the discretely presented component unit – Dyer County School Department column of the statement of activities (Exhibit B).

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the County Commission in the following major appropriation categories (the legal level of control) of the following funds:

Fund	Major Appropriation Category	Amount Overspent
General	Other General Administration	$ 7,623
Highway/Public Works	Capital Outlay	99,962
Drug Control	Interest	559

Such overexpenditures are a violation of state statutes. These overexpenditures were funded from the respective funds' available fund balance.

B. The County Had Unauthorized Investments and Investments Subject to Credit Risk

The county had investments totaling $2,728,805 in the Federal Home Loan Mortgage Corporation (Freddie Mac) securities at June 30, 2005. These investments are not an investment type permitted by Section 5-8-301, Tennessee Code Annotated. These investments are government sponsored enterprises that are independent organizations not backed by the full faith and credit of the federal government and therefore are subject to credit risk.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Dyer County and the Dyer 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, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Cash and investments reflected on the balance sheets or statements of net assets represent 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. Public fund accounts covered by the pool are considered to be insured for purposes of custodial risk exposure.

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; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements.

Repurchase agreements must be approved by the state director of Local Finance and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the market value of the securities on the day of purchase. The county's investments in Federal Home Loan Mortgage Corporation (Freddie Mac) of $2,728,805 are not authorized by state statute.

Investment Balances. As of June 30, 2005, Dyer County had the following investments carried at fair value. Separate disclosures concerning pooled investments cannot be made for Dyer County and the discretely presented Dyer County School Department since both pool their deposits and investments through the county trustee.

Investment	Maturities	Fair Value Or Cost
Federal Farm Credit Bank	11-13-06	$ 737,347
Federal Farm Credit Bank	11-9-07	1,569,008
Federal Home Loan Bank Board	7-21-06	1,481,715
Federal Home Loan Bank Board	11-17-06	739,688
Federal Home Loan Bank Board	11-24-06	983,750
Federal Home Loan Bank Board	12-29-06	492,970
Federal Home Loan Bank Board	11-13-07	379,826
Federal Home Loan Bank Board	6-26-07	990,630
Federal Home Loan Bank Board	7-7-08	752,580
Federal Home Loan Bank Board	9-24-07	1,000,630
Federal Home Loan Bank Board	6-3-08	596,436
Federal Home Loan Bank Board	3-29-10	1,157,912
Federal Home Loan Bank Board	7-27-07	344,533
Federal Home Loan Mortgage Corp.	4-27-07	739,455
Federal Home Loan Mortgage Corp.	11-28-08	999,020
Federal Home Loan Mortgage Corp.	3-24-08	990,330
Federal National Mortgage Association	3-9-09	1,002,500
United States Treasury Bonds	11-15-12	2,300,400
Total		$ 17,258,730

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. State statutes limit the maturities of certain investments as previously disclosed. Dyer County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill it obligations. State statutes limit the ratings of certain investments as previously explained. Dyer County has no investment policy that would further limit its investment choices. Dyer County's investments with Federal Farm Credit Bank, Federal Home Loan Bank Board, Federal Home Loan Mortgage Corporation (Freddie Mac), and Federal National Mortgage Association (Fannie Mae) are government sponsored enterprises that are independent organizations not backed by the full faith and credit of the federal government, and therefore, the county could lose its investments if these enterprises were to fail. Dyer County investments in Federal Farm Credit Bank, Federal Home Loan Bank Board, Federal Home Loan Mortgage Corporation (Freddie Mac), and Federal National Mortgage Association (Fannie Mae) were rated Aaa by Moody's Investor's Service and AAA by Standard & Poor's and Fitch Ratings.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the county's investment in a single issuer. Dyer County places no limit on the amount the county may invest in one issuer. More than five percent of the county's investments are in the Federal Farm Credit Bank (13.3%), Federal Home Loan Bank Board (51.7%), Federal Home Loan Mortgage Corporation (15.8%), and Federal National Mortgage Association (5.8%). These investments are 86.6% of the county's total investments.

B. Notes Receivable

Notes receivable in the Special Purpose Fund represent a long-term loan made to the Dyer County Industrial Development Board ($3,414,102) for industrial purposes and are offset by a reservation of fund balance.

C. Capital Assets

Capital asset activity for the year ended June 30, 2005, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-04	Increases	Decreases	Balance 6-30-05
Capital Assets Not Depreciated:				
Land	$ 353,426	$ 244,443	$ 0	$ 597,869
Total Capital Assets Not Depreciated	$ 353,426	$ 244,443	$ 0	$ 597,869

Governmental Activities: (cont.)

	Balance 7-1-04	Increases	Decreases	Balance 6-30-05
Capital Assets Depreciated:				
Buildings and Improvements	$ 9,424,964	$ 0	$ 0	$ 9,424,964
Infrastructure	242,959	1,543,226	0	1,786,185
Other Capital Assets	4,768,136	1,111,917	(757,024)	5,123,029
Total Capital Assets Depreciated	$ 14,436,059	$ 2,655,143	$ (757,024)	$ 16,334,178
Less Accumulated Depreciation For:				
Buildings and Improvements	$ 994,381	$ 184,493	$ 0	$ 1,178,874
Infrastructure	36,805	37,021	0	73,826
Other Capital Assets	2,323,402	439,500	(467,487)	2,295,415
Total Accumulated Depreciation	$ 3,354,588	$ 661,014	$ (467,487)	$ 3,548,115
Total Capital Assets Depreciated, Net	$ 11,081,471	$ 1,994,129	$ (289,537)	$ 12,786,063

Governmental Activities

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

Governmental Activities:	
General Government	$ 5,252
Finance	1,896
Administration of Justice	3,350
Public Safety	286,434
Social, Cultural, & Recreational Services	17,300
Agriculture and Natural Resouces	675
Highways	346,107
Total Depreciation Expense - Governmental Activities	$ 661,014

Discretely Presented Dyer County School Department

Governmental Activities:

	Balance 7-1-04	Increases	Decreases	Balance 6-30-05
Capital Assets Not Depreciated:				
Land	$ 632,192	$ 71,076	$ 0	$ 703,268
Total Capital Assets Not Depreciated	$ 632,192	$ 71,076	$ 0	$ 703,268
Capital Assets Depreciated:				
Buildings and Improvements	$ 35,942,405	$ 149,600	$ 0	$ 36,092,005
Other Capital Assets	4,442,534	252,398	(248,779)	4,446,153
Total Capital Assets Depreciated	$ 40,384,939	$ 401,998	$ (248,779)	$ 40,538,158
Less Accumulated Depreciation For:				
Buildings and Improvements	$ 4,761,334	$ 710,032	$ 0	$ 5,471,366
Other Capital Assets	1,797,067	355,392	(218,519)	1,933,940
Total Accumulated Depreciation	$ 6,558,401	$ 1,065,424	$ (218,519)	$ 7,405,306
Total Capital Assets Depreciated, Net	$ 33,826,538	$ (663,426)	$ (30,260)	$ 33,132,852
Governmental Activities Capital Assets, Net	$ 34,458,730	$ (592,350)	$ (30,260)	$ 33,836,120

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

Governmental Activities:

Instruction	$ 637,400
Support Services	372,251
Operation of Non-Instructional Services	55,773
Total Depreciation Expense - Governmental Activities	$ 1,065,424

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2005, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	$ 7,591
Nonmajor governmental	"	1,172
Internal service	General	11,723
Discretely Presented		
Dyer County School Department:		
General Purpose School	Nonmajor governmental	17,833

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

Interfund Transfers:

Interfund transfers for the year ended June 30, 2005, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In Nonmajor Governmental Funds
General Fund	$ 61,409
Total	$ 61,409

Discretely Presented Dyer County School Department

Transfers Out	Transfers In General Purpose School Fund
Nonmajor governmental fund	$ 20,159
Total	$ 20,159

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 and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

E. Capital Leases

Terms of capital lease obligations outstanding at June 30, 2005, are as follows:

Description	Date of Lease	Length of Lease	Total Payments	Interest Rates
Drug Vehicle	2-21-03	3 Years	$ 19,106	3.38 %
Excavators	3-10-03	5 Years	312,836	3.29
Patrol Cars	8-5-03	2 Years	67,405	2.92
Patrol Car	9-17-03	4 Years	23,381	4.25
Dump Trucks	5-20-05	4 Years	373,794	3.3
Graders	6-20-05	5 Years	360,139	3.89

Titles to the above-noted equipment transfer to Dyer County at the end of the lease periods.

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2005, were as follows:

Year Ending June 30	Governmental Funds
2006	$ 260,841
2007	233,531
2008	209,257

Year Ending June 30 (cont.)	Governmental Funds
2009	165,476
2010	72,028
Total Minimum Lease Payments	$ 941,133
Amounts Representing Interest	(71,781)
Present Value of Minimum Lease Payments	$869,352

F. Long-term Debt

Primary Government

General Obligation Bonds, Other Loans, and Notes

The county issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities. In addition, general obligation bonds have been issued to refund other general obligation bonds. 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 25 years for bonds, nine years for notes, and 25 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, notes, and other loans included in long-term debt as of June 30, 2005, will be retired from the General Debt Service Fund or the General Fund.

General obligation bonds, capital outlay notes, other loans, and capital leases outstanding as of June 30, 2005, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-05
General Obligation Bonds	3.4 to 4.95 %	$ 8,500,000	$ 900,000
General Obligation Bonds – Refunding	3 to 4.45	7,980,000	7,840,000
Capital Outlay Notes	3.45 to 5.32	7,005,508	3,182,581
Other Loans	Variable	31,000,000	30,680,000
Capital Leases	2.92 to 4.25	1,065,011	869,352

During the 1998-99 year, Dyer County entered into two variable rate loan agreements with the Sevier County Public Building Authority for $10,000,000 and $21,000,000. Subsequently, Dyer County entered into interest rate swap agreements for the $10,000,000 issue and for a portion ($6,220,000) of the $21,000,000 issue as discussed in the following paragraphs. The variable interest rate for the remaining amount of $14,620,000 as of June 30, 2005, is based on the Bond Market Association Municipal Index (BMA). In addition to the variable interest rate, the county pays various other fees (liquidity, remarketing, administrative, issuer and quarterly) in connection with the loan. The variable interest rate was 2.31 percent based on the BMA rate and other fees amounted to approximately .506 percent ($10,000,000) and .541 percent ($21,000,000) of the outstanding loan principal at June 30, 2005.

The annual requirements to amortize the bonds, notes, and other loans outstanding as of June 30, 2005, including interest payments, are presented in the following table:

Year Ending	Bonds		Notes	
June 30	Principal	Interest	Principal	Interest
2006	$ 130,000	$ 357,845	$ 1,055,769	$ 107,680
2007	180,000	352,545	1,051,812	65,253
2008	230,000	345,045	1,075,000	21,769
2009	230,000	335,345	0	0
2010	285,000	325,570	0	0
2011-2015	1,660,000	1,456,175	0	0
2016-2020	2,260,000	1,104,365	0	0
2021-2025	2,975,000	580,093	0	0
2026	790,000	35,155	0	0
Total	$ 8,740,000	$ 4,892,138	$ 3,182,581	$ 194,702

Year Ending	Other Loans			
June 30	Principal	Interest	Other Fees	Total
2006	$ 165,000	$ 1,120,026	$ 162,484	$ 1,447,510
2007	165,000	1,116,215	161,591	1,442,806
2008	170,000	1,112,403	160,698	1,443,101
2009	1,275,000	1,108,476	159,778	2,543,254
2010	1,335,000	1,079,023	152,880	2,566,903
2011-2015	7,700,000	4,902,394	648,992	13,251,386
2016-2020	9,870,000	3,757,012	418,582	14,045,594
2021-2024	10,000,000	1,216,238	129,543	11,345,781
	$ 30,680,000	$ 15,411,787	$ 1,994,548	$ 48,086,335

There is $4,999,673 available in the General Debt Service Fund to service general long-term debt. Bonded debt per capita amounted to $234, based on the 2000 federal census. Total debt per capita, including bonds, other loans, notes, and capital leases amounted to $1,166, based on the 2000 federal census.

Under its loan agreement, the Public Building Authority of Sevier County, TN, at the request of the county, has entered into an interest rate swap agreement for all of the outstanding Local Government Improvement Bonds, Series III-G-1.

Objective of the interest rate swap: In order to protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the county requested the authority, on its behalf, to enter into an interest rate swap in connection with its $10 million Series III-G-1 variable-rate bonds. The intention of the swap was to effectively change the county's variable interest rate on the bonds to a synthetic fixed rate.

Terms. Under the swap, the authority pays the counterparty a fixed payment of 4.245 percent and receives a variable payment computed as 70 percent of the three-month London Interbank Offered Rate (LIBOR). The swap has a notional amount of $10 million, and the associated variable-rate bond has a $10 million principal amount. The interest rate swap agreement is based on the same amortization schedule as the outstanding principal of the Series III-G-1 Bonds. The bonds' variable-rates have historically approximated the Bond Market Association Municipal Index™ (BMA). The bonds and the related swap agreement mature on June 1, 2024. As of June 30, 2005, rates were as follows:

	Terms	Rates
Interest rate swap:		
Fixed payment to counterparty	Fixed	4.245%
Variable payment from counterparty	70% of LIBOR	-2.453%
Net interest rate swap payments		1.792%
Variable-rate bond payments		2.300%
Synthetic interest rate on bonds		4.092%

Fair value. As of June 30, 2005, the swap had a negative fair value of $1,374,239. The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates and then discounts those cash flows at their present value, using the zero coupon method.

Credit risk. As of June 30, 2005, the county was not exposed to credit risk because the swap had a negative fair value. However, if interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was unrated at the time of the swap. In order to mitigate the potential for credit risk, the authority, on behalf of the county, received a Financial Guarantee Insurance Policy for the swap agreement from Ambac Assurance Corporation, which was rated AAA by Standard and Poor's and Fitch and Aaa by Moody's Investor Service as of June 30, 2005. If Ambac's credit rating is downgraded, the counterparty is required to post collateral with a third-party custodian.

Basis risk. As noted above, the swap exposes the county to basis risk if BMA increases to above 70 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the BMA to be below 70 percent of LIBOR, then the synthetic rate on the bonds will decrease. The effect of this difference in basis points is indicated by the difference between the rate paid to the counterparty of 4.245 percent and the synthetic rate of 4.092 percent as of June 30, 2005. Also, as of June 30, 2005, the BMA rate was 2.3 percent whereas 70 percent of LIBOR was 2.453 percent.

Termination risk. The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an "additional termination provision." The Authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the authority would be liable to the counterparty for a payment equal to the swap's fair value. Likewise, if the swap has a positive fair value at termination, the counterparty would be liable to the authority for a payment equal to the swap's fair value.

Swap payments and associated debt. As of June 30, 2005, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Year Ending June 30	Variable Rate Bonds		Net Interest Rate Swap Payment	Total
	Principal	Interest		
2006	$ 0	$ 230,000	$ 179,200	$ 409,200
2007	0	230,000	179,200	409,200
2008	0	230,000	179,200	409,200

Year Ending June 30 (cont.)	Variable Rate Bonds Principal	Variable Rate Bonds Interest	Net Interest Rate Swap Payment	Total
2006	$ 0	$ 230,000	$ 179,200	$ 409,200
2007	0	230,000	179,200	409,200
2008	0	230,000	179,200	409,200
2009	0	230,000	179,200	409,200
2010	0	230,000	179,200	409,200
2011-2015	0	1,150,000	896,000	2,046,000
2016-2020	0	1,150,000	896,000	2,046,000
2021-2024	10,000,000	588,915	458,842	11,047,757
Total	$ 10,000,000	$ 4,038,915	$ 3,146,842	$ 17,185,757

Under its loan agreement, the Public Building Authority of Sevier County, TN, at the request of the county, has entered into an interest rate swap agreement for a portion of the outstanding Local Government Improvement Bonds, Series IV-B-1.

Objective of the interest rate swap: In order to protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the county requested the authority, on its behalf, to enter into an interest rate swap in connection with $21 million Series IV-B-1 variable-rate bonds. The intention of the swap was to effectively change the county's variable interest rate on the bonds to a synthetic fixed rate.

Terms. Under the swap, the authority pays the counterparty a fixed payment of 4.21 percent and receives a variable payment computed as 70 percent of the three-month London Interbank Offered Rate (LIBOR). The swap has a notional amount of $6.22 million, and the associated variable-rate bond has a $6.22 million principal amount. The interest rate swap agreement is based on the same amortization schedule as the outstanding swapped principal of the Series IV-B-1 Bonds. The bonds' variable-rates have historically approximated the Bond Market Association Municipal Index™ (BMA). The bonds and the related swap agreement mature on June 1, 2020. As of June 30, 2005, rates were as follows:

	Terms	Rates
Interest rate swap:		
Fixed payment to counterparty	Fixed	4.210%
Variable payment from counterparty	70% of LIBOR	-2.453%
Net interest rate swap payments		1.757%
Variable-rate bond payments		2.260%
Synthetic interest rate on bonds		4.017%

Fair value. As of June 30, 2005, the swap had a negative fair value of $747,403. The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates and then discounts those cash flows at their present value, using the zero coupon method.

Credit risk. As of June 30, 2005, the county was not exposed to credit risk because the swap had a negative fair value. However, if interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was unrated at the time of the swap. In order to mitigate the potential for credit risk, the authority, on behalf of the county, received a Financial Guarantee Insurance Policy for the swap agreement from Ambac Assurance Corporation, which was rated AAA by Standard and Poor's and Fitch and Aaa by Moody's Investor Service as of June 30, 2005. If Ambac's credit rating is downgraded, the counterparty is required to post collateral with a third-party custodian.

Basis risk. As noted above, the swap exposes the county to basis risk if BMA increases to above 70 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the BMA to be below 70 percent of LIBOR, then the synthetic rate on the bonds will decrease. The effect of this difference in basis points is indicated by the difference between the rate paid to the counterparty of 4.21 percent and the synthetic rate of 4.017 percent as of June 30, 2005. Also, as of June 30, 2005, the BMA rate was 2.26 percent whereas 70 percent of LIBOR was 2.453 percent.

Termination risk. The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an "additional termination provision." The authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the authority would be liable to the counterparty for a payment equal to the swap's fair value. Likewise, if the swap has a positive fair value at termination, the counterparty would be liable to the authority for a payment equal to the swap's fair value.

Swap payments and associated debt. As of June 30, 2005, debt service requirements of the variable-rate debt and net swap payments, assuming

current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Year Ending June 30	Variable Rate Bonds Principal	Variable Rate Bonds Interest	Net Interest Rate Swap Payment	Total
2006	$ 0	$ 140,572	$ 109,285	$ 249,857
2007	0	140,572	109,285	249,857
2008	0	140,572	109,285	249,857
2009	0	140,572	109,285	249,857
2010	0	140,572	109,285	249,857
2011-2015	0	702,860	546,427	1,249,287
2016-2020	6,220,000	587,034	440,831	7,247,865
Total	$ 6,220,000	$ 1,992,754	$ 1,533,683	$ 9,746,437

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2005, was as follows:

Governmental Activities:

	Bonds	Notes
Balance, July 1, 2004	$ 8,400,000	$ 4,135,000
Additions	7,980,000	65,508
Deductions	(7,640,000)	(1,017,927)
Balance, June 30, 2005	$ 8,740,000	$ 3,182,581
Balance Due Within One year	$ 130,000	$ 1,055,769

	Capital Leases	Other Loans
Balance, July 1, 2004	$ 399,533	$ 30,840,000
Additions	671,680	0
Deductions	(201,861)	(160,000)
Balance, June 30, 2005	$ 869,352	$ 30,680,000
Balance Due Within One year	$ 231,889	$ 165,000

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2005	$ 43,471,933
Less: Balance Due Within One Year	(1,582,658)
Unamortized Discount on Debt	(52,553)
Deferred Amount on Refunding	(337,753)
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	$ 41,498,969

Advance Refunding

On April 21, 2005, Dyer County advance refunded a general obligation bond issue with a separate general obligation bond issue. The county issued $7,980,000 of general obligation refunding bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust to generate resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered defeased, and the liability has been removed from the county's long-term debt. As a result of the advance refunding, total debt service payments over the next 21 years will be reduced by $318,985, and an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of $213,567.

Discretely Presented Dyer County School Department

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Dyer County School Department for the year ended June 30, 2005, was as follows:

	Note	Compensated Absences
Balance, July 1, 2004	$ 246	$ 75,640
Additions	0	82,942
Deductions	(246)	(82,527)
Balance, June 30, 2005	$ 0	$ 76,055
Balance Due Within One Year	$ 0	$ 15,211

Compensated absences will be paid from the employing fund, primarily the General Purpose School Fund.

G. Short-term Debt

Dyer County issued revenue anticipation notes in advance of property tax collections and deposited the proceeds to the General Fund. These notes were necessary because funds were not available to meet obligations coming due before current tax collections. Short-term debt activity for the year ended June 30, 2005, was as follows:

Fund	Balance 7-1-04	Issued	Redeemed	Balance 6-30-05
Revenue Anticipation Notes	$ 0	$ 500,000	$ (500,000)	$ 0

V. OTHER INFORMATION

A. Risk Management

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

Dyer County participates in the Local Government Property and Casualty Fund (LGPCF), which is a public entity risk pool established by the Tennessee County Services Association, an association of member counties. The county pays an annual premium to the LGPCF for its general liability, property, and casualty insurance coverage. The creation of the LGPCF provides for it 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 and the discretely presented Dyer County School Department have chosen to fund risks associated with employee on-the-job injuries through the Workers' Compensation Fund (internal service fund). The county retains the risk of loss to a limit of $50,000 for a single occurrence. The county carries Occupational Accident Insurance through a commercial insurance carrier for on-the-job injuries that exceed the single occurrence limit.

The discretely presented Dyer County School Department is a member of 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 8-27-207, Tennessee Code Annotated, 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. The state statute provides for the LEGIF to be self-sustaining through member premiums.

The discretely presented Dyer County School Department joined the Tennessee School Boards Risk Management Trust (TSB-RMT), which is a public entity risk pool established by the School Boards Association, an association of member school boards. The School Department pays annual premiums to the TSB-RMT for its general liability, property, and casualty coverage. The creation of TSB-RMT provides for it to be self-sustaining through member premiums. The TSB-RMT reinsures through commercial insurance companies for claims exceeding $100,000 for each insured event.

B. Accounting Change

During the year, Dyer County adopted the provisions of Governmental Accounting Standards Board Statement No. 40, Deposit and Investment Risk Disclosures. These provisions modified the county's previous custodial risk disclosures for deposits and investments and related collateral. These provisions also added disclosures about other types of risk, including credit risk, interest rate risk, foreign currency risk, and concentrations of credit risk. Governments are also required to provide brief disclosures about their deposit and investment policies that are related to any of the risks required to be disclosed.

C. Subsequent Events

On September 13, 2005, and October 24, 2005, the county's General Debt Service Fund issued revenue anticipation notes to the General Fund of $250,000 and $250,000, respectively, to provide temporary operating funds.

The Dyer County Commission approved on second reading a $20 increase in the county wheel tax effective December 1, 2005.

D. Contingent Liabilities

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

E. Joint Venture

The McIver's Grant Public Library Board is a joint venture in which the county and the City of Dyersburg participate in the operation of the library facility. The board comprises 14 members, seven of whom are appointed by the Dyer County Commission and seven of whom are appointed by the City of Dyersburg. The library generates its operating revenue from appropriations from the county and city, fines, interest, and copy fees. Dyer County contributed $83,499 to the operations of the board during the year ended June 30, 2005. Dyer County is responsible for funding 50 percent of any deficits from operations; however, the county and city do not retain an equity interest in the library. Complete financial statements for the McIver's Grant Public Library can be obtained from its administrative office at the following address:

McIver's Grant Public Library
204 Mill Avenue
Dyersburg, TN 38024

Dyer County is a participant with Lake and Obion counties in a multi-county entity known as the Northwest Tennessee Regional Port Authority. This entity was created to operate and maintain a port to be located in Lake County on the Mississippi River. A board is appointed by the participating counties with the mayors of each county serving as ex-officio members. The board comprises eight members, four of whom are appointed by the Lake County Commission, two by the Obion County Commission and two by the Dyer County Commission. Dyer County has control over budgeting and financing the joint venture only to the extent of representation by the two board members appointed. In May, 2004, the port authority approved borrowing $2.2 million for the construction of the port. The Dyer County Commission has approved paying the interest payments on 25 percent of this debt until such time as the port authority has revenue to make the payments, estimated to be at least three years. This entity has yet to begin operations or issue this debt; therefore, there is no financial activity to report.

F. Retirement Commitments

Plan Description

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

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

Funding Policy

Dyer County requires employees to contribute five percent of earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2005, was 7.3 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Dyer County is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2005, Dyer County's annual pension cost of $47,616 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2003, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post-retirement increases of three 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. Dyer 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, 2003, was 17 years.

Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-05	$47,616	100%	$0
6-30-04	22,293	100	0
6-30-03	21,604	100	0

Required Supplementary Information
Schedule of Funding Progress for Dyer County

(Dollar amounts in thousands)

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)
6-30-03	$895	$944	$49	94.81%	$496	9.88%
6-30-01	705	762	57	92.52	512	11.13
6-30-99	515	648	133	79.48	502	26.52

SCHOOL TEACHERS

Plan Description

The Dyer 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.treasury.state.tn.us. Copies of footnotes in PDF format can be accessed at http://www.treasury.state.tn.us/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 Dyer County School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2005, was 5.5 percent of annual covered payroll. The employer contribution requirement for the Dyer County School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2005, 2004, and 2003, were $558,615, $324,122, and $317,190, respectively, equal to the required contributions for each year.

G. Purchasing Laws

Office of County Mayor

Purchasing procedures for the County Mayor's Office are governed by the County Purchasing Law of 1983, Sections 5-14-201 through 5-14-206, Tennessee Code Annotated (TCA). This act provides for all purchases exceeding $5,000 (excluding emergency purchases) to be competitively bid through newspaper advertisement.

Office of Road Supervisor

Chapter 421, Private Acts of 1929, as amended, and the Uniform Road Law, Section 54-7-113, TCA, govern purchasing procedures for the Highway Department. These statutes provide for the road supervisor to make all purchases and for competitive bids to be solicited through public advertisement on all purchases exceeding $10,000.

Office of Director of Schools

Purchasing procedures for the discretely presented Dyer County School Department are governed by purchasing laws applicable to schools as set

forth in Section 49-2-203, TCA, which provides for the county Board of Education, through its executive committee (director of schools and chairman of the Board of Education), to make all purchases. This statute also requires that competitive bids be solicited through newspaper advertisement on all purchases exceeding $5,000.

VI. OTHER NOTES – DISCRETELY PRESENTED EMERGENCY COMMUNICATIONS DISTRICT

A. Significant Accounting Policies

The Dyer County Emergency Communications District, a component unit of Dyer County, was formed under the provisions of the Emergency Communication District Law of the State of Tennessee. The district has a board of directors appointed by the Dyer County Commission.

The district provides a uniform emergency number to shorten the time required for a citizen to request and receive emergency aid.

The district's operations are financed in a manner similar to private business enterprises where the intent of the governing body is that costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges. The accounting policies of the district conform to generally accepted accounting principles as applicable to governmental entities. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless these pronouncements conflict with or contradict Governmental Accounting Standards Board (GASB), in which GASB prevails. The district has elected not to apply Financial Accounting Standards Board statements and interpretations, Accounting Principles Board opinions and Accounting Research Bulletins of the Committee on Accounting Procedure after November 30, 1989, and will apply only GASB pronouncements. The following is a summary of more significant policies:

1. Reporting Entity

The district includes only the funds relevant to the operation of the Dyer County Emergency Communications District. The district is a component unit of the primary government of Dyer County. Therefore, the financial statements of the district include only those funds controlled and administered by the district and the governing board of directors. Control is determined on the basis of budget adoption, taxing authority, funding and appointing of the governing board. The Dyer County Commission must approve issuance of debt for the district. They also have the ability to adjust the service charges of the district.

2. **Cash and Cash Equivalents**

For purposes of the statement of cash flows, only investments with original maturities of less than three months are considered to be cash equivalents.

3. **Basis of Accounting**

The books and records of Dyer County Emergency Communication District are maintained on a full accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when they are earned, and expenses are recognized when they are incurred.

4. **Property and Equipment**

Capital assets, including infrastructure assets, are recorded at cost and depreciation is computed using the straight-line method over the estimated useful lives of the assets. Any construction period interest is added to the cost of the related asset. Equipment not yet in service is not depreciated until service begins.

The following is a summary of capital assets at June 30, 2005.

	Balance 7-1-04	Additions	Retirements and Transfers	Balance 6-30-05
Equipment	$ 724,826	$ 21,913	$ 379,000	$ 1,125,739
Equipment not yet in service	379,000	0	(379,000)	0
Total	$ 1,103,826	$ 21,913	$ 0	$ 1,125,739
Accumulated depreciation	441,591	61,887	0	503,478
Net Capital Asset	$ 662,235	$ (39,974)	$ 0	$ 622,261

5. **Collateralization of Deposits**

All bank balances of the district were completely insured either by the Federal Deposit Insurance Corporation or through the Bank Collateral pool with the State of Tennessee.

B. **Concentration of Credit Risk**

The district bills all telephone customers within its boundaries by a surcharge on the telephone bills. The telephone companies then remit the collections on a regular basis to the district. At June 30, 2005, these telephone companies are indebted to the district in the amount of $35,927. There is no collateral or bonds securing these debts.

C. Revenue Recognition

Revenue is recorded at the time earned.

D. Operating Lease

The district obtained an operating lease of some emergency telephone equipment from Bell South. There is no pre-arranged lease term on this lease. The district is required to make monthly lease payments using an established rate for as long as the equipment is used by the district. At any time, the district may return the equipment to Bell South and thus terminate the operating lease.

E. Net Working Capital

At June 30, 2005, net working capital is $462,429.

F. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. Risk Management

The district manages the various types of risk that apply through the use of commercial insurance. The district insures against the risk of loss of property and director's misappropriation of funds. There were no settlements in excess of insurance coverage in any of the past three years.

H. Contracts With Government Agencies

The district entered into an agreement with a local government entity whereby the local government provides technical consulting and mapping/addressing services to the district. $12,100 was paid for these services.

I. Impact Payments

The district entered into agreements with three local government entities whereby the district helps defray those entities' cost of supplemental dispatcher salaries and help defray the cost of operating the public safety answering points of the Dyer County E911 System. The district provided a total of $38,000 to the three government entities.

J. Non-operating Revenue

The district received a reimbursement from the State Communications Board of $30,000 for reimbursement for supplemental dispatcher salaries and $20,000 for mapping and related expenditures to enhance wireless 911 services.

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit G-1

Dyer County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Fund
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 4,782,407	$ 4,661,981	$ 4,661,981	$ 120,426
Licenses and Permits	151,040	147,395	147,395	3,645
Fines, Forfeitures, and Penalties	107,424	138,268	138,268	(30,844)
Charges for Current Services	58,650	61,750	61,750	(3,100)
Other Local Revenues	173,106	115,068	144,290	28,816
Fees Received from County Officials	1,512,306	1,476,850	1,481,850	30,456
State of Tennessee	1,324,314	1,148,692	1,241,775	82,539
Federal Government	416,020	680,099	680,099	(264,079)
Other Governments and Citizens Groups	73,576	77,250	87,250	(13,674)
Total Revenues	$ 8,598,843	$ 8,507,353	$ 8,644,658	$ (45,815)
Expenditures				
General Government				
County Commission	$ 80,429	$ 81,312	$ 81,312	$ 883
Board of Equalization	1,220	2,000	2,000	780
Other Boards and Committees	4,300	5,000	5,000	700
County Mayor	223,685	228,325	231,325	7,640
County Attorney	83,220	51,292	83,292	72
Election Commission	300,807	307,404	307,404	6,597
Register of Deeds	170,859	187,609	189,944	19,085
Planning	132,841	137,654	137,719	4,878
County Buildings	388,494	372,398	390,018	1,524
Other General Administration	190,388	209,715	182,765	(7,623)
Finance				
Property Assessor's Office	296,168	302,633	306,953	10,785
Reappraisal Program	43,609	47,320	47,345	3,736
County Trustee's Office	230,197	232,812	234,272	4,075
County Clerk's Office	328,311	334,929	341,753	13,442
Other Finance	37,288	37,551	42,101	4,813
Administration of Justice				
Circuit Court	385,313	389,790	404,315	19,002
General Sessions Court	173,188	175,164	178,889	5,701
Chancery Court	251,598	261,922	263,472	11,874
Juvenile Court	242,199	209,128	251,793	9,594
Other Administration of Justice	53,066	34,597	55,022	1,956
Public Safety				
Sheriff's Department	1,622,068	1,688,867	1,770,288	148,220
Jail	1,370,333	1,449,254	1,460,214	89,881
Fire Prevention and Control	154,274	141,177	180,390	26,116
Disaster Relief	343,545	578,116	580,816	237,271
County Coroner/Medical Examiner	10,735	17,100	17,100	6,365
Other Public Safety	86,585	88,791	87,595	1,010

(Continued)

Exhibit G-1

Dyer County, Tennessee
Schedule 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	$ 115,823	$ 137,082	$ 187,212	$ 71,389
Rabies and Animal Control	64,800	64,800	64,800	0
Alcohol and Drug Programs	2,500	10,000	10,000	7,500
Crippled Children Services	2,027	2,027	2,027	0
Other Local Health Services	1,000	1,000	1,000	0
General Welfare Assistance	94,707	91,976	97,546	2,839
Aid to Dependent Children	62,852	64,800	64,800	1,948
Sanitation Education/Information	51,403	49,631	54,566	3,163
Other Public Health and Welfare	25,176	25,238	26,108	932
Social, Cultural, and Recreational Services				
Adult Activities	84,991	88,276	88,321	3,330
Senior Citizens Assistance	193,619	179,637	195,172	1,553
Libraries	115,279	115,279	115,279	0
Parks and Fair Boards	2,750	2,750	2,750	0
Other Social, Cultural, and Recreational	121,994	106,541	139,881	17,887
Agriculture & Natural Resources				
Agriculture Extension Service	113,601	105,346	120,449	6,848
Soil Conservation	22,506	21,491	22,537	31
Flood Control	32,351	32,351	32,351	0
Other Agriculture & Natural Resources	651	651	651	0
Other Operations				
Industrial Development	100,000	100,000	100,000	0
Miscellaneous	92,648	88,000	93,000	352
Principal				
General Government	79,198	82,555	82,555	3,357
Interest				
General Government	2,329	1,500	2,329	0
Total Expenditures	$ 8,586,925	$ 8,942,791	$ 9,336,431	$ 749,506
Excess (Deficiency) of Revenues Over Expenditures	$ 11,918	$ (435,438)	$ (691,773)	$ 703,691
Other Financing Sources (Uses)				
Notes Issued	$ 65,508	$ 0	$ 65,508	$ 0
Transfers Out	(61,409)	(55,409)	(61,409)	0
Total Other Financing Sources (Uses)	$ 4,099	$ (55,409)	$ 4,099	$ 0
Net Change in Fund Balance	$ 16,017	$ (490,847)	$ (687,674)	$ 703,691
Fund Balance, July 1, 2004	1,435,189	1,309,032	1,505,859	(70,670)
Fund Balance, June 30, 2005	$ 1,451,206	$ 818,185	$ 818,185	$ 633,021

Exhibit G-2

Dyer County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Special Purpose Fund
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Total Revenues	$ 0	$ 0	$ 0	$ 0
Total Expenditures	$ 0	$ 0	$ 0	$ 0
Excess (Deficiency) of Revenues Over Expenditures	$ 0	$ 0	$ 0	$ 0
Other Financing Sources (Uses)				
Other Loans Issued	$ 0	$ 167,117	$ 167,117	$ (167,117)
Total Other Financing Sources (Uses)	$ 0	$ 167,117	$ 167,117	$ (167,117)
Net Change in Fund Balance	$ 0	$ 167,117	$ 167,117	$ (167,117)
Fund Balance, July 1, 2004	18,490,503	14,909,285	14,909,285	3,581,218
Fund Balance, June 30, 2005	$ 18,490,503	$ 15,076,402	$ 15,076,402	$ 3,414,101

Exhibit G-3

Dyer County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 1,730,829	$ 1,650,532	$ 1,650,832	$ 79,997
Other Local Revenues	49,264	14,300	14,300	34,964
State of Tennessee	2,347,967	2,234,710	2,396,271	(48,304)
Total Revenues	$ 4,128,060	$ 3,899,542	$ 4,061,403	$ 66,657
Expenditures				
Highways				
Administration	$ 134,714	$ 150,472	$ 150,472	$ 15,758
Highway and Bridge Maintenance	1,861,418	2,272,902	2,367,902	506,484
Operation and Maintenance of Equipment	379,439	408,538	458,538	79,099
Other Charges	175,236	110,000	214,617	39,381
Employee Benefits	231,976	234,000	244,000	12,024
Capital Outlay	1,658,339	661,690	1,558,377	(99,962)
Principal				
Highways and Streets	136,334	145,000	137,206	872
Interest				
Highways and Streets	16,706	8,920	16,714	8
Total Expenditures	$ 4,594,162	$ 3,991,522	$ 5,147,826	$ 553,664
Excess (Deficiency) of Revenues Over Expenditures	$ (466,102)	$ (91,980)	$ (1,086,423)	$ 620,321
Other Financing Sources (Uses)				
Capital Leases Issued	$ 671,680	$ 0	$ 671,680	$ 0
Proceeds From Sale of Capital Assets	341,000	0	0	341,000
Total Other Financing Sources (Uses)	$ 1,012,680	$ 0	$ 671,680	$ 341,000
Net Change in Fund Balance	$ 546,578	$ (91,980)	$ (414,743)	$ 961,321
Fund Balance, July 1, 2004	1,868,436	1,970,628	2,293,391	(424,955)
Fund Balance, June 30, 2005	$ 2,415,014	$ 1,878,648	$ 1,878,648	$ 536,366

DYER COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2005

A. BUDGETARY INFORMATION

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

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

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

B. EXPENDITURES EXCEEDED APPROPRIATIONS

Expenditures exceeded appropriations approved by the County Commission in the Other General Administration ($7,623) major appropriation category (the legal level of control) of the General Fund and in the Capital Outlay ($99,962) major appropriation category (the legal level of control) of the Highway/Public Works Fund. Such overexpenditures are a violation of state statutes. These overexpenditures were funded by available fund balance.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

Nonmajor Governmental Funds

Special Revenue Funds

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

Law Library Fund – The Law Library Fund is used to account for a special tax levied by private act on litigation. Proceeds of the tax must be expended for the benefit of the county's law library.

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for Dyer County's convenience center operations.

Drug Control Fund – The Drug Control Fund is used to account for revenues received from drug-related fines, forfeitures, and seizures.

District Attorney General Fund – The District Attorney General Fund is used to account for revenues received for the benefit of the Office of District Attorney General.

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.

Capital Projects Fund

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

HUD Grant Projects Fund – The HUD Grant Projects Fund is used to account for a Community Development Block Grant for housing improvements for low-income households.

Exhibit H-1

Dyer County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2005

	Special Revenue Funds						Capital Projects Fund	
	Law Library	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitu - tional Officers - Fees	Total	HUD Grant Projects	Total Nonmajor Governmental Funds
ASSETS								
Cash	$ 0	$ 0	$ 0	$ 0	$ 1,000	$ 1,000	$ 0	$ 1,000
Equity in Pooled Cash and Investments	28,224	121	72,093	11,259	0	111,697	1,620	113,317
Accounts Receivable	0	415	0	0	0	415	0	415
Due from Other Governments	0	4,091	0	153	0	4,244	0	4,244
Due from Other Funds	0	0	0	1,172	0	1,172	0	1,172
Total Assets	$ 28,224	$ 4,627	$ 72,093	$ 12,584	$ 1,000	$ 118,528	$ 1,620	$ 120,148
LIABILITIES AND FUND BALANCES								
Liabilities								
Due to Other Funds	$ 1,172	$ 0	$ 6,591	$ 0	$ 1,000	$ 8,763	$ 0	$ 8,763
Total Liabilities	$ 1,172	$ 0	$ 6,591	$ 0	$ 1,000	$ 8,763	$ 0	$ 8,763
Fund Balances								
Unreserved	$ 27,052	$ 4,627	$ 65,502	$ 12,584	$ 0	$ 109,765	$ 1,620	$ 111,385
Total Fund Balances	$ 27,052	$ 4,627	$ 65,502	$ 12,584	$ 0	$ 109,765	$ 1,620	$ 111,385
Total Liabilities and Fund Balances	$ 28,224	$ 4,627	$ 72,093	$ 12,584	$ 1,000	$ 118,528	$ 1,620	$ 120,148

Exhibit H-2

Dyer County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2005

	Special Revenue Funds						Capital Projects Fund	
	Law Library	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitu - tional Officers - Fees	Total	HUD Grant Projects	Total Nonmajor Governmental Funds
Revenues								
Local Taxes	$ 2,752	$ 0	$ 0	$ 0	$ 0	$ 2,752	$ 0	$ 2,752
Fines, Forfeitures, and Penalties	0	0	14,946	12,390	0	27,336	0	27,336
Charges for Current Services	0	0	0	0	2,410	2,410	0	2,410
Other Local Revenues	0	2,737	11,809	0	0	14,546	0	14,546
State of Tennessee	0	21,516	12,033	0	0	33,549	0	33,549
Federal Government	0	0	0	0	0	0	344,090	344,090
Total Revenues	$ 2,752	$ 24,253	$ 38,788	$ 12,390	$ 2,410	$ 80,593	$ 344,090	$ 424,683
Expenditures								
Current:								
Finance	$ 0	$ 0	$ 0	$ 0	$ 925	$ 925	$ 0	$ 925
Administration of Justice	1,200	0	0	9,065	1,485	11,750	0	11,750
Public Safety	0	0	30,739	0	0	30,739	0	30,739
Public Health and Welfare	0	84,533	0	0	0	84,533	0	84,533
Debt Service:								
Principal	0	0	10,265	0	0	10,265	0	10,265
Capital Projects	0	0	0	0	0	0	342,470	342,470
Total Expenditures	$ 1,200	$ 84,533	$ 41,004	$ 9,065	$ 2,410	$ 138,212	$ 342,470	$ 480,682
Excess (Deficiency) of Revenues Over Expenditures	$ 1,552	$ (60,280)	$ (2,216)	$ 3,325	$ 0	$ (57,619)	$ 1,620	$ (55,999)
Other Financing Sources (Uses)								
Transfers In	$ 0	$ 61,409	$ 0	$ 0	$ 0	$ 61,409	$ 0	$ 61,409
Total Other Financing Sources (Uses)	$ 0	$ 61,409	$ 0	$ 0	$ 0	$ 61,409	$ 0	$ 61,409
Net Change in Fund Balances	$ 1,552	$ 1,129	$ (2,216)	$ 3,325	$ 0	$ 3,790	$ 1,620	$ 5,410
Fund Balance, July 1, 2004	25,500	3,498	67,718	9,259	0	105,975	0	105,975
Fund Balance, June 30, 2005	$ 27,052	$ 4,627	$ 65,502	$ 12,584	$ 0	$ 109,765	$ 1,620	$ 111,385

Exhibit H-3

Dyer County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Law Library Fund
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 2,752	$ 2,150	$ 2,150	$ 602
Total Revenues	$ 2,752	$ 2,150	$ 2,150	$ 602
Expenditures				
Administration of Justice				
Other Administration of Justice	$ 1,200	$ 8,025	$ 8,033	$ 6,833
Total Expenditures	$ 1,200	$ 8,025	$ 8,033	$ 6,833
Excess (Deficiency) of Revenues Over Expenditures	$ 1,552	$ (5,875)	$ (5,883)	$ 7,435
Net Change in Fund Balance	$ 1,552	$ (5,875)	$ (5,883)	$ 7,435
Fund Balance, July 1, 2004	25,500	24,812	24,820	680
Fund Balance, June 30, 2005	$ 27,052	$ 18,937	$ 18,937	$ 8,115

Exhibit H-4

Dyer County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Other Local Revenues	$ 2,737	$ 3,100	$ 3,100	$ (363)
State of Tennessee	21,516	28,000	28,000	(6,484)
Total Revenues	$ 24,253	$ 31,100	$ 31,100	$ (6,847)
Expenditures				
Public Health and Welfare				
Sanitation Management	$ 84,533	$ 84,659	$ 88,159	$ 3,626
Total Expenditures	$ 84,533	$ 84,659	$ 88,159	$ 3,626
Excess (Deficiency) of Revenues Over Expenditures	$ (60,280)	$ (53,559)	$ (57,059)	$ (3,221)
Other Financing Sources (Uses)				
Transfers In	$ 61,409	$ 55,409	$ 61,409	$ 0
Total Other Financing Sources (Uses)	$ 61,409	$ 55,409	$ 61,409	$ 0
Net Change in Fund Balance	$ 1,129	$ 1,850	$ 4,350	$ (3,221)
Fund Balance, July 1, 2004	3,498	4,542	4,542	(1,044)
Fund Balance, June 30, 2005	$ 4,627	$ 6,392	$ 8,892	$ (4,265)

Exhibit H-5

Dyer County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Fines, Forfeitures and Penalties	$ 14,946	$ 11,000	$ 11,000	$ 3,946
Other Local Revenues	11,809	1,000	1,000	10,809
State of Tennessee	12,033	0	15,000	(2,967)
Total Revenues	$ 38,788	$ 12,000	$ 27,000	$ 11,788
Expenditures				
Public Safety				
Drug Enforcement	$ 30,739	$ 22,300	$ 64,649	$ 33,910
Principal				
General Government	9,256	10,000	10,000	744
Interest				
General Government	1,009	0	450	(559)
Total Expenditures	$ 41,004	$ 32,300	$ 75,099	$ 34,095
Excess (Deficiency) of Revenues Over Expenditures	$ (2,216)	$ (20,300)	$ (48,099)	$ 45,883
Net Change in Fund Balance	$ (2,216)	$ (20,300)	$ (48,099)	$ 45,883
Fund Balance, July 1, 2004	67,718	50,764	78,113	(10,395)
Fund Balance, June 30, 2005	$ 65,502	$ 30,464	$ 30,014	$ 35,488

Major Governmental Fund

General Debt Service Fund

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

Exhibit I

Dyer County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 2,004,444	$ 1,904,837	$ 1,904,837	$ 99,607
Other Local Revenues	868,759	750,000	750,000	118,759
Total Revenues	$ 2,873,203	$ 2,654,837	$ 2,654,837	$ 218,366
Expenditures				
Principal				
General Government	$ 290,000	$ 150,000	$ 290,000	$ 0
Education	1,105,000	1,105,000	1,105,000	0
Interest				
General Government	265,399	411,190	271,190	5,791
Education	1,259,135	1,731,937	1,731,937	472,802
Other Debt Service				
General Government	208,405	77,500	213,200	4,795
Education	412	1,500	1,500	1,088
Total Expenditures	$ 3,128,351	$ 3,477,127	$ 3,612,827	$ 484,476
Excess (Deficiency) of Revenues Over Expenditures	$ (255,148)	$ (822,290)	$ (957,990)	$ 702,842
Other Financing Sources (Uses)				
Refunding Debt Issued	$ 7,980,000	$ 0	$ 7,980,000	$ 0
Discounts on Debt Issued	(53,258)	0	(53,258)	0
Payments to Refunded Debt Escrow Agent	(7,761,964)	0	(7,761,964)	0
Total Other Financing Sources (Uses)	$ 164,778	$ 0	$ 164,778	$ 0
Net Change in Fund Balance	$ (90,370)	$ (822,290)	$ (793,212)	$ 702,842
Fund Balance, July 1, 2004	5,090,043	5,542,309	5,542,309	(452,266)
Fund Balance, June 30, 2005	$ 4,999,673	$ 4,720,019	$ 4,749,097	$ 250,576

Fiduciary Funds

Agency Funds are used to account for assets held by the county 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.

Cities - Property Tax Fund – The Cities - Property Tax Fund is used to account for prior years' property tax collections made by the county trustee on behalf of the City of Trimble. These collections are periodically remitted to the City of Trimble.

Watershed District Fund – The Watershed District Fund is used to account for acreage assessments collected on drainage district properties, along with interest earnings, which are held in trust for the maintenance of the watershed districts.

City School ADA - Dyersburg Fund – The City School ADA - Dyersburg Fund is used to account for the city school system's share of education revenues collected by the county which must be apportioned between the various school systems on an average daily attendance basis. These collections are remitted to the city school system 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 and general sessions courts clerk, clerk and master, register, and sheriff. Such collections include amounts due the state, cities, other county funds, litigants, heirs, and others.

Exhibit J-1

Dyer County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2005

	Agency Funds				
	Cities - Sales Tax	Watershed District	City School ADA - Dyersburg	Constitu-tional Officers - Agency	Total
ASSETS					
Cash	$ 0	$ 0	$ 0	$ 2,458,693	$ 2,458,693
Equity in Pooled Cash and Investments	0	228,093	116,983	0	345,076
Accounts Receivable			1,298		1,298
Due from Other Governments	491,592	0	793,518	0	1,285,110
Property Taxes Receivable	0	0	3,173,404	0	3,173,404
Allowance for Uncollectible Property Taxes	0	0	(71,137)	0	(71,137)
Total Assets	$ 491,592	$ 228,093	$ 4,014,066	$ 2,458,693	$ 7,192,444
LIABILITIES					
Due to Other Taxing Units	$ 491,592	$ 228,093	$ 4,014,066	$ 0	$ 4,733,751
Due to Litigants, Heirs, and Others	0	0	0	2,458,693	2,458,693
Total Liabilities	$ 491,592	$ 228,093	$ 4,014,066	$ 2,458,693	$ 7,192,444

Exhibit J-2

Dyer County, Tennessee
Combining Statement of Changes in Assets and Liabilities - All Agency Funds
For the Year Ended June 30, 2005

	Beginning Balance	Additions	Deductions	Ending Balance
Cities - Sales Tax Fund				
Assets				
Equity in Pooled Cash and Investments	$ 0	$ 2,924,987	$ 2,924,987	$ 0
Due from Other Governments	506,404	491,592	506,404	491,592
Total Assets	$ 506,404	$ 3,416,579	$ 3,431,391	$ 491,592
Liabilities				
Due To Other Taxing Units	$ 506,404	$ 3,416,579	$ 3,431,391	$ 491,592
Total Liabilities	$ 506,404	$ 3,416,579	$ 3,431,391	$ 491,592
Cities - Property Tax Fund				
Assets				
Equity in Pooled Cash and Investments	$ 0	$ 276	$ 276	$ 0
Total Assets	$ 0	$ 276	$ 276	$ 0
Liabilities				
Due To Other Taxing Units	$ 0	$ 276	$ 276	$ 0
Total Liabilities	$ 0	$ 276	$ 276	$ 0
Watershed District Fund				
Assets				
Equity in Pooled Cash and Investments	$ 220,001	$ 13,244	$ 5,152	$ 228,093
Total Assets	$ 220,001	$ 13,244	$ 5,152	$ 228,093
Liabilities				
Due To Other Taxing Units	$ 220,001	$ 13,244	$ 5,152	$ 228,093
Total Liabilities	$ 220,001	$ 13,244	$ 5,152	$ 228,093
City School ADA - Dyersburg Fund				
Assets				
Equity in Pooled Cash and Investments	$ 106,386	$ 8,339,182	$ 8,328,585	$ 116,983
Accounts Receivable	0	1,298	0	1,298
Due from Other Governments	794,045	793,518	794,045	793,518
Property Taxes Receivable	3,194,649	3,173,404	3,194,649	3,173,404
Allowance for Uncollectible Property Taxes	(171,228)	(71,137)	(171,228)	(71,137)
Total Assets	$ 3,923,852	$ 12,236,265	$ 12,146,051	$ 4,014,066
Liabilities				
Due To Other Taxing Units	$ 3,923,852	$ 12,236,265	$ 12,146,051	$ 4,014,066
Total Liabilities	$ 3,923,852	$ 12,236,265	$ 12,146,051	$ 4,014,066

(Continued)

Exhibit J-2

Dyer County, Tennessee
Combining Statement of Changes in Assets and Liabilities - All Agency Funds (Cont.)

	Beginning Balance	Additions	Deductions	Ending Balance
Constitutional Officers - Agency Fund				
Assets				
Cash	$ 2,177,297	$ 7,430,049	$ 7,148,653	$ 2,458,693
Total Assets	$ 2,177,297	$ 7,430,049	$ 7,148,653	$ 2,458,693
Liabilities				
Due to Litigants, Heirs, and Others	$ 2,177,297	$ 7,430,049	$ 7,148,653	$ 2,458,693
Total Liabilities	$ 2,177,297	$ 7,430,049	$ 7,148,653	$ 2,458,693
Totals - All Agency Funds				
Assets				
Cash	$ 2,177,297	$ 7,430,049	$ 7,148,653	$ 2,458,693
Equity in Pooled Cash and Investments	326,387	11,277,689	11,259,000	345,076
Accounts Receivable	0	1,298	0	1,298
Due from Other Governments	1,300,449	1,285,110	1,300,449	1,285,110
Property Taxes Receivable	3,194,649	3,173,404	3,194,649	3,173,404
Allowance for Uncollectible Property Taxes	(171,228)	(71,137)	(171,228)	(71,137)
Total Assets	$ 6,827,554	$ 23,096,413	$ 22,731,523	$ 7,192,444
Liabilities				
Due To Other Taxing Units	$ 4,650,257	$ 15,666,364	$ 15,582,870	$ 4,733,751
Due to Litigants, Heirs, and Others	2,177,297	7,430,049	7,148,653	2,458,693
Total Liabilities	$ 6,827,554	$ 23,096,413	$ 22,731,523	$ 7,192,444

Dyer County School Department

This section presents fund financial statements for the Dyer County School Department, a discretely presented component unit. The School Department uses a General Fund and three Special Revenue Funds.

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.

School Transportation Fund – The School Transportation Fund is used to account for transportation of students in the school system.

Exhibit K-1

Dyer County, Tennessee
Statement of Activities
Discretely Presented Dyer County School Department
For the Year Ended June 30, 2005

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Total Governmental Activities
Component Unit:				
Governmental Activities:				
Instruction	$ 13,708,142	$ 28,831	$ 1,583,824	$ (12,095,487)
Support Services	8,638,419	31,349	201,333	(8,405,737)
Operation of Noninstructional Services	2,126,414	690,869	1,317,906	(117,639)
Total Governmental Activities	$ 24,472,975	$ 751,049	$ 3,103,063	$ (20,618,863)
General Revenues:				
Taxes:				
Property taxes levied for general purposes				$ 4,323,550
Local option sales tax				2,614,631
Other local taxes				690,021
Grants & Contributions not restricted for specific programs				11,742,652
Interest Income				107,986
Miscellaneous				95,966
Total General Revenues				$ 19,574,806
Change in net assets				$ (1,044,057)
Net assets, July 1, 2004				37,936,266
Net assets, June 30, 2005				$ 36,892,209

Exhibit K-2

Dyer County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Dyer County School Department
June 30, 2005

	Major Funds		Nonmajor Funds	
	General Purpose School	School Transpor - tation	Other Govern- mental Funds	Total Govern- mental Funds
ASSETS				
Equity in Pooled Cash and Investments	$ 1,981,174	$ 458,415	$ 354,102	$ 2,793,691
Accounts Receivable	3,655	17,245	0	20,900
Due from Other Governments	692,705	17,472	135,846	846,023
Due from Other Funds	17,833	0	0	17,833
Property Taxes Receivable	2,947,647	1,379,700	0	4,327,347
Allowance for Uncollectible Property Taxes	(66,077)	(30,928)	0	(97,005)
Accrued Interest Receivable	16,082	0	0	16,082
Total Assets	$ 5,593,019	$ 1,841,904	$ 489,948	$ 7,924,871
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	$ 153,714	$ 3,451	$ 11,092	$ 168,257
Accrued Payroll	7,511	1,150	0	8,661
Payroll Deductions Payable	453,950	7,688	54,321	515,959
Retainage Payable	14,960	0	0	14,960
Due to Other Funds	0	0	17,833	17,833
Deferred Revenue - Current Property Taxes	2,770,346	1,296,711	0	4,067,057
Deferred Revenue - Delinquent Property Taxes	95,273	44,595	0	139,868
Other Deferred Revenues	228,611	0	39,886	268,497
Total Liabilities	$ 3,724,365	$ 1,353,595	$ 123,132	$ 5,201,092
Fund Balances				
Reserved for Encumbrances	$ 51,639	$ 1,599	$ 16,261	$ 69,499
Reserved for Driver Education	69,417	0	0	69,417
Reserved for Career Ladder - Extended Contract	18,465	0	0	18,465
Reserved for Career Ladder Program	5,587	0	0	5,587
Other State Education Reserves	10,723	0	0	10,723
Reserved for Title I Grants to Local Education Agencies	0	0	4,593	4,593
Reserved for Innovative Education Program Strategies	0	0	184	184
Reserved for Special Education - Grants to States	0	0	57,029	57,029
Other Federal Reserves	0	0	3,123	3,123
Unreserved, Reported In:				
General Fund	1,712,823	0	0	1,712,823
Special Revenue Funds	0	486,710	285,626	772,336
Total Fund Balances	$ 1,868,654	$ 488,309	$ 366,816	$ 2,723,779
Total Liabilities and Fund Balances	$ 5,593,019	$ 1,841,904	$ 489,948	$ 7,924,871

Exhibit K-3

Dyer County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
Discretely Presented Dyer County School Department
June 30, 2005

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

Total fund balances - balance sheet - governmental funds (Exhibit K-2)	$ 2,723,779
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	33,836,120
(2) Compensated absences are not due in the current period and therefore are not reported in the governmental funds.	(76,055)
(3) Certain earned amounts are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.	408,365
Net assets of governmental activities (Exhibit A)	$ 36,892,209

Exhibit K-4

Dyer County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Dyer County School Department
For the Year Ended June 30, 2005

	Major Funds		Nonmajor Funds	
	General Purpose School	School Transpor - tation	Other Govern- mental Funds	Total Governmental Funds
Revenues				
Local Taxes	$ 6,025,484	$ 1,555,368	$ 0	$ 7,580,852
Licenses and Permits	1,924	0	0	1,924
Charges for Current Services	33,189	31,570	686,858	751,617
Other Local Revenues	191,619	25,353	8,694	225,666
State of Tennessee	11,982,234	175,554	20,256	12,178,044
Federal Government	235,481	0	2,293,828	2,529,309
Other Governments and Citizens Groups	125	0	0	125
Total Revenues	$ 18,470,056	$ 1,787,845	$ 3,009,636	$ 23,267,537
Expenditures				
Current:				
Instruction	$ 11,872,139	$ 0	$ 1,237,147	$ 13,109,286
Support Services	6,251,443	1,759,269	168,113	8,178,825
Operation of Non-Instructional Services	479,818	0	1,504,506	1,984,324
Capital Outlay	498,744	0	0	498,744
Debt Service:				
Principal	246	0	0	246
Total Expenditures	$ 19,102,390	$ 1,759,269	$ 2,909,766	$ 23,771,425
Excess (Deficiency) of Revenues Over Expenditures	$ (632,334)	$ 28,576	$ 99,870	$ (503,888)
Other Financing Sources (Uses)				
Transfers In	$ 20,159	$ 0	$ 0	$ 20,159
Transfers Out	0	0	(20,159)	(20,159)
Total Other Financing Sources (Uses)	$ 20,159	$ 0	$ (20,159)	$ 0
Net Change in Fund Balances	$ (612,175)	$ 28,576	$ 79,711	$ (503,888)
Fund Balance, July 1, 2004	2,480,829	459,733	287,105	3,227,667
Fund Balance, June 30, 2005	$ 1,868,654	$ 488,309	$ 366,816	$ 2,723,779

Exhibit K-5

Dyer County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Dyer County School Department
For the Year Ended June 30, 2005

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

Net change in fund balances - total governmental funds (Exhibit K-4)		$ (503,888)
(1) Governmental funds report capital outlays as expenditures. However, statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense. The amount by which capital outlays was less than depreciation in the current period is as follows:		
Add: Capital outlay	$ 473,074	
Less: Depreciation expense	(1,065,424)	(592,350)
(2) Governmental funds only report the disposal of capital assets to the proceeds are received from the disposal. In the statement of activities, and losses are recorded for disposals.		
Less: Proceeds received from the disposal of assets	$ (8,263)	
Less: Loss on disposal of capital assets	(21,997)	(30,260)
(3) Revenues in the statement of activities that do not provide current resources are not reported as revenues in the funds.		
Less: For the year ended June 30, 2004	$ (325,755)	
Add: For the year ended June 30, 2005	408,365	82,610
(4) The repayment of the principal of long-term debt consumes the current financial resources of governmental funds; however, this has no effect assets:		
Add: Principal payment on notes		246
(5) Some expenses reported in the statement of activities do not require the current financial resources and therefore are not reported as governmental funds:		
Change in compensated absences		(415)
Change in net assets of governmental activities (Exhibit B)		$ (1,044,057)

Exhibit K-6

Dyer County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Dyer County School Department
June 30, 2005

	Special Revenue Funds		
	School Federal Projects	Central Cafeteria	Total Nonmajor Governmental Funds
ASSETS			
Equity in Pooled Cash and Investments	$ 14,814	$ 339,288	$ 354,102
Due from Other Governments	135,846	0	135,846
Total Assets	$ 150,660	$ 339,288	$ 489,948
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts Payable	$ 0	$ 11,092	$ 11,092
Payroll Deductions Payable	28,012	26,309	54,321
Due to Other Funds	17,833	0	17,833
Other Deferred Revenues	39,886	0	39,886
Total Liabilities	$ 85,731	$ 37,401	$ 123,132
Fund Balances			
Reserved for Encumbrances	$ 0	$ 16,261	$ 16,261
Reserved for Title I Grants to Local Education Agencies	4,593	0	4,593
Reserved for Innovative Education Program Strategies	184	0	184
Reserved for Special Education - Grants to States	57,029	0	57,029
Other Federal Reserves	3,123	0	3,123
Unreserved	0	285,626	285,626
Total Fund Balances	$ 64,929	$ 301,887	$ 366,816
Total Liabilities and Fund Balances	$ 150,660	$ 339,288	$ 489,948

Exhibit K-7

Dyer County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Dyer County School Department
For the Year Ended June 30, 2005

	Special Revenue Funds		
	School Federal Projects	Central Cafeteria	Total Nonmajor Governmental Funds
Revenues			
Charges for Current Services	$ 0	$ 686,858	$ 686,858
Other Local Revenues	0	8,694	8,694
State of Tennessee	0	20,256	20,256
Federal Government	1,476,058	817,770	2,293,828
Total Revenues	$ 1,476,058	$ 1,533,578	$ 3,009,636
Expenditures			
Current:			
Instruction	$ 1,237,147	$ 0	$ 1,237,147
Support Services	168,113	0	168,113
Operation of Non-Instructional Services	0	1,504,506	1,504,506
Total Expenditures	$ 1,405,260	$ 1,504,506	$ 2,909,766
Excess (Deficiency) of Revenues Over Expenditures	$ 70,798	$ 29,072	$ 99,870
Other Financing Sources (Uses)			
Transfers Out	$ (20,159)	$ 0	$ (20,159)
Total Other Financing Sources (Uses)	$ (20,159)	$ 0	$ (20,159)
Net Change in Fund Balances	$ 50,639	$ 29,072	$ 79,711
Fund Balance, July 1, 2004	14,290	272,815	287,105
Fund Balance, June 30, 2005	$ 64,929	$ 301,887	$ 366,816

Exhibit K-8

Dyer County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Dyer County School Department
General Purpose School Fund
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues							
Local Taxes	$ 6,025,484	$ 0	$ 0	$ 6,025,484	$ 5,789,395	$ 5,789,395	$ 236,089
Licenses and Permits	1,924	0	0	1,924	1,479	1,479	445
Fines, Forfeitures, and Penalties	0	0	0	0	84	84	(84)
Charges for Current Services	33,189	0	0	33,189	46,364	93,934	(60,745)
Other Local Revenues	191,619	0	0	191,619	142,529	142,529	49,090
State of Tennessee	11,982,234	0	0	11,982,234	11,741,996	11,915,651	66,583
Federal Government	235,481	0	0	235,481	89,081	258,947	(23,466)
Other Governments and Citizens Groups	125	0	0	125	0	0	125
Total Revenues	$ 18,470,056	$ 0	$ 0	$ 18,470,056	$ 17,810,928	$ 18,202,019	$ 268,037
Expenditures							
Instruction							
Regular Instruction Program	$ 9,690,158	$ (23,793)	$ 6,803	$ 9,673,168	$ 9,590,675	$ 9,681,118	$ 7,950
Special Education Program	1,663,982	(2,349)	0	1,661,633	1,713,765	1,728,531	66,898
Vocational Education Program	508,806	(3,349)	0	505,457	481,386	505,735	278
Student Body Education Program	9,193	0	239	9,432	9,800	9,800	368
Support Services							
Attendance	65,617	0	0	65,617	85,393	85,920	20,303
Health Services	125,174	0	2,165	127,339	130,063	130,063	2,724
Other Student Support	294,422	(7,586)	0	286,836	298,589	300,699	13,863
Regular Instruction Program	753,461	(43,738)	0	709,723	723,619	726,257	16,534
Special Education Program	122,924	0	0	122,924	128,609	129,136	6,212
Vocational Education Program	56,236	0	0	56,236	65,339	65,338	9,102
Board of Education	388,134	0	39	388,173	437,769	437,769	49,596
Director of Schools	228,920	(1,624)	28	227,324	245,407	245,407	18,083
Office of the Principal	1,274,981	0	0	1,274,981	1,306,790	1,311,536	36,555

(Continued)

Exhibit K-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)							
Support Services (Cont.)							
Fiscal Services	$ 225,205	$ (6,836)	$ 996	$ 219,365	$ 231,721	$ 231,721	$ 12,356
Operation of Plant	1,727,375	(18,347)	18	1,709,046	1,843,234	1,843,234	134,188
Maintenance of Plant	988,994	(21,046)	11,713	979,661	1,017,650	1,017,650	37,989
Operation of Non-Instructional Services							
Food Service	14,006	0	72	14,078	16,601	16,600	2,522
Community Services	465,812	(1,047)	5,079	469,844	283,986	534,970	65,126
Capital Outlay							
Regular Capital Outlay	498,744	(212,931)	24,487	310,300	315,000	315,000	4,700
Principal							
Education	246	0	0	246	5,000	5,000	4,754
Total Expenditures	$ 19,102,390	$ (342,646)	$ 51,639	$ 18,811,383	$ 18,930,396	$ 19,321,484	$ 510,101
Excess (Deficiency) of Revenues Over Expenditures	$ (632,334)	$ 342,646	$ (51,639)	$ (341,327)	$ (1,119,468)	$ (1,119,465)	$ 778,138
Other Financing Sources (Uses)							
Transfers In	$ 20,159	$ 0	$ 0	$ 20,159	$ 20,027	$ 20,027	$ 132
Total Other Financing Sources (Uses)	$ 20,159	$ 0	$ 0	$ 20,159	$ 20,027	$ 20,027	$ 132
Net Change in Fund Balance	$ (612,175)	$ 342,646	$ (51,639)	$ (321,168)	$ (1,099,441)	$ (1,099,438)	$ 778,270
Fund Balance, July 1, 2004	2,480,829	(342,646)	0	2,138,183	2,178,617	2,178,617	(40,434)
Fund Balance, June 30, 2005	$ 1,868,654	$ 0	$ (51,639)	$ 1,817,015	$ 1,079,176	$ 1,079,179	$ 737,836

Exhibit K-9

Dyer County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Dyer County School Department
School Federal Projects Fund
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues						
Federal Government	$ 1,476,058	$ 0	$ 1,476,058	$ 1,469,106	$ 1,516,444	$ (40,386)
Total Revenues	$ 1,476,058	$ 0	$ 1,476,058	$ 1,469,106	$ 1,516,444	$ (40,386)
Expenditures						
Instruction						
Regular Instruction Program	$ 471,169	$ 0	$ 471,169	$ 423,821	$ 499,992	$ 28,823
Special Education Program	715,634	(6,492)	709,142	735,658	766,331	57,189
Vocational Education Program	50,344	0	50,344	47,575	50,367	23
Support Services						
Other Student Support	22,691	0	22,691	25,058	22,691	0
Regular Instruction Program	114,162	(1,425)	112,737	182,988	162,001	49,264
Special Education Program	30,497	0	30,497	55,783	34,280	3,783
Vocational Education Program	763	0	763	1,000	763	0
Total Expenditures	$ 1,405,260	$ (7,917)	$ 1,397,343	$ 1,471,883	$ 1,536,425	$ 139,082
Excess (Deficiency) of Revenues Over Expenditures	$ 70,798	$ 7,917	$ 78,715	$ (2,777)	$ (19,981)	$ 98,696
Other Financing Sources (Uses)						
Transfers In	$ 0	$ 0	$ 0	$ 0	$ 56,287	$ (56,287)
Transfers Out	(20,159)	0	(20,159)	(22,099)	(78,167)	58,008
Total Other Financing Sources (Uses)	$ (20,159)	$ 0	$ (20,159)	$ (22,099)	$ (21,880)	$ 1,721
Net Change in Fund Balance	$ 50,639	$ 7,917	$ 58,556	$ (24,876)	$ (41,861)	$ 100,417
Fund Balance, July 1, 2004	14,290	(7,917)	6,373	24,876	41,861	(35,488)
Fund Balance, June 30, 2005	$ 64,929	$ 0	$ 64,929	$ 0	$ 0	$ 64,929

Exhibit K-10

Dyer County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Dyer County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues						
Charges for Current Services	$ 686,858	$ 0	$ 686,858	$ 725,481	$ 725,481	$ (38,623)
Other Local Revenues	8,694	0	8,694	4,500	4,500	4,194
State of Tennessee	20,256	0	20,256	20,000	20,000	256
Federal Government	817,770	0	817,770	751,085	771,085	46,685
Total Revenues	$ 1,533,578	$ 0	$ 1,533,578	$ 1,501,066	$ 1,521,066	$ 12,512
Expenditures						
Operation of Non-Instructional Services						
Food Service	$ 1,504,506	$ 16,261	$ 1,520,767	$ 1,501,066	$ 1,521,066	$ 299
Total Expenditures	$ 1,504,506	$ 16,261	$ 1,520,767	$ 1,501,066	$ 1,521,066	$ 299
Excess (Deficiency) of Revenues Over Expenditures	$ 29,072	$ (16,261)	$ 12,811	$ 0	$ 0	$ 12,811
Net Change in Fund Balance	$ 29,072	$ (16,261)	$ 12,811	$ 0	$ 0	$ 12,811
Fund Balance, July 1, 2004	272,815	0	272,815	296,786	296,786	(23,971)
Fund Balance, June 30, 2005	$ 301,887	$ (16,261)	$ 285,626	$ 296,786	$ 296,786	$ (11,160)

Exhibit K-11

Dyer County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Dyer County School Department
School Transportation Fund
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues							
Local Taxes	$ 1,555,368	$ 0	$ 0	$ 1,555,368	$ 1,488,574	$ 1,488,574	$ 66,794
Charges for Current Services	31,570	0	0	31,570	23,150	23,150	8,420
Other Local Revenues	25,353	0	0	25,353	4,518	4,518	20,835
State of Tennessee	175,554	0	0	175,554	178,082	178,082	(2,528)
Total Revenues	$ 1,787,845	$ 0	$ 0	$ 1,787,845	$ 1,694,324	$ 1,694,324	$ 93,521
Expenditures							
Support Services							
Board of Education	$ 29,327	$ 0	$ 0	$ 29,327	$ 28,500	$ 30,500	$ 1,173
Operation of Plant	14,192	0	0	14,192	15,065	15,065	873
Transportation	1,715,750	(2,265)	1,599	1,715,084	1,816,831	1,814,831	99,747
Total Expenditures	$ 1,759,269	$ (2,265)	$ 1,599	$ 1,758,603	$ 1,860,396	$ 1,860,396	$ 101,793
Excess (Deficiency) of Revenues Over Expenditures	$ 28,576	$ 2,265	$ (1,599)	$ 29,242	$ (166,072)	$ (166,072)	$ 195,314
Net Change in Fund Balance	$ 28,576	$ 2,265	$ (1,599)	$ 29,242	$ (166,072)	$ (166,072)	$ 195,314
Fund Balance, July 1, 2004	459,733	(2,265)	0	457,468	443,065	443,065	14,403
Fund Balance, June 30, 2005	$ 488,309	$ 0	$ (1,599)	$ 486,710	$ 276,993	$ 276,993	$ 209,717

MISCELLANEOUS SCHEDULES

Exhibit L-1

Dyer County, Tennessee
Schedule of Changes in Long-term Notes,
Capital Leases, Other Loans, and Bonds
Primary Government and Discretely Presented
Dyer County School Department
For the Year Ended June 30, 2005

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-04	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-05
PRIMARY GOVERNMENT									
NOTES PAYABLE									
Payable through General Debt Service Fund									
School Capital Outlay Refunding Note, Series 1998	$ 6,690,000	3.45 to 4.05%	12-1-1998	7-15-07	$ 4,035,000	$ 0	$ 945,000	$ 0	$ 3,090,000
Jail Property Acquisition	250,000	5.32	10-30-00	10-30-05	100,000	0	50,000	0	50,000
Total Payable through General Debt Service Fund					$ 4,135,000	$ 0	$ 995,000	$ 0	$ 3,140,000
Payable through General Fund									
Sheriff's Patrol Cars	65,508	5	8-12-04	8-13-06	$ 0	$ 65,508	$ 22,927	$ 0	$ 42,581
Total Payable through General Fund					$ 0	$ 65,508	$ 22,927	$ 0	$ 42,581
Total Notes Payable					$ 4,135,000	$ 65,508	$ 1,017,927	$ 0	$ 3,182,581
CAPITAL LEASES PAYABLE									
Payable through General Fund									
Sheriff's Patrol Cars	105,055	3.07	10-11-02	10-11-04	$ 35,019	$ 0	$ 35,019	$ 0	$ 0
Sheriff's Patrol Cars	65,508	2.92	8-5-03	8-5-05	43,108	0	21,252	0	21,856
Total Payable through General Fund					$ 78,127	$ 0	$ 56,271	$ 0	$ 21,856
Payable through Drug Control Fund									
Sheriff's Drug Vehicle	18,187	3.38	2-21-03	2-21-06	$ 9,093	$ 0	$ 4,471	$ 0	$ 4,622
Sheriff's Patrol Car	21,836	4.25	9-17-03	9-18-07	16,353	0	4,785	0	11,568
Total Payable through Drug Control Fund					$ 25,446	$ 0	$ 9,256	$ 0	$ 16,190

(Continued)

Exhibit L-1

Dyer County, Tennessee
Schedule of Changes in Long-term Notes,
Capital Leases, Other Loans, and Bonds
Primary Government and Discretely Presented
Dyer County School Department (Cont.)

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-04	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-05
CAPITAL LEASES (CONT.)									
Payable through Highway/Public Works Fund									
Graders	$ 432,081	5.48%	5-16-00	5-15-05	$ 80,264	$ 0	$ 80,264	$ 0	$ 0
Excavators	287,800	3.29	3-10-03	3-10-08	215,696	0	56,070	0	159,626
Dump Trucks	344,880	3.3	5-20-05	5-20-09	0	344,880	0	0	344,880
Graders	326,800	3.89	6-20-05	6-20-10	0	326,800	0	0	326,800
Total Payable through Highway/Public Works Fund					$ 295,960	$ 671,680	$ 136,334	$ 0	$ 831,306
Total Capital Leases Payable					$ 399,533	$ 671,680	$ 201,861	$ 0	$ 869,352
OTHER LOANS PAYABLE									
Payable through General Debt Service Fund									
School Construction (Series III-G-1)	10,000,000	Variable (1)	7-15-1999	6-1-24	$ 10,000,000	$ 0	$ 0	$ 0	$ 10,000,000
School Construction (Series IV-B-1)	14,780,000	Variable	1-1-00	6-1-17	14,620,000	0	160,000	0	14,460,000
School Construction (Series IV-B-1)	6,220,000	Variable (1)	1-1-00	6-1-20	6,220,000	0	0	0	6,220,000
Total Other Loans Payable					$ 30,840,000	$ 0	$ 160,000	$ 0	$ 30,680,000
BONDS PAYABLE									
Payable through General Debt Service Fund									
General Obligation Bonds, Series 2001	8,500,000	3.4 to 4.95	7-9-01	6-1-26	$ 8,400,000	$ 0	$ 100,000	$ 7,400,000	$ 900,000
General Obligation Refunding Bonds, Series 2005	7,980,000	3 to 4.45	4-21-05	6-1-26	0	7,980,000	140,000	0	7,840,000
Total Bonds Payable					$ 8,400,000	$ 7,980,000	$ 240,000	$ 7,400,000	$ 8,740,000
DISCRETELY PRESENTED DYER COUNTY SCHOOL DEPARTMENT									
NOTES PAYABLE									
Payable through General Purpose School Fund									
Asbestos Hazards Abatement Loan	82,746	0	7-3-1986	12-31-04	$ 246	$ 0	$ 246	$ 0	$ 0
Total Notes Payable					$ 246	$ 0	$ 246	$ 0	$ 0

(1) These issues were swapped from variable to a synthetic fixed rate by execution of swap agreements.

Exhibit L-2

Dyer County, Tennessee
Schedule of Bond and Interest Requirements By Year

Year Ending June 30	Bond Requirements	Interest Requirements	Total Requirements
2006	$ 130,000	$ 357,845	$ 487,845
2007	180,000	352,545	532,545
2008	230,000	345,045	575,045
2009	230,000	335,345	565,345
2010	285,000	325,570	610,570
2011	285,000	313,345	598,345
2012	335,000	303,370	638,370
2013	330,000	291,645	621,645
2014	330,000	279,930	609,930
2015	380,000	267,885	647,885
2016	375,000	253,635	628,635
2017	425,000	239,198	664,198
2018	425,000	222,197	647,197
2019	520,000	205,198	725,198
2020	515,000	184,137	699,137
2021	515,000	163,023	678,023
2022	560,000	141,650	701,650
2023	605,000	117,850	722,850
2024	600,000	91,835	691,835
2025	695,000	65,735	760,735
2026	790,000	35,155	825,155
Total	$ 8,740,000	$ 4,892,138	$ 13,632,138

Exhibit L-3

Dyer County, Tennessee
Schedule of Notes Receivable - All Funds
June 30, 2005

Description	Debtor	Original Amount of Note	Interest Rate	Date of Issue	Last Maturity Date	Balance 7-1-04	Received and/or Matured During Period	Balance 6-30-05
Special Purpose Fund	Industrial Development Board	$3,744,016	6%	6-2-03	7-5-18	$ 3,581,218	$ 167,116	$ 3,414,102
Total Notes Receivable						$ 3,581,218	$ 167,116	$ 3,414,102

Exhibit L-4

Dyer County, Tennessee
Schedule of Transfers - All Funds and Discretely Presented Dyer County School Department
For the Year Ended June 30, 2005

From Fund	To Fund	Purpose	Amount
Primary Government			
General	Solid Waste/Sanitation	To provide funds for operations	$ 61,409
Discretely Presented Dyer County School Department			
School Federal Projects	General Purpose School	Indirect costs	$ 20,159

Exhibit L-5

Dyer County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
For the Year Ended June 30, 2005

Official	Authorization for Salary	Salary Paid During Period		Bond	Surety
County Mayor	Section 8-24-102, TCA	$ 72,092		$ 50,000	United States Fidelity and Guaranty Company
Road Supervisor	Section 8-24-102, TCA	64,563		100,000	"
Director of Schools	State Board of Education and County Board of Education	131,755	(1)	50,000	Fidelity and Deposit Company of Maryland
Trustee	Section 8-24-102, TCA	57,612		785,900	United States Fidelity and Guaranty Company
Assessor of Property	Section 8-24-102, TCA	57,612		10,000	Fidelity and Deposit Company of Maryland
County Clerk	Section 8-24-102, TCA	57,612		50,000	United States Fidelity and Guaranty Company
Circuit and General Sessions Courts Clerk	Section 8-24-102, TCA	57,612		50,000	"
Clerk and Master	Section 8-24-102, TCA	57,612		65,000	"
Register	Section 8-24-102, TCA	57,612		25,000	"
Sheriff	Section 8-24-102, TCA	63,973	(2)	25,000	"
General County/Highway Department Employees				150,000	Local Government Property & Casualty Fund
All School Employees				150,000	Tennessee School Boards Risk Management Trust

(1) Includes chief executive officer training supplement of $1,000, life insurance premium of $1,449, and tax shelter annuity payments of $5,700.

(2) Includes law enforcement salary supplement of $600.

Exhibit L-6

Dyer County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2005

		Special Revenue Funds			
	General	Law Library	Solid Waste / Sanitation	Drug Control	District Attorney General
Local Taxes					
County Property Taxes					
Current Property Tax	$ 2,749,295	$ 0	$ 0	$ 0	$ 0
Trustee's Collections - Prior Year	121,311	0	0	0	0
Trustee's Collections - Bankruptcy	44,167	0	0	0	0
Circuit/Clerk & Master Collections - Prior Years	31,860	0	0	0	0
Interest and Penalty	19,717	0	0	0	0
Payments in Lieu of Taxes - Local Utilities	146,871	0	0	0	0
Payments in Lieu of Taxes - Other	1,056,780	0	0	0	0
County Local Option Taxes					
Local Option Sales Tax	0	0	0	0	0
Litigation Tax - General	139,862	0	0	0	0
Litigation Tax - Special Purpose	0	2,752	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0
Business Tax	276,012	0	0	0	0
Statutory Local Taxes					
Bank Excise Tax	90,386	0	0	0	0
Wholesale Beer Tax	106,146	0	0	0	0
Total Local Taxes	$ 4,782,407	$ 2,752	$ 0	$ 0	$ 0
Licenses and Permits					
Licenses					
Animal Registration	$ 9,370	$ 0	$ 0	$ 0	$ 0
Cable TV Franchise	84,969	0	0	0	0
Permits					
Beer Permits	3,135	0	0	0	0
Building Permits	20,038	0	0	0	0
Other Permits	33,528	0	0	0	0
Total Licenses and Permits	$ 151,040	$ 0	$ 0	$ 0	$ 0
Fines, Forfeitures and Penalties					
Circuit Court					
Fines	$ 6,789	$ 0	$ 0	$ 0	$ 0
Officers Costs	3,018	0	0	0	0

(Continued)

Exhibit L-6

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

		Special Revenue Funds			
	General	Law Library	Solid Waste / Sanitation	Drug Control	District Attorney General
Fines, Forfeitures and Penalties (Cont.)					
Circuit Court (Cont.)					
Drug Control Fines	$ 0	$ 0	$ 0	$ 10,044	$ 0
Data Entry Fee - Circuit Court	529	0	0	0	0
General Sessions Court					
Fines	33,996	0	0	0	0
Officers Costs	24,629	0	0	0	0
Game and Fish Fines	243	0	0	0	0
Drug Control Fines	8,140	0	0	4,902	0
Drug Court Fees	2,597	0	0	0	0
Jail Fees	332	0	0	0	0
District Attorney General Fees	0	0	0	0	9,277
DUI Treatment Fines	9,781	0	0	0	0
Data Entry Fee - General Sessions Court	10,834	0	0	0	0
Juvenile Court					
Fines	1,415	0	0	0	0
Chancery Court					
Officers Costs	3,078	0	0	0	0
Data Entry Fee - Chancery Court	1,338	0	0	0	0
Courts in Other District Counties					
District Attorney General Fees	0	0	0	0	3,113
Other Fines, Forfeitures, and Penalties					
Proceeds from Confiscated Property	705	0	0	0	0
Total Fines, Forfeitures, and Penalties	$ 107,424	$ 0	$ 0	$ 14,946	$ 12,390
Charges for Current Services					
General Service Charges					
Other General Service Charges	$ 458	$ 0	$ 0	$ 0	$ 0
Fees					
Copy Fees	760	0	0	0	0
Telephone Commissions	31,027	0	0	0	0
Vending Machine Collections	31	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0
Data Processing Fee - Register	17,251	0	0	0	0

(Continued)

Exhibit L-6

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

		Special Revenue Funds			
	General	Law Library	Solid Waste / Sanitation	Drug Control	District Attorney General
Charges for Current Services (Cont.)					
Fees (Cont.)					
Data Processing Fee - Sheriff	$ 8,703	$ 0	$ 0	$ 0	$ 0
Sexual Offender Registration Fee	420	0	0	0	0
Total Charges for Current Services	$ 58,650	$ 0	$ 0	$ 0	$ 0
Other Local Revenues					
Recurring Items					
Investment Income	$ 37,539	$ 0	$ 0	$ 0	$ 0
Lease/Rentals	41,286	0	2,737	0	0
Sale of Materials and Supplies	0	0	0	0	0
Commissary Sales	22,924	0	0	0	0
Miscellaneous Refunds	11,446	0	0	480	0
Nonrecurring Items					
Insurance Recovery	32,194	0	0	0	0
Sale of Equipment	4,850	0	0	0	0
Sale of Property	21,517	0	0	0	0
Contributions & Gifts	1,350	0	0	11,329	0
Total Other Local Revenues	$ 173,106	$ 0	$ 2,737	$ 11,809	$ 0
Fees Received from County Officials					
Fees In Lieu of Salary					
County Clerk	$ 299,850	$ 0	$ 0	$ 0	$ 0
Circuit Court Clerk	93,970	0	0	0	0
General Sessions Court Clerk	210,345	0	0	0	0
Clerk and Master	205,309	0	0	0	0
Register	191,288	0	0	0	0
Sheriff	14,574	0	0	0	0
Trustee	496,970	0	0	0	0
Total Fees Received from County Officials	$ 1,512,306	$ 0	$ 0	$ 0	$ 0
State of Tennessee					
General Government Grants					
Juvenile Services Program	$ 9,000	$ 0	$ 0	$ 0	$ 0

(Continued)

Exhibit L-6

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

		Special Revenue Funds			
	General	Law Library	Solid Waste / Sanitation	Drug Control	District Attorney General
State of Tennessee (Cont.)					
General Government Grants (Cont.)					
Aging Programs	$ 172,916	$ 0	$ 0	$ 0	$ 0
State Reappraisal Grant	12,581	0	0	0	0
Solid Waste Grants	0	0	21,516	0	0
Public Safety Grants					
Law Enforcement Training Programs	11,411	0	0	0	0
Other Public Safety Grants	6,591	0	0	12,033	0
Public Works Grants					
Bridge Program	0	0	0	0	0
State Aid Program	0	0	0	0	0
Litter Program	71,791	0	0	0	0
Other State Revenues					
Income Tax	6,665	0	0	0	0
Beer Tax	16,778	0	0	0	0
Alcoholic Beverage Tax	33,695	0	0	0	0
Contracted Prisoner Boarding	949,600	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0
Registrar's Salary Supplement	16,380	0	0	0	0
Other State Grants	16,906	0	0	0	0
Total State of Tennessee	$ 1,324,314	$ 0	$ 21,516	$ 12,033	$ 0
Federal Government					
Federal Through State					
USDA - Other	$ 54,630	$ 0	$ 0	$ 0	$ 0
Community Development	0	0	0	0	0
Homeland Security Grants	297,074	0	0	0	0
Other Federal through State	56,316	0	0	0	0
Direct Federal Revenue					
Other Direct Federal Revenue	8,000	0	0	0	0
Total Federal Government	$ 416,020	$ 0	$ 0	$ 0	$ 0

(Continued)

Exhibit L-6

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

		Special Revenue Funds			
	General	Law Library	Solid Waste / Sanitation	Drug Control	District Attorney General
Other Governments and Citizens Groups					
Other Governments					
Prisoner Board	$ 17,598	$ 0	$ 0	$ 0	$ 0
Contributions	45,250	0	0	0	0
Contracted Services	10,728	0	0	0	0
Total Other Governments and Citizens Groups	$ 73,576	$ 0	$ 0	$ 0	$ 0
Total	$ 8,598,843	$ 2,752	$ 24,253	$ 38,788	$ 12,390

(Continued)

Exhibit L-6

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

	Special Revenue Funds		Debt Service Fund	Capital Projects Fund	
	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service	HUD Grant Projects	Total
Local Taxes					
County Property Taxes					
Current Property Tax	$ 0	$ 1,604,181	$ 1,750,469	$ 0	$ 6,103,945
Trustee's Collections - Prior Year	0	70,783	77,238	0	269,332
Trustee's Collections - Bankruptcy	0	25,771	28,121	0	98,059
Circuit/Clerk & Master Collections - Prior Years	0	18,590	20,285	0	70,735
Interest and Penalty	0	11,504	12,553	0	43,774
Payments in Lieu of Taxes - Local Utilities	0	0	0	0	146,871
Payments in Lieu of Taxes - Other	0	0	0	0	1,056,780
County Local Option Taxes					
Local Option Sales Tax	0	0	65,904	0	65,904
Litigation Tax - General	0	0	0	0	139,862
Litigation Tax - Special Purpose	0	0	0	0	2,752
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	49,874	0	49,874
Business Tax	0	0	0	0	276,012
Statutory Local Taxes					
Bank Excise Tax	0	0	0	0	90,386
Wholesale Beer Tax	0	0	0	0	106,146
Total Local Taxes	$ 0	$ 1,730,829	$ 2,004,444	$ 0	$ 8,520,432
Licenses and Permits					
Licenses					
Animal Registration	$ 0	$ 0	$ 0	$ 0	$ 9,370
Cable TV Franchise	0	0	0	0	84,969
Permits					
Beer Permits	0	0	0	0	3,135
Building Permits	0	0	0	0	20,038
Other Permits	0	0	0	0	33,528
Total Licenses and Permits	$ 0	$ 0	$ 0	$ 0	$ 151,040
Fines, Forfeitures and Penalties					
Circuit Court					
Fines	$ 0	$ 0	$ 0	$ 0	$ 6,789
Officers Costs	0	0	0	0	3,018

(Continued)

Exhibit L-6

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

	Special Revenue Funds		Debt Service Fund	Capital Projects Fund	
	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service	HUD Grant Projects	Total
Fines, Forfeitures and Penalties (Cont.)					
Circuit Court (Cont.)					
Drug Control Fines	$ 0	$ 0	$ 0	$ 0	$ 10,044
Data Entry Fee - Circuit Court	0	0	0	0	529
General Sessions Court					
Fines	0	0	0	0	33,996
Officers Costs	0	0	0	0	24,629
Game and Fish Fines	0	0	0	0	243
Drug Control Fines	0	0	0	0	13,042
Drug Court Fees	0	0	0	0	2,597
Jail Fees	0	0	0	0	332
District Attorney General Fees	0	0	0	0	9,277
DUI Treatment Fines	0	0	0	0	9,781
Data Entry Fee - General Sessions Court	0	0	0	0	10,834
Juvenile Court					
Fines	0	0	0	0	1,415
Chancery Court					
Officers Costs	0	0	0	0	3,078
Data Entry Fee - Chancery Court	0	0	0	0	1,338
Courts in Other District Counties					
District Attorney General Fees	0	0	0	0	3,113
Other Fines, Forfeitures, and Penalties					
Proceeds from Confiscated Property	0	0	0	0	705
Total Fines, Forfeitures and Penalties	$ 0	$ 0	$ 0	$ 0	$ 134,760
Charges for Current Services					
General Service Charges					
Other General Service Charges	$ 0	$ 0	$ 0	$ 0	$ 458
Fees					
Copy Fees	0	0	0	0	760
Telephone Commissions	0	0	0	0	31,027
Vending Machine Collections	0	0	0	0	31
Constitutional Officers' Fees and Commissions	2,410	0	0	0	2,410
Data Processing Fee - Register	0	0	0	0	17,251

(Continued)

Exhibit L-6

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

	Special Revenue Funds		Debt Service Fund	Capital Projects Fund	
	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service	HUD Grant Projects	Total
Charges for Current Services (Cont.)					
Fees (Cont.)					
Data Processing Fee - Sheriff	$ 0	$ 0	$ 0	$ 0	$ 8,703
Sexual Offender Registration Fee	0	0	0	0	420
Total Charges for Current Services	$ 2,410	$ 0	$ 0	$ 0	$ 61,060
Other Local Revenues					
Recurring Items					
Investment Income	$ 0	$ 48,436	$ 868,759	$ 0	$ 954,734
Lease/Rentals	0	0	0	0	44,023
Sale of Materials and Supplies	0	773	0	0	773
Commissary Sales	0	0	0	0	22,924
Miscellaneous Refunds	0	55	0	0	11,981
Nonrecurring Items					
Insurance Recovery	0	0	0	0	32,194
Sale of Equipment	0	0	0	0	4,850
Sale of Property	0	0	0	0	21,517
Contributions & Gifts	0	0	0	0	12,679
Total Other Local Revenues	$ 0	$ 49,264	$ 868,759	$ 0	$ 1,105,675
Fees Received from County Officials					
Fees In Lieu of Salary					
County Clerk	$ 0	$ 0	$ 0	$ 0	$ 299,850
Circuit Court Clerk	0	0	0	0	93,970
General Sessions Court Clerk	0	0	0	0	210,345
Clerk and Master	0	0	0	0	205,309
Register	0	0	0	0	191,288
Sheriff	0	0	0	0	14,574
Trustee	0	0	0	0	496,970
Total Fees Received from County Officials	$ 0	$ 0	$ 0	$ 0	$ 1,512,306
State of Tennessee					
General Government Grants					
Juvenile Services Program	$ 0	$ 0	$ 0	$ 0	$ 9,000

(Continued)

Exhibit L-6

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

	Special Revenue Funds		Debt Service Fund	Capital Projects Fund	
	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service	HUD Grant Projects	Total
State of Tennessee (Cont.)					
General Government Grants (Cont.)					
Aging Programs	$ 0	$ 0	$ 0	$ 0	$ 172,916
State Reappraisal Grant	0	0	0	0	12,581
Solid Waste Grants	0	0	0	0	21,516
Public Safety Grants					
Law Enforcement Training Programs	0	0	0	0	11,411
Other Public Safety Grants	0	0	0	0	18,624
Public Works Grants					
Bridge Program	0	125,389	0	0	125,389
State Aid Program	0	348,438	0	0	348,438
Litter Program	0	0	0	0	71,791
Other State Revenues					
Income Tax	0	0	0	0	6,665
Beer Tax	0	0	0	0	16,778
Alcoholic Beverage Tax	0	0	0	0	33,695
Contracted Prisoner Boarding	0	0	0	0	949,600
Gasoline and Motor Fuel Tax	0	1,844,152	0	0	1,844,152
Petroleum Special Tax	0	29,988	0	0	29,988
Registrar's Salary Supplement	0	0	0	0	16,380
Other State Grants	0	0	0	0	16,906
Total State of Tennessee	$ 0	$ 2,347,967	$ 0	$ 0	$ 3,705,830
Federal Government					
Federal Through State					
USDA - Other	$ 0	$ 0	$ 0	$ 0	$ 54,630
Community Development	0	0	0	344,090	344,090
Homeland Security Grants	0	0	0	0	297,074
Other Federal through State	0	0	0	0	56,316
Direct Federal Revenue					
Other Direct Federal Revenue	0	0	0	0	8,000
Total Federal Government	$ 0	$ 0	$ 0	$ 344,090	$ 760,110

(Continued)

Exhibit L-6

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

	Special Revenue Funds		Debt Service Fund	Capital Projects Fund	
	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service	HUD Grant Projects	Total
Other Governments and Citizens Groups					
Other Governments					
Prisoner Board	$ 0	$ 0	$ 0	$ 0	$ 17,598
Contributions	0	0	0	0	45,250
Contracted Services	0	0	0	0	10,728
Total Other Governments and Citizens Groups	$ 0	$ 0	$ 0	$ 0	$ 73,576
Total	$ 2,410	$ 4,128,060	$ 2,873,203	$ 344,090	$ 16,024,789

Exhibit L-7

Dyer County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Dyer County School Department
For the Year Ended June 30, 2005

	General Purpose School	School Federal Projects	Central Cafeteria	School Transpor - tation	Total
Local Taxes					
County Property Taxes					
Current Property Tax	$ 2,700,020	$ 0	$ 0	$ 1,271,232	$ 3,971,252
Trustee's Collections - Prior Year	122,511	0	0	57,224	179,735
Trustee's Collections - Bankruptcy	41,070	0	0	19,291	60,361
Circuit/Clerk & Master Collections - Prior Years	31,466	0	0	14,732	46,198
Interest and Penalty	19,475	0	0	9,116	28,591
Payments in Lieu of Taxes - T.V.A.	207	0	0	0	207
County Local Option Taxes					
Local Option Sales Tax	2,604,548	0	0	0	2,604,548
Wheel Tax	501,891	0	0	183,773	685,664
Statutory Local Taxes					
Interstate Telecommunications Tax	4,296	0	0	0	4,296
Total Local Taxes	$ 6,025,484	$ 0	$ 0	$ 1,555,368	$ 7,580,852
Licenses and Permits					
Licenses					
Marriage Licenses	$ 1,410	$ 0	$ 0	$ 0	$ 1,410
Permits					
Other Permits	514	0	0	0	514
Total Licenses and Permits	$ 1,924	$ 0	$ 0	$ 0	$ 1,924
Charges for Current Services					
Fees					
Vending Machine Collections	$ 861	$ 0	$ 0	$ 221	$ 1,082
Education Charges					
Tuition - Regular Day Students	20,094	0	0	0	20,094
Tuition - Summer School	3,971	0	0	0	3,971
Lunch Payments - Children	0	0	353,462	0	353,462
Lunch Payments - Adults	0	0	48,903	0	48,903
Income from Breakfast	0	0	42,417	0	42,417
Special Milk Sales	0	0	241,230	0	241,230
Transportation - Other State Systems	0	0	0	9,000	9,000
Contract for Student Support Services with Other LEA's	0	0	0	4,595	4,595
School Based Health Services - FFS	3,497	0	0	0	3,497
Receipts from Individual Schools	4,766	0	846	17,754	23,366
Total Charges for Current Services	$ 33,189	$ 0	$ 686,858	$ 31,570	$ 751,617
Other Local Revenues					
Recurring Items					
Investment Income	$ 112,819	$ 0	$ 8,194	$ 0	$ 121,013
Sale of Materials and Supplies	302	0	0	0	302
Retirees' Insurance Payments	3,441	0	0	1,494	4,935
Miscellaneous Refunds	72,544	0	500	519	73,563
Nonrecurring Items					
Insurance Recovery	0	0	0	6,863	6,863
Sale of Equipment	2,377	0	0	16,177	18,554
Damages Recovered from Individuals	12	0	0	0	12
Contributions & Gifts	124	0	0	300	424
Total Other Local Revenues	$ 191,619	$ 0	$ 8,694	$ 25,353	$ 225,666

(Continued)

Exhibit L-7

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

	General Purpose School	School Federal Projects	Central Cafeteria	School Transpor - tation	Total
State of Tennessee					
State Education Funds					
Basic Education Program	$ 10,658,221	$ 0	$ 0	$ 158,082	$ 10,816,303
School Food Service	0	0	20,256	0	20,256
Driver Education	10,860	0	0	0	10,860
Other State Education Funds	451,750	0	0	17,472	469,222
Career Ladder Program	223,320	0	0	0	223,320
Career Ladder - Extended Contract	120,308	0	0	0	120,308
Other State Revenues					
State Revenue Sharing - T.V.A.	442,092	0	0	0	442,092
Other State Grants	75,683	0	0	0	75,683
Total State of Tennessee	$ 11,982,234	$ 0	$ 20,256	$ 175,554	$ 12,178,044
Federal Government					
Federal Through State					
USDA School Lunch Program	$ 0	$ 0	$ 610,139	$ 0	$ 610,139
Breakfast	0	0	207,631	0	207,631
Vocational Education - Basic Grants to States	0	57,746	0	0	57,746
Other Vocational	19,866	0	0	0	19,866
Title I Grants to Local Education Agencies	0	436,821	0	0	436,821
Innovative Education Program Strategies	0	13,870	0	0	13,870
Special Education - Grants to States	45,709	758,134	0	0	803,843
Special Education Preschool Grants	0	33,310	0	0	33,310
Eisenhower Professional Development State Grants	0	147,946	0	0	147,946
Other Federal through State	120,000	28,231	0	0	148,231
Direct Federal Revenue					
ROTC Reimbursement	49,906	0	0	0	49,906
Total Federal Government	$ 235,481	$ 1,476,058	$ 817,770	$ 0	$ 2,529,309
Other Governments and Citizens Groups					
Other Governments					
Contributions	$ 125	$ 0	$ 0	$ 0	$ 125
Total Other Governments and Citizens Groups	$ 125	$ 0	$ 0	$ 0	$ 125
Total	$ 18,470,056	$ 1,476,058	$ 1,533,578	$ 1,787,845	$ 23,267,537

Exhibit L-8

Dyer County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2005

General Fund				
General Government				
County Commission				
Other Per Diem & Fees	$	67,375		
Social Security		3,697		
Employer Medicare		865		
Audit Services		8,492		
Total County Commission			$	80,429
Board of Equalization				
Board and Committee Members Fees	$	1,220		
Total Board of Equalization				1,220
Other Boards and Committees				
Board and Committee Members Fees	$	4,300		
Total Other Boards and Committees				4,300
County Mayor				
County Official/Administrative Officer	$	72,092		
Accountants/Bookkeepers		75,748		
Secretary(s)		20,635		
Other Per Diem & Fees		6,000		
Social Security		10,004		
Medical Insurance		3,519		
Local Retirement		7,288		
Employer Medicare		2,340		
Legal Notices, Recording and Court Costs		638		
Maintenance & Repair Services- Office Equipment		7,922		
Postal Charges		1,799		
Printing, Stationery and Forms		2,982		
Travel		1,318		
Other Contracted Services		6,377		
Office Supplies		4,892		
In Service/Staff Development		131		
Total County Mayor				223,685
County Attorney				
County Official/Administrative Officer	$	1,200		
Social Security		74		
Employer Medicare		17		
Legal Services		81,929		
Total County Attorney				83,220

(Continued)

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

General Fund (Cont.)				
General Government (Cont.)				
Election Commission				
County Official/Administrative Officer	$	52,702		
Deputy(ies)		53,204		
Part-time Personnel		47,131		
Election Commission		13,869		
Election Workers		39,267		
Social Security		8,842		
Medical Insurance		13,180		
Local Retirement		2,664		
Employer Medicare		2,068		
Audit Services		8,190		
Legal Notices, Recording and Court Costs		7,646		
Maintenance & Repair Services- Equipment		14,000		
Postal Charges		3,800		
Printing, Stationery and Forms		4,436		
Travel		7,641		
Office Supplies		2,182		
Other Charges		4,985		
Office Equipment		15,000		
Total Election Commission			$	300,807
Register of Deeds				
County Official/Administrative Officer	$	57,612		
Deputy(ies)		58,500		
Social Security		5,993		
Medical Insurance		14,209		
Local Retirement		5,667		
Employer Medicare		1,402		
Dues and Memberships		550		
Maintenance & Repair Services- Equipment		138		
Postal Charges		976		
Printing, Stationery and Forms		2,489		
Travel		1,639		
Other Contracted Services		996		
Data Processing Supplies		16,556		
Office Supplies		1,160		
In Service/Staff Development		40		
Other Charges		300		
Office Equipment		2,632		
Total Register of Deeds				170,859

(Continued)

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

General Fund (Cont.)				
General Government (Cont.)				
Planning				
County Official/Administrative Officer	$	42,176		
Assistant(s)		13,686		
Secretary(s)		25,780		
Other Per Diem & Fees		13,200		
Social Security		4,434		
Medical Insurance		17,630		
Local Retirement		2,049		
Employer Medicare		1,037		
Contracts with Private Agencies		675		
Dues and Memberships		100		
Legal Notices, Recording and Court Costs		294		
Postal Charges		450		
Other Contracted Services		8,500		
Office Supplies		1,355		
Other Charges		32		
Office Equipment		1,443		
Total Planning			$	132,841
County Buildings				
Custodial Personnel	$	38,341		
Social Security		2,145		
Medical Insurance		7,022		
Employer Medicare		502		
Janitorial Services		50,638		
Maintenance & Repair Services- Buildings		1,953		
Custodial Supplies		6,944		
Drugs and Medical Supplies		634		
Liability Insurance		109,770		
Other Charges		952		
Office Equipment		10,592		
Other Capital Outlay		159,001		
Total County Buildings				388,494
Other General Administration				
Communication	$	31,495		
Contributions		47,000		
Dues and Memberships		4,746		
Maintenance & Repair Services- Buildings		13,254		
Maintenance & Repair Services- Office Equipment		2,038		
Pest Control		791		

(Continued)

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

General Fund (Cont.)				
General Government (Cont.)				
Other General Administration (Cont.)				
Electricity	$	15,451		
Utilities		8,146		
Workers' Compensation Insurance		64,367		
Liability Claims		3,100		
Total Other General Administration			$	190,388
Finance				
Property Assessor's Office				
County Official/Administrative Officer	$	57,612		
Deputy(ies)		126,800		
Other Per Diem & Fees		1,800		
Social Security		10,418		
Medical Insurance		30,575		
Local Retirement		7,287		
Employer Medicare		2,382		
Contracts with Private Agencies		39,350		
Data Processing Services		10,538		
Dues and Memberships		1,295		
Legal Notices, Recording and Court Costs		204		
Postal Charges		1,109		
Rentals		2,620		
Travel		872		
Office Supplies		1,946		
Premiums on Corporate Surety Bonds		100		
In Service/Staff Development		530		
Other Charges		447		
Office Equipment		283		
Total Property Assessor's Office				296,168
Reappraisal Program				
Other Salaries & Wages	$	26,386		
Other Per Diem & Fees		6,000		
Social Security		1,547		
Medical Insurance		3,457		
Local Retirement		660		
Employer Medicare		362		
Data Processing Services		3,472		
Postal Charges		1,397		
Office Supplies		292		
Other Charges		36		
Total Reappraisal Program				43,609

(Continued)

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

General Fund (Cont.)				
Finance (Cont.)				
County Trustee's Office				
County Official/Administrative Officer	$	57,612		
Deputy(ies)		104,104		
Social Security		9,051		
Medical Insurance		21,267		
Local Retirement		5,829		
Employer Medicare		2,117		
Legal Notices, Recording and Court Costs		214		
Maintenance & Repair Services- Office Equipment		718		
Postal Charges		9,685		
Printing, Stationery and Forms		996		
Travel		1,400		
Other Contracted Services		5,550		
Data Processing Supplies		1,453		
Office Supplies		949		
In Service/Staff Development		653		
Office Equipment		8,599		
Total County Trustee's Office			$	230,197
County Clerk's Office				
County Official/Administrative Officer	$	57,612		
Deputy(ies)		150,755		
Part-time Personnel		6,384		
Social Security		12,998		
Medical Insurance		39,596		
Local Retirement		8,081		
Employer Medicare		3,040		
Dues and Memberships		443		
Legal Notices, Recording and Court Costs		215		
Maintenance & Repair Services- Office Equipment		12,255		
Postal Charges		8,000		
Printing, Stationery and Forms		2,307		
Rentals		2,916		
Travel		84		
Data Processing Supplies		16,362		
Other Supplies and Materials		6,148		
Other Charges		429		
Office Equipment		686		
Total County Clerk's Office				328,311

(Continued)

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

General Fund (Cont.)				
Finance (Cont.)				
Other Finance				
Communication	$	9,847		
Dues and Memberships		401		
Maintenance & Repair Services- Buildings		4,288		
Maintenance & Repair Services- Office Equipment		2,299		
Pest Control		432		
Electricity		11,775		
Utilities		5,469		
Refunds		2,777		
Total Other Finance			$	37,288
Administration of Justice				
Circuit Court				
County Official/Administrative Officer	$	57,612		
Deputy(ies)		198,014		
Board and Committee Members Fees		690		
Jury and Witness Fees		23,120		
Other Per Diem & Fees		771		
Social Security		14,524		
Medical Insurance		39,997		
Local Retirement		8,970		
Employer Medicare		3,397		
Legal Notices, Recording and Court Costs		74		
Maintenance & Repair Services- Office Equipment		6,071		
Postal Charges		5,599		
Printing, Stationery and Forms		9,817		
Travel		3,162		
Data Processing Supplies		9,249		
Office Supplies		3,956		
Other Charges		290		
Total Circuit Court				385,313
General Sessions Court				
Judge(s)	$	108,036		
Clerical Personnel		21,477		
Other Salaries & Wages		10,092		
Social Security		6,715		
Medical Insurance		6,256		
Local Retirement		8,321		
Employer Medicare		1,852		
Dues and Memberships		890		

(Continued)

Exhibit L-8

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

General Fund (Cont.)				
Administration of Justice (Cont.)				
General Sessions Court (Cont.)				
Travel	$	2,493		
Other Contracted Services		5,000		
Office Supplies		1,150		
Other Charges		906		
Total General Sessions Court			$	173,188
Chancery Court				
County Official/Administrative Officer	$	57,612		
Deputy(ies)		124,999		
Other Salaries & Wages		3,000		
Social Security		10,671		
Medical Insurance		25,342		
Local Retirement		6,640		
Employer Medicare		2,496		
Advertising		2,572		
Maintenance & Repair Services- Office Equipment		1,432		
Postal Charges		1,924		
Printing, Stationery and Forms		6,524		
Rentals		2,148		
Travel		202		
Data Processing Supplies		3,047		
Office Supplies		2,370		
Office Equipment		619		
Total Chancery Court				251,598
Juvenile Court				
Probation Officer(s)	$	86,669		
Youth Service Officer(s)		35,057		
Social Security		6,748		
Medical Insurance		24,147		
Local Retirement		2,312		
Employer Medicare		1,578		
Contracts with Government Agencies		72,660		
Contracts with Other Public Agencies		4,313		
Contracts with Private Agencies		1,200		
Dues and Memberships		90		
Maintenance & Repair Services- Office Equipment		1,770		
Postal Charges		481		
Printing, Stationery and Forms		356		
Law Enforcement Supplies		295		

(Continued)

Exhibit L-8

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

General Fund (Cont.)				
Administration of Justice (Cont.)				
Juvenile Court (Cont.)				
Office Supplies	$	1,072		
In Service/Staff Development		2,929		
Office Equipment		522		
Total Juvenile Court			$	242,199
Other Administration of Justice				
Communication	$	17,253		
Dues and Memberships		267		
Maintenance & Repair Services- Buildings		5,582		
Maintenance & Repair Services- Office Equipment		2,341		
Pest Control		72		
Electricity		15,837		
Utilities		11,714		
Total Other Administration of Justice				53,066
Public Safety				
Sheriff's Department				
County Official/Administrative Officer	$	63,373		
Deputy(ies)		416,013		
Investigator(s)		125,404		
Captain(s)		39,120		
Lieutenant(s)		92,737		
Sergeant(s)		93,199		
Accountants/Bookkeepers		47,887		
Salary Supplements		13,200		
Dispatchers/Radio Operators		167,615		
Other Salaries & Wages		37,445		
Social Security		63,987		
Medical Insurance		165,125		
Unemployment Compensation		2,996		
Local Retirement		20,191		
Employer Medicare		14,895		
Communication		14,016		
Contracts with Government Agencies		5,682		
Contracts with Private Agencies		11,096		
Dues and Memberships		1,545		
Maintenance & Repair Services- Office Equipment		7		
Maintenance & Repair Services- Vehicles		18,756		
Pest Control		50		
Postal Charges		2,689		

(Continued)

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

General Fund (Cont.)				
Public Safety (Cont.)				
Sheriff's Department (Cont.)				
Printing, Stationery and Forms	$	4,185		
Rentals		4,597		
Transportation - Other than Students		4,915		
Travel		1,719		
Data Processing Supplies		4,324		
Gasoline		57,899		
Law Enforcement Supplies		10,359		
Lubricants		1,382		
Office Supplies		6,780		
Tires and Tubes		5,128		
Uniforms		7,664		
Premiums on Corporate Surety Bonds		613		
Vehicle and Equipment Insurance		7,500		
In Service/Staff Development		7,716		
Law Enforcement Equipment		14,751		
Motor Vehicles		65,508		
Total Sheriff's Department			$	1,622,068
Jail				
Assistant(s)	$	35,328		
Lieutenant(s)		32,925		
Accountants/Bookkeepers		70,052		
Attendants		506,594		
Cafeteria Personnel		52,699		
Other Salaries & Wages		26,691		
Social Security		43,589		
Medical Insurance		101,854		
Local Retirement		5,718		
Employer Medicare		10,028		
Contributions		5,857		
Laundry Service		3,499		
Maintenance & Repair Services- Buildings		22,743		
Maintenance & Repair Services- Equipment		4,253		
Medical and Dental Services		62,197		
Pest Control		50		
Custodial Supplies		16,725		
Drugs and Medical Supplies		36,496		
Electricity		62,073		
Food Preparation Supplies		12,518		
Food Supplies		103,334		

(Continued)

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

General Fund (Cont.)				
Public Safety (Cont.)				
Jail (Cont.)				
Prisoners Clothing	$	5,708		
Uniforms		4,127		
Utilities		47,334		
Building and Contents Insurance		34,204		
Liability Insurance		51,000		
Furniture and Fixtures		5,864		
Law Enforcement Equipment		6,873		
Total Jail			$	1,370,333
Fire Prevention and Control				
County Official/Administrative Officer	$	32,174		
Investigator(s)		13,686		
Other Per Diem & Fees		1,200		
Social Security		2,442		
Medical Insurance		6,978		
Disability Insurance		5,625		
Local Retirement		1,099		
Employer Medicare		571		
Communication		2,510		
Contracts with Other Public Agencies		18,771		
Dues and Memberships		165		
Maintenance & Repair Services- Equipment		12,217		
Maintenance & Repair Services- Vehicles		2,474		
Postal Charges		100		
Other Contracted Services		493		
Electricity		547		
Uniforms		164		
Utilities		174		
Other Supplies and Materials		132		
Vehicle and Equipment Insurance		5,650		
Workers' Compensation Insurance		16,232		
Other Charges		3,721		
Office Equipment		22,023		
Other Equipment		5,126		
Total Fire Prevention and Control				154,274
Disaster Relief				
Supervisor/Director	$	6,180		
Other Salaries & Wages		6,180		
In-Service Training		1,484		

(Continued)

Exhibit L-8

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

General Fund (Cont.)		
Public Safety (Cont.)		
Disaster Relief (Cont.)		
Social Security	$ 721	
Medical Insurance	3,428	
Local Retirement	328	
Employer Medicare	169	
Communication	2,471	
Maintenance & Repair Services- Equipment	70	
Travel	345	
Instructional Supplies and Materials	203	
Office Supplies	608	
Other Supplies and Materials	36	
In Service/Staff Development	4,200	
Other Charges	2,500	
Office Equipment	500	
State Aid Projects	314,122	
Total Disaster Relief		$ 343,545
County Coroner/Medical Examiner		
Contracts with Private Agencies	$ 8,673	
Other Contracted Services	2,062	
Total County Coroner/Medical Examiner		10,735
Other Public Safety		
Social Security	$ 2,424	
Medical Insurance	10,442	
Employer Medicare	750	
Contributions	12,288	
Other Contracted Services	58,797	
Electricity	1,884	
Total Other Public Safety		86,585
Public Health and Welfare		
Local Health Center		
Medical Personnel	$ 2,285	
Salary Supplements	43,012	
Social Security	2,474	
Employer Medicare	575	
Communication	6,775	
Janitorial Services	16,439	
Laundry Service	144	
Maintenance & Repair Services- Buildings	2,090	

(Continued)

Exhibit L-8

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

General Fund (Cont.)				
Public Health and Welfare (Cont.)				
Local Health Center (Cont.)				
Maintenance & Repair Services- Office Equipment	$	2,817		
Maintenance & Repair Services- Vehicles		734		
Pest Control		291		
Postal Charges		2,893		
Travel		581		
Drugs and Medical Supplies		4,051		
Electricity		7,661		
Office Supplies		8,315		
Utilities		4,189		
Other Supplies and Materials		498		
In Service/Staff Development		536		
Office Equipment		3,264		
Other Capital Outlay		6,199		
Total Local Health Center			$	115,823
Rabies and Animal Control				
Contributions	$	64,800		
Total Rabies and Animal Control				64,800
Alcohol and Drug Programs				
Contributions	$	2,500		
Total Alcohol and Drug Programs				2,500
Crippled Children Services				
Contributions	$	2,027		
Total Crippled Children Services				2,027
Other Local Health Services				
Contributions	$	1,000		
Total Other Local Health Services				1,000
General Welfare Assistance				
Supervisor/Director	$	23,670		
Equipment Operators		20,639		
Social Security		2,698		
Medical Insurance		13,827		
Local Retirement		516		
Employer Medicare		634		
Communication		3,058		
Maintenance & Repair Services- Buildings		83		

(Continued)

Exhibit L-8

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

General Fund (Cont.)				
Public Health and Welfare (Cont.)				
General Welfare Assistance (Cont.)				
Maintenance & Repair Services- Vehicles	$	816		
Pest Control		362		
Rentals		21,420		
Electricity		2,780		
Office Supplies		850		
Utilities		3,354		
Total General Welfare Assistance			$	94,707
Aid to Dependent Children				
Educational Assistants	$	18,039		
Communication		966		
Maintenance & Repair Services- Buildings		369		
Postal Charges		296		
Rentals		1,575		
Travel		2,032		
Electricity		1,729		
Food Supplies		35,939		
Office Supplies		591		
Utilities		1,042		
Other Supplies and Materials		274		
Total Aid to Dependent Children				62,852
Sanitation Education/Information				
Guards	$	24,189		
Social Security		1,341		
Medical Insurance		7,259		
Employer Medicare		314		
Communication		468		
Consultants		6,000		
Maintenance & Repair Services- Vehicles		1,706		
Gasoline		3,079		
Other Supplies and Materials		2,421		
Other Charges		4,626		
Total Sanitation Education/Information				51,403
Other Public Health and Welfare				
Other Per Diem & Fees	$	600		
Other Contracted Services		24,576		
Total Other Public Health and Welfare				25,176

(Continued)

Exhibit L-8

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

General Fund (Cont.)				
Social, Cultural and Recreational Services				
Adult Activities				
Supervisor/Director	$	34,992		
Clerical Personnel		23,581		
Social Security		3,302		
Medical Insurance		9,751		
Unemployment Compensation		123		
Local Retirement		1,375		
Employer Medicare		772		
Dues and Memberships		254		
Postal Charges		481		
Travel		2,624		
Gasoline		1,511		
Office Supplies		2,070		
Liability Insurance		802		
Other Charges		2,055		
Office Equipment		435		
Transportation Equipment		863		
Total Adult Activities			$	84,991
Senior Citizens Assistance				
Assistant(s)	$	23,340		
Supervisor/Director		26,780		
Other Salaries & Wages		64,853		
Social Security		6,519		
Medical Insurance		14,364		
Local Retirement		1,253		
Employer Medicare		1,524		
Maintenance & Repair Services- Office Equipment		188		
Maintenance & Repair Services- Vehicles		588		
Postal Charges		76		
Rentals		1,042		
Travel		7,937		
Other Contracted Services		4,472		
Gasoline		291		
Tax Relief Program		40,392		
Total Senior Citizens Assistance				193,619
Libraries				
Contributions	$	115,279		
Total Libraries				115,279

(Continued)

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

General Fund (Cont.)				
Social, Cultural and Recreational Services (Cont.)				
Parks and Fair Boards				
Contributions	$	2,750		
Total Parks and Fair Boards			$	2,750
Other Social, Cultural and Recreational				
Communication	$	7,633		
Contributions		79,056		
Dues and Memberships		10,065		
Maintenance & Repair Services- Buildings		1,413		
Maintenance & Repair Services- Office Equipment		939		
Pest Control		494		
Electricity		12,497		
Utilities		9,897		
Total Other Social, Cultural and Recreational				121,994
Agriculture & Natural Resources				
Agriculture Extension Service				
Salary Supplements	$	83,885		
Other Salaries & Wages		9,672		
Social Security		600		
Employer Medicare		140		
Communication		1,516		
Maintenance & Repair Services- Buildings		3,177		
Maintenance & Repair Services- Office Equipment		948		
Pest Control		742		
Electricity		3,208		
Office Supplies		2,784		
Utilities		3,242		
Other Charges		1,687		
Office Equipment		2,000		
Total Agriculture Extension Service				113,601
Soil Conservation				
Secretary(s)	$	20,655		
Social Security		1,216		
Local Retirement		351		
Employer Medicare		284		
Total Soil Conservation				22,506
Flood Control				
Contracts with Other Public Agencies	$	30,431		

(Continued)

Exhibit L-8

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

General Fund (Cont.)			
Agriculture & Natural Resources (Cont.)			
Flood Control (Cont.)			
Contracts with Private Agencies	$ 1,920		
Total Flood Control		$ 32,351	
Other Agriculture & Natural Resources			
Dues and Memberships	$ 651		
Total Other Agriculture & Natural Resources		651	
Other Operations			
Industrial Development			
Site Development	$ 100,000		
Total Industrial Development		100,000	
Miscellaneous			
Trustee's Commission	$ 84,640		
Other Charges	8,008		
Total Miscellaneous		92,648	
Principal			
General Government			
Principal on Notes	$ 22,927		
Principal on Capital Leases	56,271		
Total General Government		79,198	
Interest			
General Government			
Interest on Capital Leases	$ 2,329		
Total General Government		2,329	
Total General Fund			$ 8,586,925
Law Library Fund			
Administration of Justice			
Other Administration of Justice			
Library Books/Media	$ 1,172		
Trustee's Commission	28		
Total Other Administration of Justice		$ 1,200	
Total Law Library Fund			1,200

(Continued)

Exhibit L-8

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

Solid Waste/Sanitation Fund			
Public Health and Welfare			
Sanitation Management			
Attendants	$ 8,655		
Social Security	537		
Employer Medicare	126		
Contracts with Government Agencies	14,842		
Contracts with Private Agencies	59,780		
Utilities	578		
Trustee's Commission	15		
Total Sanitation Management		$ 84,533	
Total Solid Waste/Sanitation Fund			$ 84,533
Drug Control Fund			
Public Safety			
Drug Enforcement			
Communication	$ 575		
Confidential Drug Enforcement Payments	5,000		
Maintenance & Repair Services- Equipment	144		
Maintenance & Repair Services- Vehicles	75		
Veterinary Services	757		
Animal Food and Supplies	43		
Law Enforcement Supplies	765		
Trustee's Commission	161		
Other Charges	1,190		
Law Enforcement Equipment	22,029		
Total Drug Enforcement		$ 30,739	
Principal			
General Government			
Principal on Capital Leases	$ 9,256		
Total General Government		9,256	
Interest			
General Government			
Interest on Capital Leases	$ 1,009		
Total General Government		1,009	
Total Drug Control Fund			41,004

(Continued)

Exhibit L-8

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

District Attorney General Fund			
Administration of Justice			
District Attorney General			
In-Service Training	$ 206		
Communication	1,257		
Dues and Memberships	1,570		
Travel	416		
Data Processing Supplies	4,000		
Office Supplies	1,458		
Trustee's Commission	121		
In Service/Staff Development	25		
Other Charges	12		
Total District Attorney General		$ 9,065	
Total District Attorney General Fund			$ 9,065
Constitutional Officers - Fees Fund			
Finance			
County Trustee's Office			
Constitutional Officers' Operating Expenses	$ 786		
Total County Trustee's Office		$ 786	
County Clerk's Office			
Constitutional Officers' Operating Expenses	$ 139		
Total County Clerk's Office		139	
Administration of Justice			
Circuit Court Clerk			
Constitutional Officers' Operating Expenses	$ 728		
Total Circuit Court Clerk		728	
General Sessions Court Clerk			
Constitutional Officers' Operating Expenses	$ 20		
Total General Sessions Court Clerk		20	
Chancery Court			
Constitutional Officers' Operating Expenses	$ 737		
Total Chancery Court		737	
Total Constitutional Officers - Fees Fund			2,410

(Continued)

Exhibit L-8

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

Highway/Public Works Fund				
Highways				
Administration				
County Official/Administrative Officer	$	64,563		
Accountants/Bookkeepers		32,861		
Communication		3,753		
Data Processing Services		3,800		
Dues and Memberships		2,851		
Evaluation and Testing		950		
Legal Notices, Recording and Court Costs		6,953		
Maintenance Agreements		1,871		
Postal Charges		507		
Printing, Stationery and Forms		339		
Travel		849		
Electricity		4,252		
Natural Gas		441		
Office Supplies		1,195		
Uniforms		3,539		
Water and Sewer		2,769		
Other Supplies and Materials		3,221		
Total Administration			$	134,714
Highway and Bridge Maintenance				
Foremen	$	68,300		
Equipment Operators		210,208		
Equipment Operators - Light		107,173		
Truck Drivers		199,143		
Laborers		70,563		
Overtime Pay		32,381		
Contracts with Private Agencies		364,036		
Rentals		200		
Asphalt - Hot Mix		297,704		
Asphalt - Liquid		5,197		
Concrete		1,707		
Crushed Stone		161,941		
Fertilizer, Lime and Seed		79		
General Construction Materials		4,719		
Other Road Supplies		23,899		
Pipe - Metal		193,853		
Road Signs		4,430		
Wood Products		5,601		
Gravel and Chert		109,717		
Other Supplies and Materials		567		
Total Highway and Bridge Maintenance				1,861,418

(Continued)

Exhibit L-8

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

Highway/Public Works Fund (Cont.)				
Highways (Cont.)				
Operation and Maintenance of Equipment				
Mechanic(s)	$	85,966		
Laborers		27,027		
Diesel Fuel		137,948		
Equipment and Machinery Parts		74,505		
Garage Supplies		7,843		
Gasoline		8,541		
Lubricants		5,844		
Small Tools		5,465		
Tires and Tubes		23,102		
Other Supplies and Materials		3,198		
Total Operation and Maintenance of Equipment			$	379,439
Other Charges				
Liability Insurance	$	1,750		
Trustee's Commission		57,274		
Vehicle and Equipment Insurance		39,324		
Workers' Compensation Insurance		76,888		
Total Other Charges				175,236
Employee Benefits				
Social Security	$	52,252		
Employee and Dependent Insurance		155,826		
Local Retirement		11,678		
Employer Medicare		12,220		
Total Employee Benefits				231,976
Capital Outlay				
Engineering Services	$	19,873		
Bridge Construction		125,375		
Building Improvements		925		
Highway Equipment		682,538		
Motor Vehicles		344,880		
State Aid Projects		348,438		
Other Equipment		23,210		
Other Capital Outlay		113,100		
Total Capital Outlay				1,658,339
Principal				
Highways and Streets				
Principal on Capital Leases	$	136,334		
Total Highways and Streets				136,334

(Continued)

Exhibit L-8

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

Highway/Public Works Fund (Cont.)			
Interest			
Highways and Streets			
Interest on Capital Leases	$ 16,706		
Total Highways and Streets		$ 16,706	
Total Highway/Public Works Fund			$ 4,594,162
General Debt Service Fund			
Principal			
General Government			
Principal on Bonds	$ 240,000		
Principal on Notes	50,000		
Total General Government		$ 290,000	
Education			
Principal on Notes	$ 945,000		
Principal on Other Loans Payable	160,000		
Total Education		1,105,000	
Interest			
General Government			
Interest on Bonds	$ 261,427		
Interest on Notes	3,972		
Total General Government		265,399	
Education			
Interest on Notes	$ 141,836		
Interest on Other Loans Payable	1,117,299		
Total Education		1,259,135	
Other Debt Service			
General Government			
Financial Advisory Services	$ 24,000		
Trustee's Commission	48,274		
Underwriter's Discount	69,825		
Other Debt Issuance Charges	65,875		
Other Debt Service	431		
Total General Government		208,405	
Education			
Other Debt Service	$ 412		
Total Education		412	
Total General Debt Service Fund			3,128,351

(Continued)

Exhibit L-8

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

HUD Grant Projects Fund			
Capital Projects			
Other General Government Projects			
Other Charges	$ 342,470		
Total Other General Government Projects		$ 342,470	
Total HUD Grant Projects Fund			$ 342,470
Total Governmental Funds - Primary Government			$ 16,790,120

Exhibit L-9

Dyer County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Dyer County School Department
For the Year Ended June 30, 2005

General Purpose School Fund		
Instruction		
Regular Instruction Program		
Teachers	$ 6,405,937	
Career Ladder Program	138,663	
Career Ladder Extended Contracts	72,500	
Educational Assistants	443,304	
Certified Substitute Teachers	92,766	
Social Security	412,332	
State Retirement	364,816	
Life Insurance	8,442	
Medical Insurance	863,775	
Unemployment Compensation	8,958	
Local Retirement	6,675	
Employer Medicare	96,433	
Contracts with Other School Systems	77,578	
Maintenance & Repair Services- Equipment	18,987	
Instructional Supplies and Materials	229,394	
Textbooks	199,957	
Other Charges	15,721	
Regular Instruction Equipment	233,920	
Total Regular Instruction Program		$ 9,690,158
Special Education Program		
Teachers	$ 1,000,649	
Career Ladder Program	18,999	
Career Ladder Extended Contracts	500	
Clerical Personnel	28,832	
Educational Assistants	252,204	
Social Security	75,161	
State Retirement	57,733	
Life Insurance	1,841	
Medical Insurance	177,093	
Local Retirement	3,972	
Employer Medicare	17,578	
Other Contracted Services	1,325	
Instructional Supplies and Materials	22,166	
Other Supplies and Materials	250	
Other Charges	2,117	
Special Education Equipment	3,562	
Total Special Education Program		1,663,982

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)		
Instruction (Cont.)		
Vocational Education Program		
Teachers	$ 323,997	
Career Ladder Program	7,000	
Career Ladder Extended Contracts	2,000	
Educational Assistants	14,786	
Social Security	20,329	
State Retirement	18,315	
Life Insurance	246	
Medical Insurance	40,351	
Local Retirement	386	
Employer Medicare	4,754	
Other Contracted Services	10,306	
Instructional Supplies and Materials	51,472	
Other Charges	69	
Vocational Instruction Equipment	14,795	
Total Vocational Education Program		$ 508,806
Student Body Education Program		
Instructional Supplies and Materials	$ 5,386	
Other Supplies and Materials	3,807	
Total Student Body Education Program		9,193
Support Services		
Attendance		
Supervisor/Director	$ 51,859	
Career Ladder Program	1,000	
Social Security	3,199	
State Retirement	2,907	
Life Insurance	47	
Medical Insurance	2,948	
Employer Medicare	748	
Travel	1,650	
Other Contracted Services	1,044	
Other Supplies and Materials	215	
Total Attendance		65,617
Health Services		
Medical Personnel	$ 84,962	
Social Security	5,265	
State Retirement	4,673	

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)		
Support Services (Cont.)		
Health Services (Cont.)		
Life Insurance	$ 97	
Employer Medicare	1,231	
Communication	1,448	
Travel	6,346	
Other Contracted Services	463	
Drugs and Medical Supplies	10,122	
Other Supplies and Materials	6,760	
Health Equipment	3,807	
Total Health Services		$ 125,174
Other Student Support		
Career Ladder Program	$ 6,000	
Guidance Personnel	187,074	
Social Security	11,505	
State Retirement	10,619	
Life Insurance	197	
Medical Insurance	13,070	
Employer Medicare	2,691	
Contracts with Government Agencies	34,554	
Evaluation and Testing	16,260	
Travel	877	
Other Supplies and Materials	5,882	
Other Equipment	5,693	
Total Other Student Support		294,422
Regular Instruction Program		
Supervisor/Director	$ 64,627	
Career Ladder Program	9,250	
Career Ladder Extended Contracts	10,000	
Librarians	123,404	
Materials Supervisor	28,832	
Instructional Computer Personnel	95,035	
Secretary(s)	28,832	
Educational Assistants	28,832	
Other Salaries & Wages	26,131	
Social Security	24,245	
State Retirement	13,302	
Life Insurance	472	
Medical Insurance	62,947	

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)				
Support Services (Cont.)				
Regular Instruction Program (Cont.)				
Local Retirement	$	2,157		
Employer Medicare		5,670		
Communication		2,504		
Consultants		7,974		
Contracts with Other School Systems		18,411		
Travel		23,079		
Other Contracted Services		24,298		
Library Books/Media		77,032		
Other Supplies and Materials		19,164		
In Service/Staff Development		14,881		
Other Charges		5,082		
Other Equipment		37,300		
Total Regular Instruction Program			$	753,461
Special Education Program				
Supervisor/Director	$	67,600		
Career Ladder Program		3,000		
Career Ladder Extended Contracts		4,000		
Clerical Personnel		14,416		
Social Security		5,144		
State Retirement		4,103		
Life Insurance		74		
Medical Insurance		12,993		
Employer Medicare		1,203		
Communication		563		
Travel		3,868		
Other Contracted Services		1,461		
Other Charges		3,199		
Other Equipment		1,300		
Total Special Education Program				122,924
Vocational Education Program				
Clerical Personnel	$	14,416		
Social Security		787		
Life Insurance		25		
Medical Insurance		4,742		
Employer Medicare		184		
Communication		54		
Maintenance & Repair Services- Equipment		241		

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)				
Support Services (Cont.)				
Vocational Education Program (Cont.)				
Travel	$	11,038		
Other Contracted Services		115		
Other Supplies and Materials		15,616		
In Service/Staff Development		60		
Other Charges		560		
Other Equipment		8,398		
Total Vocational Education Program			$	56,236
Board of Education				
Secretary to Board	$	1,994		
Board and Committee Members Fees		22,600		
Social Security		1,525		
Employer Medicare		357		
Audit Services		9,416		
Dues and Memberships		9,940		
Legal Services		30,028		
Travel		5,152		
Other Contracted Services		8,748		
Liability Insurance		93,995		
Premiums on Corporate Surety Bonds		2,171		
Trustee's Commission		133,293		
Workers' Compensation Insurance		51,926		
In Service/Staff Development		2,129		
Criminal Investigation of Applicants - TBI		5,712		
Other Charges		9,148		
Total Board of Education				388,134
Director of Schools				
County Official/Administrative Officer	$	123,606		
Career Ladder Program		1,000		
Secretary(s)		28,833		
Social Security		7,379		
State Retirement		7,246		
Life Insurance		98		
Local Retirement		771		
Employer Medicare		2,326		
Other Fringe Benefits		7,149		
Communication		11,628		
Dues and Memberships		3,337		

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)		
Support Services (Cont.)		
Director of Schools (Cont.)		
Postal Charges	$ 8,830	
Travel	8,978	
Other Contracted Services	2,146	
Office Supplies	7,346	
Other Charges	8,247	
Total Director of Schools		$ 228,920
Office of the Principal		
Principals	$ 505,197	
Career Ladder Program	19,643	
Career Ladder Extended Contracts	20,000	
Assistant Principals	233,917	
Secretary(s)	169,985	
Other Salaries & Wages	4,829	
Social Security	55,831	
State Retirement	42,112	
Life Insurance	876	
Medical Insurance	112,697	
Local Retirement	3,278	
Employer Medicare	13,057	
Communication	12,476	
Maintenance & Repair Services- Equipment	2,212	
Travel	10,845	
Other Contracted Services	20,734	
Office Supplies	10,924	
Other Equipment	36,368	
Total Office of the Principal		1,274,981
Fiscal Services		
Accountants/Bookkeepers	$ 34,814	
Purchasing Personnel	46,771	
Clerical Personnel	29,392	
Other Salaries & Wages	29,392	
Social Security	8,340	
Life Insurance	197	
Medical Insurance	17,400	
Local Retirement	3,509	
Employer Medicare	1,951	
Dues and Memberships	385	

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)		
Support Services (Cont.)		
Fiscal Services (Cont.)		
Maintenance & Repair Services- Equipment	$ 3,053	
Travel	4,501	
Other Contracted Services	16,367	
Office Supplies	13,995	
Other Charges	11,952	
Administration Equipment	3,186	
Total Fiscal Services		$ 225,205
Operation of Plant		
Custodial Personnel	$ 434,489	
Other Salaries & Wages	865	
Social Security	24,601	
Life Insurance	1,152	
Medical Insurance	80,197	
Unemployment Compensation	654	
Local Retirement	5,640	
Employer Medicare	5,754	
Pest Control	8,645	
Disposal Fees	44,729	
Other Contracted Services	129,538	
Custodial Supplies	88,802	
Electricity	513,768	
Natural Gas	144,900	
Water and Sewer	30,934	
Other Supplies and Materials	1,165	
Building and Contents Insurance	197,905	
Plant Operation Equipment	13,637	
Total Operation of Plant		1,727,375
Maintenance of Plant		
Secretary(s)	$ 28,832	
Other Salaries & Wages	314,696	
Social Security	20,077	
Life Insurance	492	
Medical Insurance	47,221	
Local Retirement	6,356	
Employer Medicare	4,695	
Communication	4,364	
Maintenance & Repair Services- Buildings	279,798	

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)		
Support Services (Cont.)		
Maintenance of Plant (Cont.)		
Maintenance & Repair Services- Equipment	$ 11,800	
Other Contracted Services	104,751	
Equipment and Machinery Parts	13,984	
Gasoline	14,949	
Other Supplies and Materials	112,242	
Other Charges	466	
Maintenance Equipment	24,271	
Total Maintenance of Plant		$ 988,994
Operation of Non-Instructional Services		
Food Service		
Career Ladder Program	$ 1,000	
Social Security	62	
State Retirement	3,594	
Medical Insurance	3,438	
Employer Medicare	14	
Food Supplies	5,898	
Total Food Service		14,006
Community Services		
Supervisor/Director	$ 33,036	
Teachers	100,192	
Educational Assistants	41,476	
Other Salaries & Wages	130,844	
Social Security	19,304	
State Retirement	8,033	
Life Insurance	424	
Medical Insurance	21,313	
Local Retirement	1,770	
Employer Medicare	4,515	
Communication	2,579	
Maintenance & Repair Services- Equipment	385	
Travel	10,459	
Other Contracted Services	19,294	
Other Supplies and Materials	57,638	
Other Charges	4,591	
Other Equipment	9,959	
Total Community Services		465,812

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)			
Capital Outlay			
Regular Capital Outlay			
Architects	$ 15,874		
Building Construction	174,466		
Building Improvements	237,328		
Land	71,076		
Total Regular Capital Outlay		$ 498,744	
Principal			
Education			
Principal on Notes	$ 246		
Total Education		246	
Total General Purpose School Fund			$ 19,102,390
School Federal Projects Fund			
Instruction			
Regular Instruction Program			
Teachers	$ 249,500		
Educational Assistants	86,312		
Other Salaries & Wages	10,985		
Social Security	19,111		
State Retirement	14,033		
Life Insurance	541		
Medical Insurance	78,368		
Unemployment Compensation	448		
Local Retirement	886		
Employer Medicare	4,460		
Maintenance & Repair Services- Equipment	200		
Instructional Supplies and Materials	4,997		
Other Charges	1,328		
Total Regular Instruction Program		$ 471,169	
Special Education Program			
Teachers	$ 97,924		
Homebound Teachers	6,125		
Educational Assistants	210,850		
Other Salaries & Wages	800		
Certified Substitute Teachers	17,890		
Social Security	17,701		
State Retirement	5,786		

(Continued)

Exhibit L-9

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

School Federal Projects Fund (Cont.)		
Instruction (Cont.)		
Special Education Program (Cont.)		
Life Insurance	$ 728	
Medical Insurance	80,945	
Unemployment Compensation	633	
Local Retirement	2,843	
Employer Medicare	4,140	
Maintenance & Repair Services- Equipment	2,736	
Other Contracted Services	126,458	
Instructional Supplies and Materials	89,307	
Special Education Equipment	50,768	
Total Special Education Program		$ 715,634
Vocational Education Program		
Teachers	$ 16,485	
Social Security	1,028	
State Retirement	912	
Unemployment Compensation	28	
Employer Medicare	240	
Travel	3,174	
Instructional Supplies and Materials	9,049	
Vocational Instruction Equipment	19,428	
Total Vocational Education Program		50,344
Support Services		
Other Student Support		
Other Salaries & Wages	$ 7,857	
Social Security	487	
Employer Medicare	114	
Travel	3,458	
Other Contracted Services	10,275	
In Service/Staff Development	500	
Total Other Student Support		22,691
Regular Instruction Program		
Supervisor/Director	$ 38,496	
Other Salaries & Wages	700	
Social Security	2,218	
State Retirement	2,189	
Life Insurance	49	
Medical Insurance	7,714	

(Continued)

Exhibit L-9

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

School Federal Projects Fund (Cont.)			
Support Services (Cont.)			
Regular Instruction Program (Cont.)			
Unemployment Compensation	$ 33		
Employer Medicare	519		
Travel	649		
Other Contracted Services	2,654		
Library Books/Media	13,820		
Other Supplies and Materials	3,471		
In Service/Staff Development	33,774		
Other Charges	1,893		
Other Equipment	5,983		
Total Regular Instruction Program		$ 114,162	
Special Education Program			
Travel	$ 12,775		
In Service/Staff Development	17,722		
Total Special Education Program		30,497	
Vocational Education Program			
Travel	$ 763		
Total Vocational Education Program		763	
Total School Federal Projects Fund			$ 1,405,260
Central Cafeteria Fund			
Operation of Non-Instructional Services			
Food Service			
Supervisor/Director	$ 64,309		
Accountants/Bookkeepers	28,832		
Cafeteria Personnel	559,731		
Other Salaries & Wages	17,966		
Social Security	38,619		
Life Insurance	1,629		
Medical Insurance	94,436		
Unemployment Compensation	2,220		
Local Retirement	5,813		
Employer Medicare	9,032		
Communication	5,167		
Data Processing Services	25,702		
Dues and Memberships	192		
Printing, Stationery, and Forms	668		

(Continued)

Exhibit L-9

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

Central Cafeteria Fund (Cont.)			
Operation of Non-Instructional Services (Cont.)			
Food Service (Cont.)			
Transportation - Other than Students	$ 6,469		
Travel	5,148		
Disposal Fees	1,200		
Custodial Supplies	9,615		
Food Supplies	567,496		
Uniforms	460		
Other Supplies and Materials	47,544		
In Service/Staff Development	2,106		
Food Service Equipment	10,152		
Total Food Service		$ 1,504,506	
Total Central Cafeteria Fund			$ 1,504,506
School Transportation Fund			
Support Services			
Board of Education			
Trustee's Commission	$ 29,327		
Total Board of Education		$ 29,327	
Operation of Plant			
Electricity	$ 9,111		
Natural Gas	2,960		
Water and Sewer	2,121		
Total Operation of Plant		14,192	
Transportation			
Supervisor/Director	$ 46,771		
Mechanic(s)	152,515		
Bus Drivers	624,809		
Clerical Personnel	28,832		
Other Salaries & Wages	10,274		
Social Security	52,143		
Life Insurance	2,220		
Medical Insurance	52,631		
Unemployment Compensation	1,876		
Local Retirement	4,971		
Employer Medicare	12,210		
Communication	6,203		
Maintenance & Repair Services- Vehicles	26,184		

(Continued)

Exhibit L-9

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

School Transportation Fund (Cont.)			
Support Services (Cont.)			
Transportation (Cont.)			
Other Contracted Services	$ 34,468		
Food Supplies	401		
Gasoline	163,911		
Lubricants	6,811		
Tires and Tubes	16,119		
Vehicle Parts	99,000		
Other Supplies and Materials	43,016		
Vehicle and Equipment Insurance	32,365		
Other Charges	9,272		
Transportation Equipment	288,748		
Total Transportation		$ 1,715,750	
Total School Transportation Fund			$ 1,759,269
Total Governmental Funds - Dyer County School Department			$ 23,771,425

Exhibit L-10

Dyer County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balances - City Agency Funds
For the Year Ended June 30, 2005

	Cities - Sales Tax Fund	Cities - Property Tax Fund	City School ADA - Dyersburg Fund	Total
Cash Receipts				
Current Property Taxes	$ 0	$ 0	$ 2,906,717	$ 2,906,717
Trustee's Collections - Prior Years	0	225	151,994	152,219
Trustee's Collections - Bankruptcy	0	0	46,976	46,976
Circuit/Clerk and Master Collections - Prior Years	0	0	33,891	33,891
Interest and Penalty	0	51	21,389	21,440
Local Option Sales Tax	2,924,987	0	4,632,314	7,557,301
Wheel Tax	0	0	539,492	539,492
Interstate Telecommunications Tax	0	0	4,540	4,540
Marriage Licenses	0	0	1,516	1,516
Other Permits	0	0	353	353
Total Cash Receipts	$ 2,924,987	$ 276	$ 8,339,182	$ 11,264,445
Cash Disbursements				
Remittance of Revenues Collected	$ 2,895,737	$ 270	$ 8,213,427	$ 11,109,434
Trustee's Commission	29,250	6	115,158	144,414
Total Cash Disbursements	$ 2,924,987	$ 276	$ 8,328,585	$ 11,253,848
Excess of Cash Receipts Over (Under) Cash Disbursements	$ 0	$ 0	$ 10,597	$ 10,597
Cash Balance, July 1, 2004	0	0	106,386	106,386
Cash Balance, June 30, 2005	$ 0	$ 0	$ 116,983	$ 116,983

STATISTICAL SECTION

Table 1

Dyer County, Tennessee
Uncollected Taxes Filed in Chancery Court
For the Year Ended June 30, 2005

Year	Amount
1998	$ 340
1999	1,888
2000	1,589
2001	5,832
2002	74,599
2003	146,894
Total	$ 231,142

Table 2

Dyer County, Tennessee
Tax Rates and Assessments
Last Ten Years

Fund	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
General	$ 0.693	$ 0.640	$ 0.655	$ 0.568	$ 0.531	$ 0.531	$ 0.531	$ 0.545	$ 0.545	$ 0.545
Highway/Public Works	0.386	0.357	0.354	0.354	0.328	0.328	0.328	0.318	0.318	0.318
General Debt Service	0.216	0.200	0.198	0.198	0.208	0.208	0.358	0.347	0.347	0.347
General Purpose School	1.206	1.115	1.107	1.194	1.103	1.103	1.103	1.118	1.118	1.118
School Transportation	0.279	0.258	0.256	0.256	0.230	0.260	0.260	0.252	0.252	0.252
Total Tax Rate	$ 2.780	$ 2.570	$ 2.570	$ 2.570	2.400	$ 2.430	$ 2.580	$ 2.580	$ 2.580	$ 2.580
Assessed Valuation										
Real and Personal	$ 306,807,948	$ 349,146,512	$ 360,554,747	$ 366,560,301	$ 431,321,851	$ 438,759,651	$ 436,006,740	$ 460,068,429	$ 473,459,245	$ 484,738,065
Public Utilities	28,649,196	31,730,904	31,121,428	28,846,948	31,725,318	33,152,088	31,810,771	38,841,101	34,350,222	37,254,957
Total Assessed Valuation	$ 335,457,144	$ 380,877,416	$ 391,676,175	$ 395,407,249	463,047,169	$ 471,911,739	$ 467,817,511	$ 498,909,530	$ 507,809,467	$ 521,993,022

SINGLE AUDIT SECTION

STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
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

February 1, 2006

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

To the County Mayor and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Dyer County, Tennessee, as of and for the year ended June 30, 2005, which collectively comprise Dyer County's basic financial statements and have issued our report thereon dated February 1, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Dyer County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Dyer County's ability to record, process, summarize, and report financial data consistent with the assertions of

management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 05.01, 05.02, 05.06, 05.09, and 05.10.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Dyer County's statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying Schedule of Findings and Questioned Costs as items 05.03, 05.04, 05.05, 05.07, and 05.08.

We have also noted certain other matters that we reported to the management of Dyer County in separate communications.

This report is intended solely for the information and use of the Board of County Commissioners, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

John G. Morgan
Comptroller of the Treasury

JGM/rd

STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
PHONE (615) 401-7841

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

February 1, 2006

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited the compliance of Dyer County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2005. Dyer County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Dyer County's management. Our responsibility is to express an opinion on Dyer County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the auditing 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 Dyer County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Dyer County's compliance with those requirements.

In our opinion, Dyer County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

The management of Dyer County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Dyer County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Federal Awards

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Dyer County, Tennessee, as of and for the year ended June 30, 2005, and have issued our report thereon dated February 1, 2006. Our audit was performed for the purpose of forming opinions on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards and State Grants is presented for purposes of additional analysis, as required by OMB Circular A-133, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of County Commissioners, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

John G. Morgan

John G. Morgan
Comptroller of the Treasury

JGM/rd

OTHER AUDITOR' S 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

For the Dyer County Emergency Communications District

Members of the Board of the Emergency Communications
District of Dyer County
Dyersburg, Tennessee 38024

We have audited the financial statements of the Dyer County Emergency Communications District, as of and for the year ended June 30, 2005, and have issued our report thereon. 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 of material misstatement.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Dyer County Emergency Communications District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely effect Dyer County Emergency Communication District's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. Reportable conditions are described in the accompanying Schedule of Findings, Recommendations and Responses.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in the amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not disclose all matters in the internal control over financial reporting that might be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Dyer County Emergency Communications District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and

grants, 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 that are required to be reported under Government Auditing Standards which are described in the accompanying Schedule of Findings, Recommendations, and Responses.

This report is intended for the information of the audit committee, management, specified legislative or regulatory bodies, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

DYER COUNTY EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF FINDINGS, RECOMMENDATIONS, AND RESPONSES
June 30, 2005

Prior-Year Findings Not Implemented

Finding
Due to practical limitations in the size of the district, adequate segregation of duties is not present in the district's internal control structure. However, during the year, the board took an active interest in the financial transactions of the organization by reviewing detailed transactions on a regular basis.

Recommendation
Management and the board need to continue their efforts in complying with the control procedures that are in place to ensure that transactions are properly documented and approved. The board should continue to take an active interest in the financial transactions of the organization by reviewing detailed transactions on a regular basis.

Management's Response
We concur.

Finding
The district failed to comply with the state reporting requirements by not filing the audit report within six months after the close of the year.

Recommendation
We recommend that the district more closely monitor the state filing requirements and ensure timely filing.

Management's Response
The district will endeavor to keep filing requirements within the prescribed time and will be able to supply our auditors with our financial records on a timelier basis since our contract bookkeeper will have been with us the full year.

Finding
The district failed to comply with certain budget line items as noted in the budgetary comparison schedule.

Recommendation
We recommend that the district more closely monitor the budget and adopt budget amendments if necessary.

Management's Response
The district will continue to make efforts to amend the budget on a more timely basis.

Current Year Findings
No current year findings to report.

Dyer County, Tennessee
Schedule of Expenditures and Federal Awards and State Grants (1)
For the Year Ended June 30, 2005

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures	
U.S. Department of Agriculture:				
Passed-through State Department of Agriculture:				
Food Donation (Noncash Assistance)	10.550	(2)	$ 87,034	
Cooperative Forestry Assistance	10.664	Z-04-015244-00	4,467	
Passed-through State Department of Education:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	N/A	207,631	
National School Lunch Program	10.555	N/A	610,139	
Passed-through State Department of Human Services:				
Summer Food Service Program for Children	10.559	DA0400069	29,019	(3)
Summer Food Service Program for Children	10.559	DA0500086	27,297	(3)
Passed-through State Department of Health:				
Commodity Supplemental Food Program	10.565	GG041038700	19,488	(4)
Commodity Supplemental Food Program	10.565	GG051140100	35,142	(4)
Total U.S. Department of Agriculture			$ 1,020,217	
U. S. Department of Housing and Urban Development:				
Passed-through State Department of Economic and Community Development:				
Community Development Block Grants - State's Program	14.228	GG-04-10941-00	$ 344,091	
Total U. S. Department of Housing and Urban Development			$ 344,091	
U.S. Department of Justice:				
Passed-through State Commission on Children and Youth:				
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	Z-05-020372-00	$ 9,000	
Passed-through State Office of Criminal Justice Programs:				
Bulletproof Vest Partnership Program	16.607	(2)	6,591	
Total U. S. Department of Justice			$ 15,591	
U. S. Department of Education:				
Passed through the State Department of Education:				
Title I Grants to Local Educational Agencies	84.010	N/A	$ 445,798	
Special Education Cluster:				
Special Education - Grants to States	84.027	N/A	769,048	
Special Education - Preschool Grants	84.173	N/A	35,470	
Vocational Education - Basic Grants to States	84.048	N/A	77,612	
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	16,658	
Twenty-First Century Community Learning Centers	84.287	(2)	3,007	(5)
Twenty-First Century Community Learning Centers	84.287	192-05-1-035	120,000	(5)
State Grants for Innovative Programs	84.298	N/A	57,413	
Education Technology State Grants	84.318	(2)	11,057	
Improving Teacher Quality State Grant	84.367	N/A	74,931	
Total U.S. Department of Education			$ 1,610,994	

Dyer County, Tennessee
Schedule of Expenditures and Federal Awards and State Grants (1) (Cont.)

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures	
U.S. Department of Health and Human Services:				
Passed-through Northwest Tennessee Development Area on Aging:				
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	(2)	$ 91,091	
Passed-through Methodist LeBonheur Healthcare Community Outreach:				
Rural Health Care Services Outreach and Rural Health Network Development Program	93.912	GR-05-1670401	12,439	
Passed-through State Department of Health:				
Block Grants for Prevention and Treatment of Substance Abuse	93.959	Z-05-020780-00	75,683	
Total U.S. Department of Health and Human Services			$ 179,213	
U.S. Corporation for National and Community Services:				
Direct Programs:				
Retired and Senior Volunteer Program	94.002	N/A	$ 57,027	
Total U.S. Corporation for National and Community Services:			$ 57,027	
U. S. Department of Homeland Security:				
Passed-through State Department of Military:				
State Domestic Preparedness Equipment Support Program	97.004	Z-03-017744-00	$ 15,275	(6)
State Domestic Preparedness Equipment Support Program	97.004	Z-04-020089-00	63,756	(6)
State Domestic Preparedness Equipment Support Program	97.004	Z-04-022437-00	203,095	(6)
Emergency Management Performance Grants	97.042	Z-04-020253-00	3,356	(7)
Emergency Management Performance Grants	97.042	Z-05-025407-00	11,592	(7)
Total U. S. Department of Homeland Security			$ 297,074	
Total Expenditures of Federal Awards			$ 3,524,207	
State Grants:				
Reappraisal Program - Comptroller of the Treasury	N/A	(2)	$ 12,581	
Litter Program - State Department of Transportation	N/A	GG-0411109	36,507	
Litter Program - State Department of Transportation	N/A	Z-05-021492-00	35,284	
Waste Tire Grant - State Department of Environment and Conservati	N/A	Z-03-011312-01	21,516	
Total State Grants			$ 105,888	

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 Summer Food Service Program (CFDA No. 10.559) from the U.S. Department of Agriculture was $56,316.
(4) Total Commodity Supplemental Food Program (CFDA No. 10.565) from the U.S. Department of Agriculture was $54,630.
(5) Total Twenty-First Century Community Learning Centers Program (CFDA No. 84.287) from the U.S. Department of Education was $123,007.
(6) Total State Domestic Preparedness Equipment Support Program (CFDA No. 97.004) from the U.S. Department of Homeland Security was $282,126.
(7) Total Emergency Management Performance Grants (CFDA No. 97.042) from the U.S. Department of Homeland Security was $14,948.

Dyer County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2005

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 Dyer County, Tennessee, for the year ended June 30, 2004, which have not been corrected.

OFFICE OF ROAD SUPERVISOR

Finding Number	Page Number	Subject
04.05	170	Competitive bids were not solicited for some applicable purchases

OTHER FINDINGS AND RECOMMENDATIONS

Finding Number	Page Number	Subject
04.06	170	A central system of accounting, budgeting, and purchasing had not been adopted
04.07	171	Duties were not segregated adequately in the Offices of Circuit and General Sessions Courts Clerk and Sheriff

DYER COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2005

PART I, SUMMARY OF AUDITOR'S RESULTS

1. An unqualified opinion was issued on the financial statements of Dyer County.

2. The audit of the financial statements of Dyer County disclosed reportable conditions in internal control. None of these conditions was considered to be a material weakness.

3. The audit disclosed no instances of noncompliance which are material to the financial statements of Dyer County.

4. The audit disclosed no reportable conditions in internal control over major programs.

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

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

7. The Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555), Community Development Block Grants – State's Program (CFDA No. 14.228), and the Special Education Cluster: the Special Education – Grants to States and the Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173) were determined to be major programs.

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

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

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The written responses of the county mayor and trustee are paraphrased in this report. Other officials offered oral responses to certain findings and recommendations; however, these oral responses have not been included in this report.

OFFICE OF COUNTY MAYOR

FINDING 05.01 **THE COURTHOUSE CUSTODIAL SERVICES CONTRACT HAS NOT BEEN BID SINCE JULY 1, 2002**
(Internal Control – Reportable Condition Under Government Auditing Standards)

Dyer County contracted for courthouse cleaning services effective July 1, 2002, for $50,228 per year. This contract has been automatically renewed each year and has no expiration date. Good business practice would dictate that contracts have expiration dates and periodically be bid to ensure that the county obtains the most competitive price available.

RECOMMENDATION

Service contracts should have expiration dates and should be competitively bid on a periodic basis.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

This service was bid at the time the contract was let, which was during the prior administration. This particular contract is effective for 52 service weeks, and renewal will be automatic for another 52 consecutive service weeks unless either party gives the other written notice of termination at least 60 days before the end of the current contract term by certified mail. Also, the terms of this agreement shall apply to all price increases or additions in serviced areas and related services.

REBUTTAL

Since bids have not been taken for custodial services in several years, it would be prudent to solicit bids for the period beginning with the next anniversary date.

FINDING 05.02 **DOLLAR AMOUNTS WERE NOT LISTED ON SOME PURCHASE ORDERS**
(Internal Control – Reportable Condition Under Government Auditing Standards)

Our examination of purchase orders disclosed that dollar amounts of purchases were not listed on some purchase orders. The dollar amounts of items on purchase orders are necessary to quantify purchasing commitments.

RECOMMENDATION

The office should improve purchasing procedures by including the dollar amounts on purchase orders when purchase orders are issued.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

It is our office's practice to issue purchase orders for each purchase; however, office holders have been reminded in regard to procedures.

FINDING 05.03 **DYER COUNTY DID NOT REPORT TO THE INTERNAL REVENUE SERVICE FRINGE BENEFITS PROVIDED TO THE COUNTY MAYOR**
(Noncompliance Under Government Auditing Standards)

Dyer County did not report to the Internal Revenue Service (IRS) fringe benefits provided to the county mayor. These fringe benefits were a monthly travel allowance of $500. IRS regulations require an employer to report fringe benefits provided to an employee as income on the employee's Form W-2.

RECOMMENDATION

Fringe benefits provided to the county mayor should be reported on the mayor's Form W-2 in compliance with IRS regulations.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

The County Mayor's Office had knowledge that it was necessary to report these benefits only when there was not adequate documentation to cover these benefits, at which time the county would be expected to report any differences between the amount documented and the benefit received by the employee.

REBUTTAL

IRS regulations require that an employer must report the value of any fringe benefits provided to an employee as part of the employee's pay. The value of the fringe benefit provided to the county mayor was $6,000.

OFFICE OF ROAD SUPERVISOR

FINDING 05.04 **EXPENDITURES EXCEEDED APPROPRIATIONS**
(Noncompliance Under Government Auditing Standards)

Highway/Public Works Fund expenditures exceeded appropriations approved by the County Commission in the Capital Outlay major appropriation category (the legal level of control) by $99,962.

Section 5-9-401, Tennessee Code Annotated, states that "All funds … including, but not limited to … taxes, county aid funds, federal funds, and fines, which are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices, and agencies of county government shall be appropriated to such use by the county legislative bodies."

RECOMMENDATION

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

FINDING 05.05 **COMPETITIVE BIDS WERE NOT SOLICITED FOR SOME APPLICABLE PURCHASES**
(Noncompliance Under Government Auditing Standards)

The office did not solicit competitive bids for rock ($161,941). Also, bids were solicited for the purchase of one tandem dump truck; however, four tandem dump trucks ($344,880) were ultimately purchased at the per unit bid price offered. Bid solicitations should include the estimated number of units to be purchased to ensure any applicable volume discounts would be included in the bid. Highway Department purchases are governed by the Uniform Road Law, Section 54-7-113, Tennessee Code Annotated, that requires competitive bids be solicited through public advertisement for all purchases exceeding $10,000.

RECOMMENDATION

The office should solicit competitive bids for purchases exceeding $10,000 as required by state statute. Bid solicitations should include an estimated number of units to be purchased.

FINDING 05.06 **DOLLAR AMOUNTS WERE NOT LISTED ON SOME PURCHASE ORDERS WHEN ISSUED**
(Internal Control – Reportable Condition Under Government Auditing Standards)

Our examination of purchase orders disclosed that dollar amounts of purchases were not listed on some purchase orders until after the purchases were made and the invoices were received. The dollar amounts of items on purchase orders at the time of issuance are necessary to quantify purchasing commitments.

RECOMMENDATION

The office should improve purchasing procedures by including dollar amounts on purchase orders when purchase orders are issued.

FINDING 05.07 **THE ECONOMIC BENEFIT DERIVED FROM THE USE OF EMPLOYER PROVIDED VEHICLES WAS NOT CALCULATED AND REPORTED ON FEDERAL W-2 FORMS**
(Noncompliance Under Government Auditing Standards)

The Road Supervisor and one Highway Department employee used department vehicles to commute to and from work. The economic benefit derived by these two employees from using department vehicles to commute to and from work was not calculated and reported to the federal government on their Forms W-2 as required by IRS regulations.

RECOMMENDATION

The personal benefit received by these employees from using county vehicles to commute to and from work should be calculated and included on their Forms W-2 as required by IRS regulations.

OFFICE OF TRUSTEE

FINDING 05.08 **SOME COUNTY FUNDS WERE NOT INVESTED IN ACCORDANCE WITH STATE STATUTE**
(Noncompliance Under Government Auditing Standards)

The trustee had investments totaling $2,728,805 in Federal Home Loan Mortgage Corporation (Freddie Mac) securities at June 30, 2005. These investments are not an investment type permitted by Section 5-8-301, Tennessee Code Annotated. This statute provides specific types of instruments whereby county funds can be invested. Freddie Mac is a government sponsored enterprise but is not listed in the state statute.

RECOMMENDATION

The trustee should ensure that all county funds are invested in accordance with state statute.

MANAGEMENT'S RESPONSE – TRUSTEE

I concur. Freddie Mac's are excellent investments and we thought they were permissible investments under state statute since they are a U.S. Government sponsored enterprise. We know now that they are not. It is my understanding that efforts are under way to amend state statute to make Freddie Mac's permissible investments for counties under state statute. We will take steps to ensure that all future investments are in strict compliance with state statute.

OTHER FINDINGS AND RECOMMENDATIONS

FINDING 05.09 **A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING HAD NOT BEEN ADOPTED**
(Internal Control – Reportable Condition Under Government Auditing Standards)

County officials had not adopted a central system of accounting, budgeting, and purchasing. Establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes.

RECOMMENDATION

County officials should consider adopting the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

At this time the Dyer County Commission does not wish to change to a central system of accounting, budgeting, and purchasing. However, Dyer County has established the Office of Finance Director.

FINDING 05.10 **DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK AND SHERIFF**

(Internal Control – Reportable Condition Under Government Auditing Standards)

Duties were not segregated adequately among the officials and employees in the Offices of Circuit and General Sessions Courts Clerk and Sheriff. Employees responsible for maintaining the accounting records in each of these offices were also involved in receipting, preparing bank deposits, depositing funds, preparing daily reconciliations of cash receipts, and/or reconciling monthly bank statements. We realize that due to limited resources and personnel, management may not be able to properly segregate duties among employees. However, our professional standards require that we bring this matter to the reader's attention in this report.

PART III, FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings and questioned costs for federal awards.

DYER COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2005

There were no audit findings relative to federal awards presented in the prior audit's Schedule of Findings and Questioned Costs or the current year's Schedule of Findings and Questioned Costs.