

ANNUAL FINANCIAL REPORT
DYER COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2006

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

ANNUAL FINANCIAL REPORT
DYER COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2006

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This financial report is available at www.comptroller.state.tn.us

DYER COUNTY, TENNESSEE

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Audit Highlights

Annual Financial Report
Dyer County, Tennessee
For the Year Ended June 30, 2006

Scope

We have audited the basic financial statements of Dyer County as of and for the year ended June 30, 2006.

Results

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

Our audit resulted in eight findings and recommendations, which we have reviewed with Dyer County management. Detailed findings and recommendations 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 since July 1, 2002.
-

OFFICE OF ROAD SUPERVISOR

- ◆ A list of county roads was not submitted to the County Commission for approval as required by state statute.
 - ◆ The economic benefit derived from the use of employer provided vehicles was not calculated and reported to the Internal Revenue Service.
-

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

- ◆ The office did not implement adequate controls to protect its information resources against unauthorized access, modification, destruction, or disclosure.
 - ◆ The office had deficiencies in computer system backup procedures.
-

OFFICE OF SHERIFF

- ◆ In some instances, collections were not deposited to the office bank account within three days of collection as required by 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, 2006

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
Bill Cloar
John Flatt
Darrell Gibson
Debbie Bradshaw Hart
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 Hart, Chairman
Richard Hill
David Agee
Bill Cloar
Terry McCreight
Harold Sartin

Board of Education

Bruce Kerr, Chairman
Ross Maldonado, 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 28, 2007

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, 2006, 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 2.81 percent and 1.26 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, 2006, 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 28, 2007, 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 adopted the provisions of Governmental Accounting Standards Board (GASB) Statement 42, Accounting and Financial Reporting for Impairment of Capital Assets and Insurance Recoveries.

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 67 through 71 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), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service 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 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Very truly yours,

A handwritten signature in cursive script that reads "John G. Morgan". The signature is written in black ink and includes a long horizontal flourish at the end.

John G. Morgan
Comptroller of the Treasury

JGM/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

Dyer County, Tennessee
Statement of Net Assets
June 30, 2006

	Primary Government Governmental Activities	Component Units	
		Dyer County School Department	Emergency Communications District
<u>ASSETS</u>			
Cash	\$ 1,080	\$ 0	\$ 627,766
Equity in Pooled Cash and Investments	26,312,515	3,501,223	0
Accounts Receivable	54,391	3,536	26,114
Due from Other Governments	911,008	712,734	0
Property Taxes Receivable	6,715,194	4,448,813	0
Allowance for Uncollectible Property Taxes	(111,373)	(73,784)	0
Prepaid Items	0	0	1,294
Accrued Interest Receivable	131,646	15,986	2,297
Note Receivable - Long-term	3,236,678	0	0
Deferred Charges - Debt Issuance Cost	124,916	0	0
Capital Assets:			
Assets Not Depreciated:			
Land	973,780	703,268	0
Construction in Progress	97,228	0	0
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	8,779,983	29,907,864	0
Infrastructure	2,855,902	0	0
Other Capital Assets	2,872,240	2,207,881	543,984
Total Assets	<u>\$ 52,955,188</u>	<u>\$ 41,427,521</u>	<u>\$ 1,201,455</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 45,182	\$ 79,031	\$ 14,817
Accrued Payroll	0	5,464	0
Payroll Deductions Payable	0	552,050	0
Contracts Payable	381,602	0	0
Accrued Interest Payable	206,673	0	0
Deferred Revenue - Current Property Taxes	6,376,061	4,224,138	0
Noncurrent Liabilities:			
Due Within One Year	1,695,477	16,425	0
Due in More Than One Year (net of deferred amount on refunding and unamortized discount on debt)	40,247,201	65,701	0
Total Liabilities	<u>\$ 48,952,196</u>	<u>\$ 4,942,809</u>	<u>\$ 14,817</u>

(Continued)

Exhibit A

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

	Primary Governmental Activities	Component Units	
		Dyer County School Department	Emergency Communications District
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	\$ 6,046,142	\$ 0	\$ 0
Invested in Capital Assets	0	32,819,013	543,984
Restricted for:			
Long-term Note Receivable	3,236,678	0	0
Highway/Public Works	2,696,892	0	0
Workers' Compensation	605,834	0	0
Capital Project	1,699,272	0	0
Debt Service	4,753,968	0	0
Other Purposes	184,415	0	0
Driver Education	0	50,733	0
Career Ladder - Extended Contract	0	22,178	0
Career Ladder Program	0	4,518	0
Other State Education	0	10,723	0
Title I Grants to Local Education Agencies	0	28,451	0
Special Education - Grants to States	0	21,987	0
Other Federal Reserves	0	27,611	0
Central Cafeteria	0	372,428	0
School Transportation	0	731,418	0
Unrestricted	<u>(15,220,209)</u>	<u>2,395,652</u>	<u>642,654</u>
Total Net Assets	<u>\$ 4,002,992</u>	<u>\$ 36,484,712</u>	<u>\$ 1,186,638</u>

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, 2006

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets							
	Expenses	Program Revenues			Primary Government	Component Units		
		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	\$ 695,062	\$ 338,343	\$ 16,380	\$ 0	\$ (340,339)	\$ 0	\$ 0	0
Finance	1,084,565	861,462	12,661	0	(210,442)	0	0	0
Administration of Justice	1,193,699	790,933	9,000	0	(393,766)	0	0	0
Public Safety	3,767,882	1,329,705	43,337	230,228	(2,164,612)	0	0	0
Public Health and Welfare	831,773	58,830	123,638	1,000,000	350,695	0	0	0
Social, Cultural, and Recreational Services	594,211	39,462	252,246	0	(302,503)	0	0	0
Agriculture and Natural Resources	178,898	5,541	0	0	(173,357)	0	0	0
Other Operations	265,587	0	0	111,650	(153,937)	0	0	0
Highways/Public Works	2,820,763	1,296	2,008,202	392,506	(418,759)	0	0	0
Education	74,872	126,700	0	0	51,828	0	0	0
Interest on Long-term Debt	1,756,812	0	0	0	(1,756,812)	0	0	0
Other Debt Service	73,855	0	0	0	(73,855)	0	0	0
Total Primary Government	\$ 13,337,979	\$ 3,552,272	\$ 2,465,464	\$ 1,734,384	\$ (5,585,859)	\$ 0	\$ 0	0
Component Units:								
Dyer County School Department	\$ 25,132,522	\$ 727,480	\$ 3,363,837	\$ 0	\$ 0	\$ (21,041,205)	\$ 0	0
Emergency Communications District	214,207	249,317	56,393	0	0	0	0	91,503
Total Component Units	\$ 25,346,729	\$ 976,797	\$ 3,420,230	\$ 0	\$ 0	\$ (21,041,205)	\$ 0	91,503

(Continued)

Exhibit B

Dyer County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Units	
					Total Governmental Activities	Dyer County School Department	Emergency Communications District
General Revenues:							
Property Taxes Levied for General Purposes					\$ 4,621,021	\$ 4,294,979	\$ 0
Property Taxes Levied for Debt Service					1,858,047	0	0
Local Option Sales Tax					66,346	2,762,376	0
Other Local Taxes					685,150	904,909	0
Grants and Contributions Not Restricted for Specific Programs					1,543,846	12,419,779	0
Interest Income					882,444	180,513	10,445
Miscellaneous					51,889	71,152	0
Gain on Disposal of Capital Assets					812,660	0	0
Total General Revenues					<u>\$ 10,521,403</u>	<u>\$ 20,633,708</u>	<u>\$ 10,445</u>
Change in Net Assets					\$ 4,935,544	\$ (407,497)	\$ 101,948
Net Assets, July 1, 2005					(1,198,176)	36,892,209	1,084,690
Prior Period Adjustment					265,624	0	0
Net Assets, June 30, 2006					<u>\$ 4,002,992</u>	<u>\$ 36,484,712</u>	<u>\$ 1,186,638</u>

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, 2006

	Major Funds					Nonmajor	Total
	General	Special Purpose	Highway / Public Works	General Debt Service	Other Capital Projects	Other Governmental Funds	
ASSETS							
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,080	\$ 1,080
Equity in Pooled Cash and Investments	1,832,438	15,253,825	2,305,593	4,407,351	1,796,000	111,474	25,706,681
Accounts Receivable	52,168	0	824	899	0	500	54,391
Due from Other Governments	238,029	0	654,186	12,459	0	6,334	911,008
Due from Other Funds	1,080	0	0	0	0	0	1,080
Property Taxes Receivable	3,024,612	0	1,764,819	1,925,763	0	0	6,715,194
Allowance for Uncollectible Property Taxes	(50,164)	0	(29,270)	(31,939)	0	0	(111,373)
Accrued Interest Receivable	1,651	0	0	129,995	0	0	131,646
Note Receivable - Long-term	0	3,236,678	0	0	0	0	3,236,678
Total Assets	\$ 5,099,814	\$ 18,490,503	\$ 4,696,152	\$ 6,444,528	\$ 1,796,000	\$ 119,388	\$ 36,646,385
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts Payable	\$ 9,454	\$ 0	\$ 0	\$ 0	\$ 35,728	\$ 0	\$ 45,182
Contracts Payable	0	0	320,602	0	61,000	0	381,602
Due to Other Funds	0	0	0	0	0	1,080	1,080
Deferred Revenue - Current Property Taxes	2,871,862	0	1,675,692	1,828,507	0	0	6,376,061
Deferred Revenue - Delinquent Property Taxes	83,684	0	48,828	53,282	0	0	185,794
Other Deferred Revenues	53,976	0	242,712	6,505	1,000,000	0	1,303,193
Total Liabilities	\$ 3,018,976	\$ 0	\$ 2,287,834	\$ 1,888,294	\$ 1,096,728	\$ 1,080	\$ 8,292,912
Fund Balances							
Reserved for Encumbrances	\$ 0	\$ 0	\$ 0	\$ 0	\$ 74,000	\$ 0	\$ 74,000
Reserved for Alcohol and Drug Treatment	31,422	0	0	0	0	0	31,422
Reserved for Sexual Offender Registration	680	0	0	0	0	0	680
Reserved for Courtroom Security	900	0	0	0	0	0	900
Reserved for Automation Purposes - General Sessions Court	33,324	0	0	0	0	0	33,324
Reserved for Long-term Note Receivable	0	3,236,678	0	0	0	0	3,236,678

(Continued)

Exhibit C-1

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

LIABILITIES AND FUND BALANCES (Cont.)

Fund Balances (Cont.)

Unreserved, Reported In:

	Major Funds					Nonmajor Funds	Total
	General	Special Purpose	Highway / Public Works	General Debt Service	Other Capital Projects	Other Govern- mental Funds	Govern- mental Funds
General Fund	\$ 2,014,512	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,014,512
Special Revenue Funds	0	15,253,825	2,408,318	0	0	118,308	17,780,451
Debt Service Fund	0	0	0	4,556,234	0	0	4,556,234
Capital Projects Fund	0	0	0	0	625,272	0	625,272
Total Fund Balances	\$ 2,080,838	\$ 18,490,503	\$ 2,408,318	\$ 4,556,234	\$ 699,272	\$ 118,308	\$ 28,353,473
Total Liabilities and Fund Balances	\$ 5,099,814	\$ 18,490,503	\$ 4,696,152	\$ 6,444,528	\$ 1,796,000	\$ 119,388	\$ 36,646,385

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, 2006

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)		\$ 28,353,473
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 973,780	
Add: construction in progress	97,228	
Add: buildings and improvements net of accumulated depreciation	8,779,983	
Add: infrastructure net of accumulated depreciation	2,855,902	
Add: other capital assets net of accumulated depreciation	<u>2,872,240</u>	15,579,133
(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.		605,834
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		1,488,987
(4) Long-term liabilities are not due in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	\$ (2,448,752)	
Less: capital leases payable	(753,181)	
Less: other loans payable	(30,515,000)	
Less: bonds payable	(8,610,000)	
Add: deferred amount on unamortized debt discount	49,026	
Add: deferred amount on refunding	335,229	
Add: deferred charges - debt issuance costs	124,916	
Less: accrued interest on notes, capital leases, and bonds	<u>(206,673)</u>	<u>(42,024,435)</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 4,002,992</u>

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

Exhibit C-3

Dyer County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2006

	Major Funds					Nonmajor Funds	Total Governmental Funds
	General	Special Purpose	Highway / Public Works	General Debt Service	Other Capital Projects	Other Govern- mental Funds	
<u>Revenues</u>							
Local Taxes	\$ 4,952,009	\$ 0	\$ 1,710,212	\$ 1,989,452	\$ 0	\$ 2,603	\$ 8,654,276
Licenses and Permits	150,952	0	0	0	0	0	150,952
Fines, Forfeitures, and Penalties	120,605	0	0	0	0	26,971	147,576
Charges for Current Services	56,863	0	0	0	0	700	57,563
Other Local Revenues	204,402	0	109,872	698,809	0	5,456	1,018,539
Fees Received from County Officials	1,675,001	0	0	0	0	0	1,675,001
State of Tennessee	1,741,024	0	2,319,093	0	0	28,274	4,088,391
Federal Government	365,424	0	0	0	0	111,650	477,074
Other Governments and Citizens Groups	34,260	0	0	0	0	0	34,260
Total Revenues	\$ 9,300,540	\$ 0	\$ 4,139,177	\$ 2,688,261	\$ 0	\$ 175,654	\$ 16,303,632
<u>Expenditures</u>							
Current:							
General Government	\$ 1,509,032	\$ 0	\$ 0	\$ 0	\$ 0	\$ 101	\$ 1,509,133
Finance	1,032,355	0	0	0	0	0	1,032,355
Administration of Justice	1,168,796	0	0	0	0	6,247	1,175,043
Public Safety	3,867,409	0	0	0	0	9,957	3,877,366
Public Health and Welfare	460,721	0	0	0	0	96,411	557,132
Social, Cultural, and Recreational Services	562,416	0	0	0	0	0	562,416
Agricultural and Natural Resources	178,223	0	0	0	0	0	178,223
Other Operations	152,317	0	0	0	0	0	152,317
Highways	0	0	4,385,945	0	0	0	4,385,945
Debt Service:							
Principal on Debt	87,283	0	463,233	1,330,000	0	9,578	1,890,094
Interest on Debt	3,037	0	24,743	1,727,845	0	700	1,756,325
Other Debt Service	0	0	0	73,855	0	0	73,855
Capital Projects	0	0	0	0	97,228	113,270	210,498
Total Expenditures	\$ 9,021,589	\$ 0	\$ 4,873,921	\$ 3,131,700	\$ 97,228	\$ 236,264	\$ 17,360,702
Excess (Deficiency) of Revenues Over Expenditures	\$ 278,951	\$ 0	\$ (734,744)	\$ (443,439)	\$ (97,228)	\$ (60,610)	\$ (1,057,070)
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 366,598	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 366,598
Capital Leases Issued	0	0	378,496	0	0	0	378,496

(Continued)

Exhibit C-3

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

	Major Funds					Nonmajor Funds	Total Governmental Funds
	General	Special Purpose	Highway / Public Works	General Debt Service	Other Capital Projects	Other Govern- mental Funds	
<u>Other Financing Sources (Uses) (Cont.)</u>							
Proceeds from Sale of Capital Assets	\$ 0	\$ 0	\$ 349,552	\$ 0	\$ 796,500	\$ 0	\$ 1,146,052
Insurance Recovery	51,616	0	0	0	0	0	51,616
Transfers In	0	0	0	0	0	67,533	67,533
Transfers Out	(67,533)	0	0	0	0	0	(67,533)
Total Other Financing Sources (Uses)	\$ 350,681	\$ 0	\$ 728,048	\$ 0	\$ 796,500	\$ 67,533	\$ 1,942,762
Net Change in Fund Balances	\$ 629,632	\$ 0	\$ (6,696)	\$ (443,439)	\$ 699,272	\$ 6,923	\$ 885,692
Fund Balance, July 1, 2005	1,451,206	18,490,503	2,415,014	4,999,673	0	111,385	27,467,781
Fund Balance, June 30, 2006	\$ 2,080,838	\$ 18,490,503	\$ 2,408,318	\$ 4,556,234	\$ 699,272	\$ 118,308	\$ 28,353,473

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

Exhibit C-4

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, 2006

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ 885,692
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 3,049,243	
Less: current year depreciation expense	<u>(784,524)</u>	2,264,719
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is itemized as follows:		
Add: gain on disposal of capital assets	\$ 812,660	
Less: proceeds received from disposal of capital assets	<u>(1,147,802)</u>	(335,142)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2006	\$ 1,488,987	
Less: deferred delinquent property taxes and other deferred June 30, 2005	<u>(458,456)</u>	1,030,531
(4) The issuance of long-term debt (e.g. notes, capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Less: note proceeds	\$ (366,598)	
Less: capital lease proceeds	(378,496)	
Less: change in deferred debt issuance costs	(8,987)	
Less: discount on debt issuances	(3,527)	
Less: deferred amount on refunding	(2,524)	
Add: principal payments on notes	1,100,427	
Add: principal payments on capital leases	494,667	
Add: principal payments on other loans	165,000	
Add: principal payments on bonds	<u>130,000</u>	1,129,962
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Change in accrued interest payable		14,551
(6) Internal service funds are used by management to charge the costs of workers' benefits to individual funds. The net revenue (expense) of certain activities of the internal service fund is reported with governmental activities in the statement of activities.		<u>(54,769)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 4,935,544</u>

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

Exhibit D-1

Dyer County, Tennessee
Statement of Net Assets
Proprietary Fund
June 30, 2006

	<u>Governmental Activities - Internal Service Fund Workers' Compensation</u>
<u>ASSETS</u>	
Equity in Pooled Cash and Investments	<u>\$ 605,834</u>
Total Assets	<u>\$ 605,834</u>
<u>NET ASSETS</u>	
Unrestricted	<u>\$ 605,834</u>
Total Net Assets	<u><u>\$ 605,834</u></u>

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

Exhibit D-2

Dyer County, Tennessee
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Fund
For the Year Ended June 30, 2006

	Governmental Activities - Internal Service Fund
	<u>Workers'</u> <u>Compensation</u>
<u>Operating Revenues</u>	
Self-Insurance Premiums	\$ 134,099
Total Operating Revenues	<u>\$ 134,099</u>
<u>Operating Expenses</u>	
Workers' Compensation Insurance	\$ 127,658
Other Self-Insured Claims	60,949
Drugs	261
Total Operating Expenses	<u>\$ 188,868</u>
Operating Loss	<u>\$ (54,769)</u>
Change in Net Assets	\$ (54,769)
Net Assets, July 1, 2005	<u>660,603</u>
Net Assets, June 30, 2006	<u><u>\$ 605,834</u></u>

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

Exhibit D-3

Dyer County, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2006

	Governmental Activities - Internal Service Fund
	<u>Workers'</u> <u>Compensation</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from self-insurance premiums	\$ 164,746
Payments for claims	(61,210)
Payments for workers' compensation insurance	(127,658)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (24,122)</u>
Net Increase (Decrease) In Cash	\$ (24,122)
Cash, July 1, 2005	<u>629,956</u>
Cash, June 30, 2006	<u><u>\$ 605,834</u></u>
<u>Reconciliation of Operating Income (Loss)</u>	
<u>To Net Cash Provided by Operating Activities</u>	
Operating Income (Loss)	\$ (54,769)
Adjustments to reconcile net operating loss to net cash used in operating activities:	
Change in assets:	
(Increase) Decrease in Receivables	18,924
(Increase) Decrease in Due from Other Funds	11,723
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ (24,122)</u></u>

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

Exhibit E

Dyer County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2006

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 3,383,729
Equity in Pooled Cash and Investments	392,138
Accounts Receivable	1,473
Due from Other Governments	1,371,211
Property Taxes Receivable	3,154,341
Allowance for Uncollectible Property Taxes	<u>(52,316)</u>
Total Assets	<u>\$ 8,250,576</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 4,866,847
Due to Litigants, Heirs, and Others	<u>3,383,729</u>
Total Liabilities	<u>\$ 8,250,576</u>

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, 2006

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
1165 Harrell Avenue
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. However, when applicable, interfund services provided and used between functions are not eliminated in the process of consolidation in the statement of activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. 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, except for agency funds which have no measurement focus. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund financial statements of 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 (except for agency funds which have no measurement focus) and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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.

Other Capital Projects Fund – This fund accounts for the construction of a new health department building.

Additionally, Dyer County reports the following fund types:

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 and the discretely presented Dyer County School Department. Premiums charged to the various county funds are placed in this fund for the payment of claims of 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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

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 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. Receivables and Payables

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

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to .87 percent of total taxes levied.

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

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

an estimated allowance for uncollectible taxes, is reported as deferred revenue as of June 30.

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

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

3. Capital Assets

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column 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:

<u>Assets</u>	<u>Years</u>
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 proprietary fund (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, 2006, Dyer County had \$32,620,000 in outstanding debt issued for capital purposes for the discretely presented Dyer County School Department. In accordance with state statutes, certain 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 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 the balance sheet of governmental funds with the government-wide statement of net assets.

Discretely Presented Dyer County School Department

Exhibit J-3 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide statement of net assets.

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

Primary Government

Exhibit C-4 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the changes in net assets of governmental activities reported in the government-wide statement of activities.

Discretely Presented Dyer County School Department

Exhibit J-5 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net assets of governmental activities reported in the government-wide statement of activities.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the District Attorney General Fund (special revenue fund) and the Constitutional Officers – Fees Fund (special revenue fund) which are not budgeted, and the capital projects funds, which adopt project length budgets. All annual appropriations lapse at fiscal year end.

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to

meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the Dyer 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 Board and Committees, County Mayor/Executive, etc.). Management may make revisions within major categories, but only the Dyer County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

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 reflected on the balance sheets or statements of net assets represents nonpooled amounts held separately by individual funds.

Deposits

Legal Provisions. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the county.

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; 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.

Investment Balances. As of June 30, 2006, 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.

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Federal Farm Credit Bank	11-13-06	\$ 742,268
Federal Farm Credit Bank	11-9-07	1,548,496
Federal Home Loan Bank Board	7-21-06	1,497,660
Federal Home Loan Bank Board	11-17-06	742,733
Federal Home Loan Bank Board	11-25-06	989,060
Federal Home Loan Bank Board	12-14-06	896,904
Federal Home Loan Bank Board	12-29-06	494,375
Federal Home Loan Bank Board	1-27-07	341,142
Federal Home Loan Bank Board	2-26-07	985,310
Federal Home Loan Bank Board	11-13-07	373,812
Federal Home Loan Bank Board	6-3-08	580,500
Federal Home Loan Bank Board	7-7-08	735,000
Federal Home Loan Bank Board	3-29-10	1,113,350

Investment (Cont.)	Maturities	Fair Value
Federal Home Loan Mortgage Corp.	4-27-07	\$ 734,295
Federal Home Loan Mortgage Corp.	3-24-08	967,680
Federal Home Loan Mortgage Corp.	11-28-08	967,860
Federal Home Loan Mortgage Corp.	9-24-07	981,410
Federal National Mortgage Association	3-9-09	971,560
United States Treasury Bonds	11-15-12	<u>2,134,540</u>
 Total		 <u>\$ 17,797,955</u>

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 its 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 (12.87%), Federal Home Loan Bank Board (49.16%), Federal Home Loan Mortgage Corporation (20.51%), and Federal National Mortgage Association (5.46%). These investments are 88 percent 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 (\$3,236,678) for industrial purposes and are offset by a reservation of fund balance.

C. Capital Assets

Capital asset activity for the year ended June 30, 2006, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-05	Prior Period Adjustment	Increases	Decreases	Balance 6-30-06
Capital Assets Not Depreciated:					
Land	\$ 597,869	\$ 0	\$ 375,911	\$ 0	\$ 973,780
Construction in Progress	0	0	97,228	0	97,228
Total Capital Assets Not Depreciated	\$ 597,869	\$ 0	\$ 473,139	\$ 0	\$ 1,071,008
Capital Assets Depreciated:					
Buildings and Improvements	\$ 9,424,964	\$ 410,562	\$ 455,800	\$ (50,276)	\$ 10,241,050
Infrastructure	1,786,185	0	1,321,620	0	3,107,805
Other Capital Assets	5,123,029	0	798,684	(447,388)	5,474,325
Total Capital Assets Depreciated	\$ 16,334,178	\$ 410,562	\$ 2,576,104	\$ (497,664)	\$ 18,823,180
Less Accumulated Depreciation For:					
Buildings and Improvements	\$ 1,178,874	\$ 144,938	\$ 187,531	\$ (50,276)	\$ 1,461,067
Infrastructure	73,826	0	178,077	0	251,903
Other Capital Assets	2,295,415	0	418,916	(112,246)	2,602,085
Total Accumulated Depreciation	\$ 3,548,115	\$ 144,938	\$ 784,524	\$ (162,522)	\$ 4,315,055
Total Capital Assets Depreciated, Net	\$ 12,786,063	\$ 265,624	\$ 1,791,580	\$ (335,142)	\$ 14,508,125
Governmental Activities Capital Assets, Net	\$ 13,383,932	\$ 265,624	\$ 2,264,719	\$ (335,142)	\$ 15,579,133

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

Governmental Activities:	
General Government	\$ 8,290
Finance	1,896
Administration of Justice	3,350
Public Safety	274,245
Social, Cultural, & Recreational Services	12,158
Agriculture and Natural Resources	675
Highways	<u>483,910</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 784,524</u></u>

Discretely Presented Dyer County School Department

Governmental Activities:

	Balance 7-1-05	Increases	Balance 6-30-06
Capital Assets Not Depreciated:			
Land	\$ 703,268	\$ 0	\$ 703,268
Total Capital Assets Not Depreciated	<u>\$ 703,268</u>	<u>\$ 0</u>	<u>\$ 703,268</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 36,092,005	\$ 0	\$ 36,092,005
Other Capital Assets	4,446,153	30,313	4,476,466
Total Capital Assets Depreciated	<u>\$ 40,538,158</u>	<u>\$ 30,313</u>	<u>\$ 40,568,471</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 5,471,366	\$ 712,775	\$ 6,184,141
Other Capital Assets	1,933,940	334,645	2,268,585
Total Accumulated Depreciation	<u>\$ 7,405,306</u>	<u>\$ 1,047,420</u>	<u>\$ 8,452,726</u>
Total Capital Assets Depreciated, Net	<u>\$ 33,132,852</u>	<u>\$ (1,017,107)</u>	<u>\$ 32,115,745</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 33,836,120</u></u>	<u><u>\$ (1,017,107)</u></u>	<u><u>\$ 32,819,013</u></u>

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

Governmental Activities:

Instruction	\$ 632,957
Support Services	358,691
Operation of Non-Instructional Services	<u>55,772</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 1,047,420</u></u>

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2006, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 1,080
Discretely Presented		
Dyer County School Department:		
General Purpose School	Nonmajor governmental	4,081

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, 2006, consisted of the following amounts:

Primary Government

<u>Transfers Out</u>	<u>Transfers In</u> Nonmajor Governmental Funds
General Fund	<u>\$ 67,533</u>
Total	<u><u>\$ 67,533</u></u>

Discretely Presented Dyer County School Department

Transfers Out	<u>Transfers In</u> General Purpose School Fund
Nonmajor governmental fund	\$ 18,591
Total	<u>\$ 18,591</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them 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, 2006, are as follows:

Description	Date of Lease	Length of Lease	Total Payments	Interest Rate
Sheriff's Patrol Car	9-17-03	4 Years	\$ 23,381	4.25 %
Excavators	3-10-03	5 Years	312,836	3.29
Graders	6-20-05	5 Years	360,139	3.89
Dump Trucks	4-20-06	4 Years	412,739	3.5

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, 2006, were as follows:

Year Ending June 30	Governmental Funds
2007	\$ 243,266
2008	223,603
2009	175,213
2010	175,213
Total Minimum Lease Payments	\$ 817,295
Amount Representing Interest	<u>(64,114)</u>
Present Value of Minimum Lease Payments	<u>\$ 753,181</u>

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, 2006, 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, 2006, are as follows:

<u>Type</u>	<u>Interest Rate</u>	<u>Original Amount of Issue</u>	<u>Balance 6-30-06</u>
General Obligation Bonds	3.4 to 4.95 %	\$ 8,500,000	\$ 800,000
General Obligation Bonds – Refunding	3 to 4.45	7,980,000	7,810,000
Capital Outlay Notes	3.45 to 5	7,122,106	2,448,752
Other Loans	Variable	14,780,000	14,295,000
Other Loans - Synthetic Fixed Rate by Swap	Variable	16,220,000	16,220,000
Capital Leases	3.29 to 4.25	1,014,932	753,181

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 \$14,295,000 as of June 30, 2006, 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 4.05 percent based on the BMA rate, and other fees totaled approximately .51 percent (\$10,000,000) and .54 percent (\$21,000,000) of the outstanding loan principal at June 30, 2006.

The annual requirements to amortize the bonds, notes, and other loans outstanding as of June 30, 2006, including interest payments and other fees, are presented in the following table:

Year Ending June 30	Bonds		Notes	
	Principal	Interest	Principal	Interest
2007	\$ 180,000	\$ 352,545	\$ 1,132,825	\$ 78,745
2008	230,000	345,045	1,157,594	31,896
2009	230,000	335,345	158,333	6,571
2010	285,000	325,570	0	0
2011	285,000	313,345	0	0
2012-2016	1,750,000	1,396,465	0	0
2017-2021	2,400,000	1,013,753	0	0
2022-2026	3,250,000	452,225	0	0
Total	\$ 8,610,000	\$ 4,534,293	\$ 2,448,752	\$ 117,212

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2007	\$ 165,000	\$ 1,364,948	\$ 161,591	\$ 1,691,539
2008	170,000	1,358,265	160,698	1,688,963
2009	1,275,000	1,351,380	159,778	2,786,158
2010	1,335,000	1,299,743	152,880	2,787,623
2011	1,395,000	1,245,675	145,657	2,786,332
2012-2016	8,085,000	5,322,998	607,330	14,015,328
2017-2021	10,410,000	3,394,235	365,180	14,169,415
2022-2024	7,680,000	741,238	78,950	8,500,188
	\$ 30,515,000	\$ 16,078,482	\$ 1,832,064	\$ 48,425,546

There is \$4,556,234 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$231, based on the 2000 federal census. Debt per capita, including notes, capital leases, other loans, and bonds totaled \$1,135, based on the 2000 federal census.

Under its loan agreement, the Public Building Authority of Sevier County, Tennessee, 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. 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, 2006, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	4.245%
Variable payment from counterparty	70% of LIBOR	<u>-3.837%</u>
Net interest rate swap payments		0.408%
Variable-rate bond payments		<u>4.000%</u>
Synthetic interest rate on bonds		<u><u>4.408%</u></u>

Fair value. As of June 30, 2006, the swap had a negative fair value of \$239,164. 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.

Credit risk. As of June 30, 2006, 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. 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, 2006. 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.

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, 2006, 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	Total
	Principal	Interest	Payment	
2007	\$ 0	\$ 400,000	\$ 40,800	\$ 440,800
2008	0	400,000	40,800	440,800
2009	0	400,000	40,800	440,800
2010	0	400,000	40,800	440,800
2011	0	400,000	40,800	440,800
2012-2016	0	2,000,000	204,000	2,204,000
2017-2021	2,320,000	2,000,000	204,000	4,524,000
2022-2025	7,680,000	624,200	63,668	8,367,868
Total	\$ 10,000,000	\$ 6,624,200	\$ 675,668	\$ 17,299,868

Under its loan agreement, the Public Building Authority of Sevier County, Tennessee, 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. 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 \$39 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, 2006, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	4.210%
Variable payment from counterparty	70% of LIBOR	<u>-3.837%</u>
Net interest rate swap payments		0.373%
Variable-rate bond payments		<u>3.910%</u>
Synthetic interest rate on bonds		<u><u>4.283%</u></u>

Fair value. As of June 30, 2006, the swap had a negative fair value of \$119,818. 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.

Credit risk. As of June 30, 2006, 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. 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, 2006. 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.

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, 2006, 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		
2007	\$ 0	\$ 243,202	\$ 23,201	\$ 266,403
2008	0	243,202	23,201	266,403
2009	0	243,202	23,201	266,403
2010	0	243,202	23,201	266,403
2011	0	243,202	23,201	266,403
2012-2016	0	1,216,010	116,003	1,332,013
2017-2020	6,220,000	737,817	70,385	7,028,202
Total	<u>\$ 6,220,000</u>	<u>\$ 3,169,837</u>	<u>\$ 302,393</u>	<u>\$ 9,692,230</u>

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2006, was as follows:

Governmental Activities:

	<u>Bonds</u>	<u>Notes</u>
Balance, July 1, 2005	\$ 8,740,000	\$ 3,182,581
Additions	0	366,598
Deductions	<u>(130,000)</u>	<u>(1,100,427)</u>
Balance, June 30, 2006	<u>\$ 8,610,000</u>	<u>\$ 2,448,752</u>
Balance Due Within One year	<u>\$ 180,000</u>	<u>\$ 1,132,825</u>
	<u>Capital Leases</u>	<u>Other Loans</u>
Balance, July 1, 2005	\$ 869,352	\$ 30,680,000
Additions	378,496	0
Deductions	<u>(494,667)</u>	<u>(165,000)</u>
Balance, June 30, 2006	<u>\$ 753,181</u>	<u>\$ 30,515,000</u>
Balance Due Within One year	<u>\$ 217,652</u>	<u>\$ 165,000</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2006	\$ 42,326,933
Less: Balance Due Within One Year	(1,695,477)
Unamortized Discount on Debt	(49,026)
Deferred Amount on Refunding	<u>(335,229)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 40,247,201</u>

Defeasance of Prior Debt

In the prior year, Dyer County defeased certain outstanding general obligation bonds by placing the proceeds of new bonds into an irrevocable trust fund to provide for all future debt service payments on the old bonds. The trustee is empowered and required to pay all principal and interest on the defeased bonds as originally scheduled. Accordingly, the trust accounts and the defeased bonds are not included in the county's financial statements. At June 30, 2006, the following outstanding bonds are considered defeased:

	<u>Amount</u>
General Obligation Bond Series 2001	\$ 7,400,000

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, 2006, was as follows:

	<u>Compensated Absences</u>
Balance, July 1, 2005	\$ 76,055
Additions	83,563
Deductions	<u>(77,492)</u>
Balance, June 30, 2006	<u>\$ 82,126</u>
 Balance Due Within One Year	 <u>\$ 16,425</u>

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, 2006, was as follows:

<u>Fund</u>	<u>Balance 7-1-05</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance 6-30-06</u>
Revenue				
Anticipation Notes	\$ 0	\$ 500,000	\$ (500,000)	\$ 0

H. Prior-period Adjustment

Capital assets were restated (\$265,624) from the prior year because three recreational facilities had been omitted.

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. The Workers' Compensation Fund is accounted for as an internal service fund in which assets are set aside for claim settlements. The county is self-insured 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.

All full-time employees of the primary government and the discretely presented School Department are eligible to participate in the Workers' Compensation Fund. Premium charges are allocated to the General, Highway/Public Works, and General Purpose School Funds. These charges are based on the current year's commercial insurance premium prorated to the funds based on the percentage of the prior year's claims. Liabilities of the fund are reported when losses are probable and the amounts of the losses can be reasonably estimated. The Workers' Compensation Fund establishes claims liabilities based on estimates of the ultimate cost of claims that have been reported. Claims liabilities include incremental claim adjustment expenditures/expenses, if any. In addition, estimated recoveries, if any, on settled claims have been deducted from the liability for unpaid claims. The process used to compute claims liabilities does not necessarily result in an exact amount. Changes in the balance of claims liabilities during the past two fiscal years for the Workers' Compensation Fund are as follows:

Workers' Compensation Fund

	Beginning of Fiscal- Year Liability	Current- Year Claims and Estimates	Payments	Balance at Fiscal Year-end
2004-05	\$ 0	\$ 230,513	\$ 230,513	\$ 0
2005-06	0	188,868	188,868	0

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 districts. 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 Changes

For the year ended June 30, 2006, Dyer County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 42, Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries. GASB Statement No. 42 requires governments to report the effects of capital asset impairments in their financial statements when they occur rather than as a part of the ongoing depreciation expense for the capital asset or upon disposal of the capital asset. In addition, GASB Statement No. 42 clarifies and establishes accounting requirements for insurance recoveries.

The provisions of GASB Statement No. 44, Economic Condition Reporting: The Statistical Section (an amendment of NCGA Statement 1) became effective for the year ended June 30, 2006. GASB Statement No. 44 applies to the preparation of the statistical section. State and local governments may, but are not required to, prepare a statistical section to accompany basic financial statements. However, a statistical section is required to accompany

a comprehensive annual financial report. Since Dyer County is not presenting a comprehensive annual financial report, it has elected not to prepare a statistical section. A limited statistical section was presented in the prior year's report. GASB Statement No. 44 amends guidance related to the preparation of the statistical section. This statement improves the understandability and usefulness of statistical information by addressing the comparability problems that have developed in practice and by adding information from the new financial reporting model for state and local governments required by GASB Statement No. 34. GASB Statement No. 44 establishes the objectives of the statistical section and the five categories it contains: financial trends, revenue capacity, debt capacity, demographic and economic, and operating. It is reasonably expected that Dyer County will prepare and present a statistical section in subsequent years that follows the requirements of GASB Statement No. 44.

The provisions of GASB Statement No. 46, Net Assets Restricted by Enabling Legislation – an amendment of GASB Statement No. 34 became effective for the year ended June 30, 2006. GASB Statement No. 46 provides guidance to determine when net assets have been restricted to a particular use by the passage of enabling legislation and specifies how those net assets should be reported in financial statements when there are changes in the circumstances surrounding such legislation. The statement also requires governments to disclose in the notes to the financial statements the amount of net assets restricted by enabling legislation as of the end of the reporting period. Dyer County had no net assets restricted by enabling legislation to disclose as of June 30, 2006. But it is reasonably expected that Dyer County will be required to disclose net assets restricted by enabling legislation in subsequent years.

The provisions of GASB Statement No. 47, Accounting for Termination Benefits became effective for the year ended June 30, 2006. GASB Statement No. 47 provides accounting and reporting guidance for state and local governments that offer benefits such as early retirement incentives or severance to employees who are involuntarily terminated. Statement No. 47 specifies when governments should recognize the cost of termination benefits they offer in accrual basis financial statements. Dyer County was not offering any termination benefits to employees as of June 30, 2006. But it is reasonably expected that Dyer County will offer termination benefits in subsequent years subject to the accounting and reporting requirements of GASB Statement No. 47.

C. 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.

D. 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, 2006. 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:

Administrative Office:

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

Dyer County is a participant with Obion and Lake 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. In August 2006, the port authority approved borrowing an additional \$410,000 for additional construction costs of the port. The Dyer County Commission has approved paying the interest payments on 25 percent of these debt issuances until such time as the port authority has revenue to make the payments, estimated to be at least two years. This entity has yet to begin operations or issue this debt; therefore, there is no financial activity to report.

Dyer County is a participant with Lake County and the Cities of Tiptonville, Ridgely, and Dyersburg in an entity known as the TennKen Railroad Authority. The governing board for the authority consists of the mayors of both counties and all three cities. This entity was created to facilitate active involvement by all affected local governments in Tennessee regarding a section of railroad track commonly known as the TennKen Railroad. The TennKen Railroad is owned by the Hickman River City Development Corporation (HRCDC), a public entity chartered in Kentucky. The HRCDC had previously purchased the line from Illinois Central Railroad to ensure rail access to the river port in Hickman, Kentucky. All funding for the

TennKen Railroad Authority comes from the State of Tennessee through the Tennessee Department of Transportation as grants which are used for the maintenance and rehabilitation of the TennKen Railroad track and the necessary engineering services for said maintenance and rehabilitation. The Lake County Mayor's Office handles the administration of these grant funds and passes them through to the HRCDC for disbursement.

E. 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, 2006, 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, 2006, Dyer County's annual pension cost of \$49,380 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, 2005, was 15 years. An actuarial valuation was performed as of July 1, 2005, which established contribution rates effective July 1, 2006.

Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-06	\$49,380	100%	\$0
6-30-05	47,616	100	0
6-30-04	22,293	100	0

Schedule of Funding Progress

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b) - (a)	(a/b)	(c)	((b-a)/c)
6-30-05	\$1,085	\$1,131	\$46	95.93%	\$652	7.06%
6-30-03	895	944	49	94.81	496	9.88
6-30-01	705	762	57	92.52	512	11.13

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, 2006, 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, 2006, 2005, and 2004, were \$578,092, \$558,615, and \$324,122, respectively, equal to the required contributions for each year.

F. Other Post-employment Benefits

In addition to the retirement commitments described above, the Dyer County School Department provides post-retirement health care benefits, in accordance with contract provisions, to all employees who accumulate sick leave and meet length of employment and age criteria of 20 years of service with the Dyer County School System at age 55, or 30 years of service regardless of age. Currently, 23 retirees meet those eligibility requirements. The School Department pays medical insurance in full for former certified employees at single individual coverage rates until Medicare becomes available. The School Department pays medical insurance at the employer rate for other former (non-certified) employees with the former employee continuing contributions at their opted level of coverage until Medicare becomes available. Expenditures for post-retirement health care benefits are recognized as premiums and are paid monthly. During the year, expenditures totaling \$68,906 were recognized for post-employment health care.

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 competitive bids to be solicited through newspaper advertisement on all purchases exceeding \$10,000.

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 the 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 case 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 Procedures after November 30, 1989, and will apply only GASB pronouncements. The following is a summary of the 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 the 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 Communications 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, 2006.

	Balance 7-1-05	Additions	Balance 6-30-06
Equipment	\$ 1,125,739	\$ 13,354	\$ 1,139,093
Less: Accumulated depreciation	503,478	91,631	595,109
Net Capital Assets	<u>\$ 622,261</u>	<u>\$ (78,277)</u>	<u>\$ 543,984</u>

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, 2006, these telephone companies are indebted to the district for \$26,114. 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, 2006, net working capital is \$642,654.

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 paid \$16,100 for a local government entity to provide technical consulting and mapping/addressing services to the district.

I. Non-operating Revenue

The district received a \$40,000 reimbursement from the State Communications Board for controller upgrade, \$10,000 for mapping and related expenditures to enhance wireless 911 services, and a \$500 reimbursement for dispatcher training.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

Dyer County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Fund
For the Year Ended June 30, 2006

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 4,952,009	\$ 5,044,668	\$ 5,044,668	\$ (92,659)
Licenses and Permits	150,952	147,490	147,490	3,462
Fines, Forfeitures, and Penalties	120,605	110,867	110,867	9,738
Charges for Current Services	56,863	56,790	56,790	73
Other Local Revenues	204,402	102,956	127,110	77,292
Fees Received from County Officials	1,675,001	1,506,500	1,506,500	168,501
State of Tennessee	1,741,024	1,532,377	1,567,777	173,247
Federal Government	365,424	780,833	780,833	(415,409)
Other Governments and Citizens Groups	34,260	24,436	24,436	9,824
Total Revenues	\$ 9,300,540	\$ 9,306,917	\$ 9,366,471	\$ (65,931)
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 80,490	\$ 81,312	\$ 81,312	\$ 822
Board of Equalization	1,850	3,150	3,150	1,300
Other Boards and Committees	4,600	5,000	5,000	400
County Mayor/Executive	172,610	181,511	184,552	11,942
County Attorney	49,211	51,292	51,292	2,081
Election Commission	225,964	310,848	295,109	69,145
Register of Deeds	178,528	194,599	194,523	15,995
Planning	136,147	141,045	141,470	5,323
County Buildings	522,410	293,484	540,573	18,163
Other General Administration	137,222	220,238	227,663	90,441
<u>Finance</u>				
Accounting and Budgeting	124,705	126,676	127,380	2,675
Property Assessor's Office	303,477	312,562	312,936	9,459
Reappraisal Program	45,193	45,919	46,254	1,061
County Trustee's Office	198,099	199,219	199,259	1,160
County Clerk's Office	323,989	354,194	353,552	29,563
Other Finance	36,892	39,951	42,751	5,859
<u>Administration of Justice</u>				
Circuit Court	395,299	402,858	404,913	9,614
General Sessions Court	177,699	181,646	180,746	3,047
Chancery Court	257,895	270,810	272,138	14,243
Juvenile Court	277,459	254,996	280,784	3,325
Other Administration of Justice	60,444	56,322	60,472	28
<u>Public Safety</u>				
Sheriff's Department	1,872,525	1,792,152	1,961,339	88,814
Jail	1,464,886	1,463,677	1,506,473	41,587
Fire Prevention and Control	143,482	154,298	154,867	11,385
Disaster Relief	246,274	682,774	682,235	435,961
County Coroner/Medical Examiner	12,813	15,500	15,500	2,687
Other Public Safety	127,429	127,668	128,032	603

(Continued)

Exhibit F-1

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Health and Welfare</u>				
Local Health Center	\$ 149,718	\$ 179,287	\$ 178,836	\$ 29,118
Rabies and Animal Control	64,800	64,800	64,800	0
Alcohol and Drug Programs	0	5,000	5,000	5,000
Crippled Children Services	2,027	2,027	2,027	0
Other Local Health Services	1,000	1,000	1,000	0
General Welfare Assistance	93,708	98,096	99,838	6,130
Aid to Dependent Children	69,397	69,800	69,800	403
Sanitation Education/Information	51,333	56,748	56,736	5,403
Other Public Health and Welfare	28,738	27,334	28,738	0
<u>Social, Cultural, and Recreational Services</u>				
Adult Activities	91,701	90,148	98,693	6,992
Senior Citizens Assistance	220,169	186,408	226,232	6,063
Libraries	115,279	115,279	115,279	0
Parks and Fair Boards	2,750	2,750	2,750	0
Other Social, Cultural, and Recreational	132,517	136,931	139,231	6,714
<u>Agriculture & Natural Resources</u>				
Agriculture Extension Service	123,783	123,257	127,518	3,735
Soil Conservation	23,358	23,146	23,374	16
Flood Control	30,431	32,351	32,351	1,920
Other Agriculture & Natural Resources	651	651	651	0
<u>Other Operations</u>				
Industrial Development	59,326	65,000	65,000	5,674
Miscellaneous	92,991	98,100	98,100	5,109
<u>Principal on Debt</u>				
General Government	87,283	88,728	88,531	1,248
<u>Interest on Debt</u>				
General Government	3,037	4,591	4,788	1,751
Total Expenditures	\$ 9,021,589	\$ 9,435,133	\$ 9,983,548	\$ 961,959
Excess (Deficiency) of Revenues				
Over Expenditures	\$ 278,951	\$ (128,216)	\$ (617,077)	\$ 896,028
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 366,598	\$ 0	\$ 366,598	\$ 0
Insurance Recovery	51,616	0	20,374	31,242
Transfers Out	(67,533)	(67,533)	(67,533)	0
Total Other Financing Sources (Uses)	\$ 350,681	\$ (67,533)	\$ 319,439	\$ 31,242
Net Change in Fund Balance				
Fund Balance, July 1, 2005	\$ 1,451,206	\$ 1,464,203	\$ 1,464,203	\$ (12,997)
Fund Balance, June 30, 2006	\$ 2,080,838	\$ 1,268,454	\$ 1,166,565	\$ 914,273

Exhibit F-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, 2006

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Total Expenditures	\$ 0	\$ 0	\$ 0	\$ 0
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Financing Sources (Uses)</u>				
Other Loans Issued	\$ 0	\$ 176,780	\$ 176,780	\$ (176,780)
Total Other Financing Sources (Uses)	\$ 0	\$ 176,780	\$ 176,780	\$ (176,780)
Net Change in Fund Balance	\$ 0	\$ 176,780	\$ 176,780	\$ (176,780)
Fund Balance, July 1, 2005	18,490,503	15,076,402	15,076,402	3,414,101
Fund Balance, June 30, 2006	\$ 18,490,503	\$ 15,253,182	\$ 15,253,182	\$ 3,237,321

Exhibit F-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, 2006

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,710,212	\$ 1,661,472	\$ 1,661,472	\$ 48,740
Other Local Revenues	109,872	41,100	41,100	68,772
State of Tennessee	2,319,093	2,306,523	2,314,645	4,448
Total Revenues	<u>\$ 4,139,177</u>	<u>\$ 4,009,095</u>	<u>\$ 4,017,217</u>	<u>\$ 121,960</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 137,133	\$ 153,854	\$ 140,251	\$ 3,118
Highway and Bridge Maintenance	2,437,481	2,444,000	2,570,328	132,847
Operation and Maintenance of Equipment	467,439	464,500	493,425	25,986
Other Charges	103,020	167,000	112,335	9,315
Employee Benefits	241,300	281,400	254,200	12,900
Capital Outlay	999,572	717,878	1,112,632	113,060
<u>Principal on Debt</u>				
Highways and Streets	463,233	456,325	463,242	9
<u>Interest on Debt</u>				
Highways and Streets	24,743	32,864	25,947	1,204
Total Expenditures	<u>\$ 4,873,921</u>	<u>\$ 4,717,821</u>	<u>\$ 5,172,360</u>	<u>\$ 298,439</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (734,744)</u>	<u>\$ (708,726)</u>	<u>\$ (1,155,143)</u>	<u>\$ 420,399</u>
<u>Other Financing Sources (Uses)</u>				
Capital Leases Issued	\$ 378,496	\$ 0	\$ 378,496	\$ 0
Proceeds from Sale of Capital Assets	349,552	344,888	344,888	4,664
Total Other Financing Sources (Uses)	<u>\$ 728,048</u>	<u>\$ 344,888</u>	<u>\$ 723,384</u>	<u>\$ 4,664</u>
Net Change in Fund Balance	\$ (6,696)	\$ (363,838)	\$ (431,759)	\$ 425,063
Fund Balance, July 1, 2005	2,415,014	1,755,465	1,755,465	659,549
Fund Balance, June 30, 2006	<u>\$ 2,408,318</u>	<u>\$ 1,391,627</u>	<u>\$ 1,323,706</u>	<u>\$ 1,084,612</u>

DYER COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2006

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 Dyer 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/Executive, etc.). Management may make revisions within major categories, but only the Dyer County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

**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 G-1

Dyer County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2006

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Law Library	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitu- tional Officers - Fees	
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,080	\$ 1,080
Equity in Pooled Cash and Investments	29,630	164	63,598	18,082	0	111,474
Accounts Receivable	0	500	0	0	0	500
Due from Other Governments	0	6,220	0	114	0	6,334
Total Assets	<u>\$ 29,630</u>	<u>\$ 6,884</u>	<u>\$ 63,598</u>	<u>\$ 18,196</u>	<u>\$ 1,080</u>	<u>\$ 119,388</u>
<u>LIABILITIES AND FUND BALANCES</u>						
<u>Liabilities</u>						
Due to Other Funds	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,080	\$ 1,080
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,080</u>	<u>\$ 1,080</u>
<u>Fund Balances</u>						
Unreserved	\$ 29,630	\$ 6,884	\$ 63,598	\$ 18,196	\$ 0	\$ 118,308
Total Fund Balances	<u>\$ 29,630</u>	<u>\$ 6,884</u>	<u>\$ 63,598</u>	<u>\$ 18,196</u>	<u>\$ 0</u>	<u>\$ 118,308</u>
Total Liabilities and Fund Balances	<u>\$ 29,630</u>	<u>\$ 6,884</u>	<u>\$ 63,598</u>	<u>\$ 18,196</u>	<u>\$ 1,080</u>	<u>\$ 119,388</u>

Exhibit G-2

Dyer County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2006

	Special Revenue Funds					Total	Capital Projects Fund	Total Nonmajor Governmental Funds
	Law Library	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitu- tional Officers - Fees		HUD Grant Projects	
<u>Revenues</u>								
Local Taxes	\$ 2,603	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,603	\$ 0	\$ 2,603
Fines, Forfeitures, and Penalties	0	0	16,266	10,705	0	26,971	0	26,971
Charges for Current Services	0	0	0	0	700	700	0	700
Other Local Revenues	0	2,861	2,065	530	0	5,456	0	5,456
State of Tennessee	0	28,274	0	0	0	28,274	0	28,274
Federal Government	0	0	0	0	0	0	111,650	111,650
Total Revenues	\$ 2,603	\$ 31,135	\$ 18,331	\$ 11,235	\$ 700	\$ 64,004	\$ 111,650	\$ 175,654
<u>Expenditures</u>								
Current:								
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 101	\$ 101	\$ 0	\$ 101
Administration of Justice	25	0	0	5,623	599	6,247	0	6,247
Public Safety	0	0	9,957	0	0	9,957	0	9,957
Public Health and Welfare	0	96,411	0	0	0	96,411	0	96,411
Debt Service:								
Principal on Debt	0	0	9,578	0	0	9,578	0	9,578
Interest on Debt	0	0	700	0	0	700	0	700
Capital Projects	0	0	0	0	0	0	113,270	113,270
Total Expenditures	\$ 25	\$ 96,411	\$ 20,235	\$ 5,623	\$ 700	\$ 122,994	\$ 113,270	\$ 236,264
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,578	\$ (65,276)	\$ (1,904)	\$ 5,612	\$ 0	\$ (58,990)	\$ (1,620)	\$ (60,610)
<u>Other Financing Sources (Uses)</u>								
Transfers In	\$ 0	\$ 67,533	\$ 0	\$ 0	\$ 0	\$ 67,533	\$ 0	\$ 67,533
Total Other Financing Sources (Uses)	\$ 0	\$ 67,533	\$ 0	\$ 0	\$ 0	\$ 67,533	\$ 0	\$ 67,533
Net Change in Fund Balances	\$ 2,578	\$ 2,257	\$ (1,904)	\$ 5,612	\$ 0	\$ 8,543	\$ (1,620)	\$ 6,923
Fund Balance, July 1, 2005	27,052	4,627	65,502	12,584	0	109,765	1,620	111,385
Fund Balance, June 30, 2006	\$ 29,630	\$ 6,884	\$ 63,598	\$ 18,196	\$ 0	\$ 118,308	\$ 0	\$ 118,308

Exhibit G-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, 2006

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,603	\$ 2,500	\$ 2,500	\$ 103
Total Revenues	\$ 2,603	\$ 2,500	\$ 2,500	\$ 103
<u>Expenditures</u>				
<u>Administration of Justice</u>				
Other Administration of Justice	\$ 25	\$ 5,026	\$ 5,026	\$ 5,001
Total Expenditures	\$ 25	\$ 5,026	\$ 5,026	\$ 5,001
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,578	\$ (2,526)	\$ (2,526)	\$ 5,104
Net Change in Fund Balance	\$ 2,578	\$ (2,526)	\$ (2,526)	\$ 5,104
Fund Balance, July 1, 2005	27,052	24,423	24,423	2,629
Fund Balance, June 30, 2006	\$ 29,630	\$ 21,897	\$ 21,897	\$ 7,733

Exhibit G-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, 2006

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 2,861	\$ 1,750	\$ 1,750	\$ 1,111
State of Tennessee	28,274	28,000	28,000	274
Total Revenues	<u>\$ 31,135</u>	<u>\$ 29,750</u>	<u>\$ 29,750</u>	<u>\$ 1,385</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Sanitation Management	\$ 96,411	\$ 97,283	\$ 97,283	\$ 872
Total Expenditures	<u>\$ 96,411</u>	<u>\$ 97,283</u>	<u>\$ 97,283</u>	<u>\$ 872</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (65,276)</u>	<u>\$ (67,533)</u>	<u>\$ (67,533)</u>	<u>\$ 2,257</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 67,533	\$ 67,533	\$ 67,533	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 67,533</u>	<u>\$ 67,533</u>	<u>\$ 67,533</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 2,257	\$ 0	\$ 0	\$ 2,257
Fund Balance, July 1, 2005	<u>4,627</u>	<u>1,254</u>	<u>1,254</u>	<u>3,373</u>
Fund Balance, June 30, 2006	<u>\$ 6,884</u>	<u>\$ 1,254</u>	<u>\$ 1,254</u>	<u>\$ 5,630</u>

Exhibit G-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, 2006

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 16,266	\$ 11,350	\$ 11,350	\$ 4,916
Other Local Revenues	2,065	5,000	5,000	(2,935)
Total Revenues	<u>\$ 18,331</u>	<u>\$ 16,350</u>	<u>\$ 16,350</u>	<u>\$ 1,981</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 9,957	\$ 25,100	\$ 32,900	\$ 22,943
<u>Principal on Debt</u>				
General Government	9,578	9,255	9,255	(323)
<u>Interest on Debt</u>				
General Government	700	1,011	1,011	311
Total Expenditures	<u>\$ 20,235</u>	<u>\$ 35,366</u>	<u>\$ 43,166</u>	<u>\$ 22,931</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (1,904)</u>	<u>\$ (19,016)</u>	<u>\$ (26,816)</u>	<u>\$ 24,912</u>
Net Change in Fund Balance	\$ (1,904)	\$ (19,016)	\$ (26,816)	\$ 24,912
Fund Balance, July 1, 2005	<u>65,502</u>	<u>62,075</u>	<u>62,075</u>	<u>3,427</u>
Fund Balance, June 30, 2006	<u><u>\$ 63,598</u></u>	<u><u>\$ 43,059</u></u>	<u><u>\$ 35,259</u></u>	<u><u>\$ 28,339</u></u>

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 H

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, 2006

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,989,452	\$ 1,925,336	\$ 1,925,336	\$ 64,116
Other Local Revenues	698,809	900,000	900,000	(201,191)
Total Revenues	<u>\$ 2,688,261</u>	<u>\$ 2,825,336</u>	<u>\$ 2,825,336</u>	<u>\$ (137,075)</u>
<u>Expenditures</u>				
<u>Other Operations</u>				
Miscellaneous	\$ 0	\$ 24,000	\$ 0	\$ 0
<u>Principal on Debt</u>				
General Government	180,000	180,000	180,000	0
Education	1,150,000	1,150,000	1,150,000	0
<u>Interest on Debt</u>				
General Government	359,150	359,175	359,175	25
Education	1,368,695	1,597,642	1,597,642	228,947
<u>Other Debt Service</u>				
General Government	73,424	53,500	77,500	4,076
Education	431	1,500	1,500	1,069
Total Expenditures	<u>\$ 3,131,700</u>	<u>\$ 3,365,817</u>	<u>\$ 3,365,817</u>	<u>\$ 234,117</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (443,439)</u>	<u>\$ (540,481)</u>	<u>\$ (540,481)</u>	<u>\$ 97,042</u>
Net Change in Fund Balance	\$ (443,439)	\$ (540,481)	\$ (540,481)	\$ 97,042
Fund Balance, July 1, 2005	<u>4,999,673</u>	<u>5,009,185</u>	<u>5,009,185</u>	<u>(9,512)</u>
Fund Balance, June 30, 2006	<u>\$ 4,556,234</u>	<u>\$ 4,468,704</u>	<u>\$ 4,468,704</u>	<u>\$ 87,530</u>

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 I-1

Dyer County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2006

	Agency Funds				Total
	Cities - Sales Tax	Watershed District	City School ADA - Dyersburg	Constitu- tional Officers - Agency	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 3,383,729	\$ 3,383,729
Equity in Pooled Cash and Investments	0	222,181	169,957	0	392,138
Accounts Receivable	0	0	1,473	0	1,473
Due from Other Governments	533,863	0	837,348	0	1,371,211
Property Taxes Receivable	0	0	3,154,341	0	3,154,341
Allowance for Uncollectible Property Taxes	0	0	(52,316)	0	(52,316)
Total Assets	<u>\$ 533,863</u>	<u>\$ 222,181</u>	<u>\$ 4,110,803</u>	<u>\$ 3,383,729</u>	<u>\$ 8,250,576</u>
<u>LIABILITIES</u>					
Due to Other Taxing Units	\$ 533,863	\$ 222,181	\$ 4,110,803	\$ 0	\$ 4,866,847
Due to Litigants, Heirs, and Others	0	0	0	3,383,729	3,383,729
Total Liabilities	<u>\$ 533,863</u>	<u>\$ 222,181</u>	<u>\$ 4,110,803</u>	<u>\$ 3,383,729</u>	<u>\$ 8,250,576</u>

Exhibit I-2

Dyer County, Tennessee
Combining Statement of Changes in Assets and Liabilities - All Agency Funds
For the Year Ended June 30, 2006

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 2,996,561	\$ 2,996,561	\$ 0
Due from Other Governments	491,592	533,863	491,592	533,863
Total Assets	\$ 491,592	\$ 3,530,424	\$ 3,488,153	\$ 533,863
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 491,592	\$ 3,530,424	\$ 3,488,153	\$ 533,863
Total Liabilities	\$ 491,592	\$ 3,530,424	\$ 3,488,153	\$ 533,863
<u>Cities - Property Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 3,975	\$ 3,975	\$ 0
Total Assets	\$ 0	\$ 3,975	\$ 3,975	\$ 0
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 0	\$ 3,975	\$ 3,975	\$ 0
Total Liabilities	\$ 0	\$ 3,975	\$ 3,975	\$ 0
<u>Watershed District Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 228,093	\$ 17,805	\$ 23,717	\$ 222,181
Total Assets	\$ 228,093	\$ 17,805	\$ 23,717	\$ 222,181
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 228,093	\$ 17,805	\$ 23,717	\$ 222,181
Total Liabilities	\$ 228,093	\$ 17,805	\$ 23,717	\$ 222,181
<u>City School ADA - Dyersburg Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 116,983	\$ 8,435,044	\$ 8,382,070	\$ 169,957
Accounts Receivable	1,298	1,473	1,298	1,473
Due from Other Governments	793,518	837,348	793,518	837,348
Property Taxes Receivable	3,173,404	3,154,341	3,173,404	3,154,341
Allowance for Uncollectible Property Taxes	(71,137)	(52,316)	(71,137)	(52,316)
Total Assets	\$ 4,014,066	\$ 12,375,890	\$ 12,279,153	\$ 4,110,803
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 4,014,066	\$ 12,375,890	\$ 12,279,153	\$ 4,110,803
Total Liabilities	\$ 4,014,066	\$ 12,375,890	\$ 12,279,153	\$ 4,110,803

(Continued)

Exhibit I-2

Dyer County, Tennessee

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 2,458,693	\$ 10,383,426	\$ 9,458,390	\$ 3,383,729
Total Assets	\$ 2,458,693	\$ 10,383,426	\$ 9,458,390	\$ 3,383,729
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 2,458,693	\$ 10,383,426	\$ 9,458,390	\$ 3,383,729
Total Liabilities	\$ 2,458,693	\$ 10,383,426	\$ 9,458,390	\$ 3,383,729
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 2,458,693	\$ 10,383,426	\$ 9,458,390	\$ 3,383,729
Equity in Pooled Cash and Investments	345,076	11,453,385	11,406,323	392,138
Accounts Receivable	1,298	1,473	1,298	1,473
Due from Other Governments	1,285,110	1,371,211	1,285,110	1,371,211
Property Taxes Receivable	3,173,404	3,154,341	3,173,404	3,154,341
Allowance for Uncollectible Property Taxes	(71,137)	(52,316)	(71,137)	(52,316)
Total Assets	\$ 7,192,444	\$ 26,311,520	\$ 25,253,388	\$ 8,250,576
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 4,733,751	\$ 15,928,094	\$ 15,794,998	\$ 4,866,847
Due to Litigants, Heirs, and Others	2,458,693	10,383,426	9,458,390	3,383,729
Total Liabilities	\$ 7,192,444	\$ 26,311,520	\$ 25,253,388	\$ 8,250,576

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 J-1

Dyer County, Tennessee
Statement of Activities
Discretely Presented Dyer County School Department
For the Year Ended June 30, 2006

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Assets Total Governmental Activities
Governmental Activities:				
Instruction	\$ 13,893,395	\$ 9,449	\$ 1,960,023	\$ (11,923,923)
Support Services	8,673,733	22,849	201,587	(8,449,297)
Operation of Noninstructional Services	2,565,394	695,182	1,202,227	(667,985)
Total Governmental Activities	\$ 25,132,522	\$ 727,480	\$ 3,363,837	\$ (21,041,205)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 4,294,979
Local Option Sales Tax				2,762,376
Other Local Taxes				904,909
Grants and Contributions Not Restricted for Specific Programs				12,419,779
Interest Income				180,513
Miscellaneous				71,152
Total General Revenues				\$ 20,633,708
Change in Net Assets				\$ (407,497)
Net Assets, July 1, 2005				36,892,209
Net Assets, June 30, 2006				\$ 36,484,712

Exhibit J-2

Dyer County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Dyer County School Department
June 30, 2006

	Major Funds		Nonmajor	Total
	General Purpose School	School Transportation	Other Governmental Funds	
<u>ASSETS</u>				
Equity in Pooled Cash and Investments	\$ 2,407,126	\$ 694,837	\$ 399,260	\$ 3,501,223
Accounts Receivable	2,880	656	0	3,536
Due from Other Governments	625,982	0	86,752	712,734
Due from Other Funds	4,081	0	0	4,081
Property Taxes Receivable	3,050,277	1,398,536	0	4,448,813
Allowance for Uncollectible Property Taxes	(50,589)	(23,195)	0	(73,784)
Accrued Interest Receivable	15,986	0	0	15,986
Total Assets	\$ 6,055,743	\$ 2,070,834	\$ 486,012	\$ 8,612,589
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 72,362	\$ 3,150	\$ 3,519	\$ 79,031
Accrued Payroll	5,464	0	0	5,464
Payroll Deductions Payable	515,756	8,359	27,935	552,050
Due to Other Funds	0	0	4,081	4,081
Deferred Revenue - Current Property Taxes	2,896,231	1,327,907	0	4,224,138
Deferred Revenue - Delinquent Property Taxes	84,395	38,694	0	123,089
Other Deferred Revenues	252,372	0	77,502	329,874
Total Liabilities	\$ 3,826,580	\$ 1,378,110	\$ 113,037	\$ 5,317,727
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 279,326	\$ 268,745	\$ 79,861	\$ 627,932
Reserved for Driver Education	50,733	0	0	50,733
Reserved for Career Ladder - Extended Contract	22,178	0	0	22,178
Reserved for Career Ladder Program	4,518	0	0	4,518
Other State Education Reserves	10,723	0	0	10,723
Reserved for Title I Grants to Local Education Agencies	0	0	82	82
Reserved for Special Education - Grants to States	0	0	138	138
Other Federal Reserves	0	0	327	327
Unreserved, Reported In:				
General Fund	1,861,685	0	0	1,861,685
Special Revenue Funds	0	423,979	292,567	716,546
Total Fund Balances	\$ 2,229,163	\$ 692,724	\$ 372,975	\$ 3,294,862
Total Liabilities and Fund Balances	\$ 6,055,743	\$ 2,070,834	\$ 486,012	\$ 8,612,589

Exhibit J-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, 2006

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

Total fund balances - balance sheet - governmental funds (Exhibit J-2)		\$ 3,294,862
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 703,268	
Add: buildings and improvements net of accumulated depreciation	29,907,864	
Add: other capital assets net of accumulated depreciation	<u>2,207,881</u>	32,819,013
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		452,963
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: compensated absences payable		<u>(82,126)</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 36,484,712</u>

Exhibit J-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, 2006

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>School</u>	<u>Funds</u>	
	<u>Purpose</u>	<u>Transpor-</u>	<u>Other</u>	<u>Governmental</u>
	<u>School</u>	<u>tation</u>	<u>Governmental</u>	<u>Funds</u>
			<u>Funds</u>	<u>Funds</u>
<u>Revenues</u>				
Local Taxes	\$ 6,362,645	\$ 1,592,844	\$ 0	\$ 7,955,489
Licenses and Permits	1,869	0	0	1,869
Charges for Current Services	10,517	23,265	694,432	728,214
Other Local Revenues	243,457	8,254	16,294	268,005
State of Tennessee	12,892,991	175,457	20,736	13,089,184
Federal Government	272,706	0	2,259,407	2,532,113
Total Revenues	<u>\$ 19,784,185</u>	<u>\$ 1,799,820</u>	<u>\$ 2,990,869</u>	<u>\$ 24,574,874</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 11,980,519	\$ 0	\$ 1,186,770	\$ 13,167,289
Support Services	6,498,918	1,595,405	226,082	8,320,405
Operation of Non-Instructional Services	851,074	0	1,553,267	2,404,341
Capital Outlay	111,756	0	0	111,756
Total Expenditures	<u>\$ 19,442,267</u>	<u>\$ 1,595,405</u>	<u>\$ 2,966,119</u>	<u>\$ 24,003,791</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>\$ 341,918</u>	<u>\$ 204,415</u>	<u>\$ 24,750</u>	<u>\$ 571,083</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 18,591	\$ 0	\$ 0	\$ 18,591
Transfers Out	0	0	(18,591)	(18,591)
Total Other Financing Sources (Uses)	<u>\$ 18,591</u>	<u>\$ 0</u>	<u>\$ (18,591)</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 360,509	\$ 204,415	\$ 6,159	\$ 571,083
Fund Balance, July 1, 2005	<u>1,868,654</u>	<u>488,309</u>	<u>366,816</u>	<u>2,723,779</u>
Fund Balance, June 30, 2006	<u>\$ 2,229,163</u>	<u>\$ 692,724</u>	<u>\$ 372,975</u>	<u>\$ 3,294,862</u>

Exhibit J-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, 2006

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

Net change in fund balances - total governmental funds (Exhibit J-4)		\$ 571,083
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 30,313	
Less: current year depreciation expense	<u>(1,047,420)</u>	(1,017,107)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2006	\$ 452,963	
Less: deferred delinquent property taxes and other deferred June 30, 2005	<u>(408,365)</u>	44,598
(3) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Change in compensated absences		<u>(6,071)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ (407,497)</u>

Exhibit J-6

Dyer County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Dyer County School Department
June 30, 2006

	<u>Special Revenue Funds</u>		Total
	School Federal Projects	Central Cafeteria	Nonmajor Governmental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 2,409	\$ 396,851	\$ 399,260
Due from Other Governments	86,752	0	86,752
Total Assets	<u>\$ 89,161</u>	<u>\$ 396,851</u>	<u>\$ 486,012</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 3,024	\$ 495	\$ 3,519
Payroll Deductions Payable	4,007	23,928	27,935
Due to Other Funds	4,081	0	4,081
Other Deferred Revenues	77,502	0	77,502
Total Liabilities	<u>\$ 88,614</u>	<u>\$ 24,423</u>	<u>\$ 113,037</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 0	\$ 79,861	\$ 79,861
Reserved for Title I Grants to Local Education Agencies	82	0	82
Reserved for Special Education - Grants to States	138	0	138
Other Federal Reserves	327	0	327
Unreserved	0	292,567	292,567
Total Fund Balances	<u>\$ 547</u>	<u>\$ 372,428</u>	<u>\$ 372,975</u>
Total Liabilities and Fund Balances	<u>\$ 89,161</u>	<u>\$ 396,851</u>	<u>\$ 486,012</u>

Exhibit J-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, 2006

	<u>Special Revenue Funds</u>		
	School Federal Projects	Central Cafeteria	Total Nonmajor Governmental Funds
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 694,432	\$ 694,432
Other Local Revenues	0	16,294	16,294
State of Tennessee	0	20,736	20,736
Federal Government	1,367,061	892,346	2,259,407
Total Revenues	<u>\$ 1,367,061</u>	<u>\$ 1,623,808</u>	<u>\$ 2,990,869</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 1,186,770	\$ 0	\$ 1,186,770
Support Services	226,082	0	226,082
Operation of Non-Instructional Services	0	1,553,267	1,553,267
Total Expenditures	<u>\$ 1,412,852</u>	<u>\$ 1,553,267</u>	<u>\$ 2,966,119</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (45,791)</u>	<u>\$ 70,541</u>	<u>\$ 24,750</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (18,591)	\$ 0	\$ (18,591)
Total Other Financing Sources (Uses)	<u>\$ (18,591)</u>	<u>\$ 0</u>	<u>\$ (18,591)</u>
Net Change in Fund Balances	\$ (64,382)	\$ 70,541	\$ 6,159
Fund Balance, July 1, 2005	64,929	301,887	366,816
Fund Balance, June 30, 2006	<u>\$ 547</u>	<u>\$ 372,428</u>	<u>\$ 372,975</u>

Exhibit J-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, 2006

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 6,362,645	\$ 0	\$ 0	\$ 6,362,645	\$ 6,168,948	\$ 6,168,948	\$ 193,697
Licenses and Permits	1,869	0	0	1,869	1,500	1,500	369
Charges for Current Services	10,517	0	0	10,517	21,618	21,618	(11,101)
Other Local Revenues	243,457	0	0	243,457	172,908	172,908	70,549
State of Tennessee	12,892,991	0	0	12,892,991	12,505,866	12,832,496	60,495
Federal Government	272,706	0	0	272,706	247,826	277,826	(5,120)
Total Revenues	\$ 19,784,185	\$ 0	\$ 0	\$ 19,784,185	\$ 19,118,666	\$ 19,475,296	\$ 308,889
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 9,749,808	\$ (6,803)	\$ 152,983	\$ 9,895,988	\$ 10,091,813	\$ 10,105,710	\$ 209,722
Special Education Program	1,721,439	0	2,423	1,723,862	1,760,218	1,770,595	46,733
Vocational Education Program	500,473	0	0	500,473	508,381	508,546	8,073
Student Body Education Program	8,799	(239)	0	8,560	9,800	9,800	1,240
<u>Support Services</u>							
Attendance	65,907	0	0	65,907	76,620	76,709	10,802
Health Services	138,922	(2,165)	0	136,757	136,833	136,912	155
Other Student Support	291,896	0	0	291,896	305,470	305,683	13,787
Regular Instruction Program	727,291	0	239	727,530	765,404	753,913	26,383
Special Education Program	122,959	0	1,599	124,558	131,945	132,278	7,720
Vocational Education Program	35,045	0	0	35,045	45,603	45,758	10,713
Board of Education	408,060	(39)	0	408,021	467,212	446,734	38,713
Director of Schools	231,767	(28)	0	231,739	249,558	250,425	18,686
Office of the Principal	1,363,638	0	2,120	1,365,758	1,363,264	1,369,914	4,156
Fiscal Services	213,384	(996)	3,985	216,373	235,230	235,774	19,401
Operation of Plant	1,855,192	(18)	7,060	1,862,234	1,862,940	1,902,940	40,706

(Continued)

Exhibit J-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 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Maintenance of Plant	\$ 1,044,857	\$ (11,713)	\$ 1,275	\$ 1,034,419	\$ 1,034,146	\$ 1,037,837	\$ 3,418
<u>Operation of Non-Instructional Services</u>							
Food Service	14,654	(72)	0	14,582	16,988	16,995	2,413
Community Services	314,792	(5,079)	0	309,713	292,400	322,400	12,687
Early Childhood Education	521,628	0	0	521,628	195,000	521,628	0
<u>Capital Outlay</u>							
Regular Capital Outlay	111,756	(24,487)	107,642	194,911	280,000	280,000	85,089
Total Expenditures	<u>\$ 19,442,267</u>	<u>\$ (51,639)</u>	<u>\$ 279,326</u>	<u>\$ 19,669,954</u>	<u>\$ 19,828,825</u>	<u>\$ 20,230,551</u>	<u>\$ 560,597</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 341,918	\$ 51,639	\$ (279,326)	\$ 114,231	\$ (710,159)	\$ (755,255)	\$ 869,486
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 18,591	\$ 0	\$ 0	\$ 18,591	\$ 17,826	\$ 17,826	\$ 765
Total Other Financing Sources (Uses)	<u>\$ 18,591</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 18,591</u>	<u>\$ 17,826</u>	<u>\$ 17,826</u>	<u>\$ 765</u>
Net Change in Fund Balance	\$ 360,509	\$ 51,639	\$ (279,326)	\$ 132,822	\$ (692,333)	\$ (737,429)	\$ 870,251
Fund Balance, July 1, 2005	<u>1,868,654</u>	<u>(51,639)</u>	<u>0</u>	<u>1,817,015</u>	<u>1,784,641</u>	<u>1,784,641</u>	<u>32,374</u>
Fund Balance, June 30, 2006	<u>\$ 2,229,163</u>	<u>\$ 0</u>	<u>\$ (279,326)</u>	<u>\$ 1,949,837</u>	<u>\$ 1,092,308</u>	<u>\$ 1,047,212</u>	<u>\$ 902,625</u>

Exhibit J-9

Dyer County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Dyer County School Department
School Federal Projects Fund
For the Year Ended June 30, 2006

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 1,367,061	\$ 1,508,208	\$ 1,504,733	\$ (137,672)
Total Revenues	\$ 1,367,061	\$ 1,508,208	\$ 1,504,733	\$ (137,672)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 435,138	\$ 449,079	\$ 461,691	\$ 26,553
Special Education Program	684,614	752,217	702,144	17,530
Vocational Education Program	67,018	65,247	67,018	0
<u>Support Services</u>				
Other Student Support	19,648	21,317	19,648	0
Regular Instruction Program	107,669	152,434	137,346	29,677
Special Education Program	96,897	47,782	97,856	959
Vocational Education Program	1,868	2,000	1,868	0
Transportation	0	3,500	3,500	3,500
Total Expenditures	\$ 1,412,852	\$ 1,493,576	\$ 1,491,071	\$ 78,219
Excess (Deficiency) of Revenues Over Expenditures	\$ (45,791)	\$ 14,632	\$ 13,662	\$ (59,453)
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 44,000	\$ 46,000	\$ (46,000)
Transfers Out	(18,591)	(63,561)	(64,591)	46,000
Total Other Financing Sources (Uses)	\$ (18,591)	\$ (19,561)	\$ (18,591)	\$ 0
Net Change in Fund Balance	\$ (64,382)	\$ (4,929)	\$ (4,929)	\$ (59,453)
Fund Balance, July 1, 2005	64,929	64,929	64,929	0
Fund Balance, June 30, 2006	\$ 547	\$ 60,000	\$ 60,000	\$ (59,453)

Exhibit J-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, 2006

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 694,432	\$ 0	\$ 0	\$ 694,432	\$ 696,700	\$ 696,700	\$ (2,268)
Other Local Revenues	16,294	0	0	16,294	6,400	6,400	9,894
State of Tennessee	20,736	0	0	20,736	20,500	20,500	236
Federal Government	892,346	0	0	892,346	819,290	894,290	(1,944)
Total Revenues	<u>\$ 1,623,808</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,623,808</u>	<u>\$ 1,542,890</u>	<u>\$ 1,617,890</u>	<u>\$ 5,918</u>
<u>Expenditures</u>							
<u>Operation of Non-Instructional Services</u>							
Food Service	\$ 1,553,267	\$ (16,261)	\$ 79,861	\$ 1,616,867	\$ 1,542,890	\$ 1,617,890	\$ 1,023
Total Expenditures	<u>\$ 1,553,267</u>	<u>\$ (16,261)</u>	<u>\$ 79,861</u>	<u>\$ 1,616,867</u>	<u>\$ 1,542,890</u>	<u>\$ 1,617,890</u>	<u>\$ 1,023</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 70,541</u>	<u>\$ 16,261</u>	<u>\$ (79,861)</u>	<u>\$ 6,941</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,941</u>
Net Change in Fund Balance	\$ 70,541	\$ 16,261	\$ (79,861)	\$ 6,941	\$ 0	\$ 0	\$ 6,941
Fund Balance, July 1, 2005	<u>301,887</u>	<u>(16,261)</u>	<u>0</u>	<u>285,626</u>	<u>312,639</u>	<u>312,639</u>	<u>(27,013)</u>
Fund Balance, June 30, 2006	<u>\$ 372,428</u>	<u>\$ 0</u>	<u>\$ (79,861)</u>	<u>\$ 292,567</u>	<u>\$ 312,639</u>	<u>\$ 312,639</u>	<u>\$ (20,072)</u>

Exhibit J-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, 2006

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 1,592,844	\$ 0	\$ 0	\$ 1,592,844	\$ 1,591,138	\$ 1,591,138	\$ 1,706
Charges for Current Services	23,265	0	0	23,265	22,053	22,053	1,212
Other Local Revenues	8,254	0	0	8,254	2,923	2,923	5,331
State of Tennessee	175,457	0	0	175,457	175,554	175,554	(97)
Total Revenues	<u>\$ 1,799,820</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,799,820</u>	<u>\$ 1,791,668</u>	<u>\$ 1,791,668</u>	<u>\$ 8,152</u>
<u>Expenditures</u>							
<u>Support Services</u>							
Board of Education	\$ 29,089	\$ 0	\$ 0	\$ 29,089	\$ 30,000	\$ 31,000	\$ 1,911
Operation of Plant	16,215	0	0	16,215	16,000	19,500	3,285
Transportation	1,550,101	(1,599)	268,745	1,817,247	1,876,088	1,880,747	63,500
Total Expenditures	<u>\$ 1,595,405</u>	<u>\$ (1,599)</u>	<u>\$ 268,745</u>	<u>\$ 1,862,551</u>	<u>\$ 1,922,088</u>	<u>\$ 1,931,247</u>	<u>\$ 68,696</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 204,415</u>	<u>\$ 1,599</u>	<u>\$ (268,745)</u>	<u>\$ (62,731)</u>	<u>\$ (130,420)</u>	<u>\$ (139,579)</u>	<u>\$ 76,848</u>
Net Change in Fund Balance	\$ 204,415	\$ 1,599	\$ (268,745)	\$ (62,731)	\$ (130,420)	\$ (139,579)	\$ 76,848
Fund Balance, July 1, 2005	488,309	(1,599)	0	486,710	440,011	440,011	46,699
Fund Balance, June 30, 2006	<u>\$ 692,724</u>	<u>\$ 0</u>	<u>\$ (268,745)</u>	<u>\$ 423,979</u>	<u>\$ 309,591</u>	<u>\$ 300,432</u>	<u>\$ 123,547</u>

MISCELLANEOUS SCHEDULES

Exhibit K-1

Dyer County, Tennessee
Schedule of Changes in Long-term Notes, Capital Leases, Other Loans, and Bonds
For the Year Ended June 30, 2006

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-05	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-06
<u>NOTES PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
School Capital Outlay Refunding Note, Series 1998	\$ 6,690,000	3.45 to 4.05%	12-1-1998	7-15-07	\$ 3,090,000	\$ 0	\$ 985,000	\$ 2,105,000
Jail Property Acquisition	250,000	5.32	10-30-00	10-30-05	50,000	0	50,000	0
Total Payable through General Debt Service Fund					\$ 3,140,000	\$ 0	\$ 1,035,000	\$ 2,105,000
<u>Payable through General Fund</u>								
Sheriff's Patrol Cars	65,508	5	8-12-04	8-13-06	\$ 42,581	\$ 0	\$ 20,518	\$ 22,063
Sheriff's Department Vehicles	129,098	4.45	10-21-05	10-21-07	0	129,098	44,909	84,189
Edenton-Lamb Building	237,500	4.15	3-30-06	3-29-09	0	237,500	0	237,500
Total Payable through General Fund					\$ 42,581	\$ 366,598	\$ 65,427	\$ 343,752
Total Notes Payable					\$ 3,182,581	\$ 366,598	\$ 1,100,427	\$ 2,448,752
<u>CAPITAL LEASES PAYABLE</u>								
<u>Payable through General Fund</u>								
Sheriff's Patrol Cars	65,508	2.92	8-5-03	8-5-05	\$ 21,856	\$ 0	\$ 21,856	\$ 0
Total Payable through General Fund					\$ 21,856	\$ 0	\$ 21,856	\$ 0
<u>Payable through Drug Control Fund</u>								
Sheriff's Drug Vehicle	18,187	3.38	2-21-03	2-21-06	\$ 4,622	\$ 0	\$ 4,622	\$ 0
Sheriff's Patrol Car	21,836	4.25	9-17-03	9-17-07	11,568	0	4,956	6,612
Total Payable through Drug Control Fund					\$ 16,190	\$ 0	\$ 9,578	\$ 6,612
<u>Payable through Highway/Public Works Fund</u>								
Excavators	287,800	3.29	3-10-03	3-10-08	\$ 159,626	\$ 0	\$ 57,969	\$ 101,657
Dump Trucks	344,880	3.3	5-20-05	3-21-06	344,880	0	344,880	0
Graders	326,800	3.89	6-20-05	6-20-10	326,800	0	60,384	266,416
Dump Trucks	378,496	3.5	4-20-06	4-20-10	0	378,496	0	378,496
Total Payable through Highway/Public Works Fund					\$ 831,306	\$ 378,496	\$ 463,233	\$ 746,569
Total Capital Leases Payable					\$ 869,352	\$ 378,496	\$ 494,667	\$ 753,181

(Continued)

Exhibit K-1

Dyer County, Tennessee

Schedule of Changes in Long-term Notes, Capital Leases, Other Loans, and Bonds (Cont.)

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-05	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-06
<u>OTHER LOANS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
School Construction (Series III-G-1)	\$ 10,000,000	Variable (1)	7-15-1999	6-1-24	\$ 10,000,000	\$ 0	\$ 0	\$ 10,000,000
School Construction (Series IV-B-1)	14,780,000	Variable	1-1-00	6-1-17	14,460,000	0	165,000	14,295,000
School Construction (Series IV-B-1)	6,220,000	Variable (1)	1-1-00	6-1-20	6,220,000	0	0	6,220,000
Total Other Loans Payable					<u>\$ 30,680,000</u>	<u>\$ 0</u>	<u>\$ 165,000</u>	<u>\$ 30,515,000</u>
<u>BONDS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
General Obligation Bonds, Series 2001	8,500,000	3.4 to 4.95%	7-9-01	6-1-10	\$ 900,000	\$ 0	\$ 100,000	\$ 800,000
General Obligation Refunding Bonds, Series 2005	7,980,000	3 to 4.45	4-21-05	6-1-26	7,840,000	0	30,000	7,810,000
Total Bonds Payable					<u>\$ 8,740,000</u>	<u>\$ 0</u>	<u>\$ 130,000</u>	<u>\$ 8,610,000</u>

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

Exhibit K-2

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

Year Ending June 30	Bond Requirements	Interest Requirements	Total Requirements
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	<u>\$ 8,610,000</u>	<u>\$ 4,534,293</u>	<u>\$ 13,144,293</u>

Exhibit K-3

Dyer County, Tennessee
Schedule of Notes Receivable
June 30, 2006

<u>Description</u>	<u>Debtor</u>	<u>Original Amount of Note</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Balance 6-30-06</u>
Special Purpose Fund	Dyer County Industrial Development Board	\$ 3,744,016	6%	6-2-03	7-5-18	<u>\$ 3,236,678</u>
Total Notes Receivable						<u><u>\$ 3,236,678</u></u>

Exhibit K-4

Dyer County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Dyer County School Department
For the Year Ended June 30, 2006

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>Primary Government</u>			
General	Solid Waste/Sanitation	To provide funds for operations	<u>\$ 67,533</u>
Total Transfers Primary Government			<u><u>\$ 67,533</u></u>
<u>Discretely Presented Dyer County School Department</u>			
School Federal Projects	General Purpose School	Indirect costs	<u>\$ 18,591</u>
Total Transfers Discretely Presented Dyer County School Department			<u><u>\$ 18,591</u></u>

Exhibit K-5

Dyer County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Dyer County School Department
For the Year Ended June 30, 2006

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u>	\$ 74,256	\$ 50,000	United States Fidelity and Guaranty Company
Road Supervisor	Section 8-24-102, <u>TCA</u>	68,434	100,000	"
Director of Schools	State Board of Education and County Board of Education	136,161 (1)	50,000	Fidelity and Deposit Company of Maryland
Trustee	Section 8-24-102, <u>TCA</u>	59,340	785,900	United States Fidelity and Guaranty Company
Assessor of Property	Section 8-24-102, <u>TCA</u>	59,340	10,000	Fidelity and Deposit Company of Maryland
County Clerk	Section 8-24-102, <u>TCA</u>	59,340	50,000	United States Fidelity and Guaranty Company
Circuit and General Sessions Courts Clerk	Section 8-24-102, <u>TCA</u>	59,340	50,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u>	59,340	65,000	"
Register	Section 8-24-102, <u>TCA</u>	59,340	25,000	"
Sheriff	Section 8-24-102, <u>TCA</u>	65,886 (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 \$1,463, and tax shelter annuity payments of \$6,984.

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

Exhibit K-6

Dyer County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2006

	Special Revenue Funds				
	General	Law Library	Solid Waste / Sanitation	Drug Control	District Attorney General
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 2,740,274	\$ 0	\$ 0	\$ 0	\$ 0
Trustee's Collections - Prior Year	98,118	0	0	0	0
Circuit/Clerk & Master Collections - Prior Years	70,333	0	0	0	0
Interest and Penalty	22,291	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	142,406	0	0	0	0
Payments in-Lieu-of Taxes - Other	1,167,957	0	0	0	0
<u>County Local Option Taxes</u>					
Local Option Sales Tax	0	0	0	0	0
Litigation Tax - General	216,012	0	0	0	0
Litigation Tax - Special Purpose	0	2,603	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0
Business Tax	294,272	0	0	0	0
<u>Statutory Local Taxes</u>					
Bank Excise Tax	84,721	0	0	0	0
Wholesale Beer Tax	115,625	0	0	0	0
Total Local Taxes	\$ 4,952,009	\$ 2,603	\$ 0	\$ 0	\$ 0
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Animal Registration	\$ 9,886	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	85,374	0	0	0	0
<u>Permits</u>					
Beer Permits	2,779	0	0	0	0
Building Permits	24,255	0	0	0	0
Other Permits	28,658	0	0	0	0
Total Licenses and Permits	\$ 150,952	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 8,695	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	2,582	0	0	0	0
Drug Control Fines	0	0	0	8,135	0

(Continued)

Exhibit K-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
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>Circuit Court (Cont.)</u>					
Drug Court Fees	\$ 1,184	\$ 0	\$ 0	\$ 0	\$ 0
DUI Treatment Fines	111	0	0	0	0
Data Entry Fee - Circuit Court	446	0	0	0	0
<u>General Sessions Court</u>					
Fines	34,185	0	0	0	0
Officers Costs	30,172	0	0	0	0
Game and Fish Fines	80	0	0	0	0
Drug Control Fines	9,654	0	0	6,305	0
Drug Court Fees	3,487	0	0	0	0
Jail Fees	494	0	0	0	0
District Attorney General Fees	0	0	0	0	7,856
DUI Treatment Fines	8,800	0	0	0	0
Data Entry Fee - General Sessions Court	12,067	0	0	0	0
<u>Juvenile Court</u>					
Fines	1,379	0	0	0	0
Courtroom Security Fee	310	0	0	0	0
<u>Chancery Court</u>					
Officers Costs	3,515	0	0	0	0
Data Entry Fee - Chancery Court	2,854	0	0	0	0
<u>Courts in Other District Counties</u>					
District Attorney General Fees	0	0	0	0	2,849
<u>Judicial District Drug Program</u>					
Courtroom Security Fee	590	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	0	0	0	1,826	0
Total Fines, Forfeitures, and Penalties	\$ 120,605	\$ 0	\$ 0	\$ 16,266	\$ 10,705
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Other General Service Charges	\$ 789	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fees</u>					
Copy Fees	1,132	0	0	0	0

(Continued)

Exhibit K-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
<u>Charges for Current Services (Cont.)</u>					
<u>Fees (Cont.)</u>					
Telephone Commissions	\$ 28,729	\$ 0	\$ 0	\$ 0	\$ 0
Vending Machine Collections	22	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0
Data Processing Fee - Register	17,318	0	0	0	0
Data Processing Fee - Sheriff	8,193	0	0	0	0
Sexual Offender Registration Fees - Sheriff	680	0	0	0	0
Total Charges for Current Services	\$ 56,863	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 81,756	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	49,923	0	2,861	0	0
Sale of Materials and Supplies	0	0	0	0	0
Commissary Sales	26,295	0	0	0	0
Miscellaneous Refunds	25,844	0	0	1,175	530
<u>Nonrecurring Items</u>					
Sale of Equipment	18,675	0	0	0	0
Damages Recovered from Individuals	1,459	0	0	0	0
Contributions & Gifts	450	0	0	890	0
Total Other Local Revenues	\$ 204,402	\$ 0	\$ 2,861	\$ 2,065	\$ 530
<u>Fees Received from County Officials</u>					
<u>Fees-In-Lieu of Salary</u>					
County Clerk	\$ 313,441	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	92,738	0	0	0	0
General Sessions Court Clerk	282,787	0	0	0	0
Clerk and Master	275,364	0	0	0	0
Register	203,554	0	0	0	0
Sheriff	13,478	0	0	0	0
Trustee	493,639	0	0	0	0
Total Fees Received from County Officials	\$ 1,675,001	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit K-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
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0
Aging Programs	195,635	0	0	0	0
State Reappraisal Grant	12,661	0	0	0	0
Solid Waste Grants	0	0	28,274	0	0
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	11,411	0	0	0	0
<u>Public Works Grants</u>					
Bridge Program	0	0	0	0	0
State Aid Program	0	0	0	0	0
Litter Program	32,784	0	0	0	0
Other Public Works Grants	0	0	0	0	0
<u>Other State Revenues</u>					
Income Tax	52,704	0	0	0	0
Beer Tax	17,212	0	0	0	0
Alcoholic Beverage Tax	48,923	0	0	0	0
Contracted Prisoner Boarding	1,297,431	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	46,083	0	0	0	0
Other State Revenues	800	0	0	0	0
Total State of Tennessee	\$ 1,741,024	\$ 0	\$ 28,274	\$ 0	\$ 0
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA - Other	\$ 54,483	\$ 0	\$ 0	\$ 0	\$ 0
Community Development	0	0	0	0	0
Disaster Relief	15,033	0	0	0	0
Homeland Security Grants	230,228	0	0	0	0
Other Federal through State	59,280	0	0	0	0
<u>Direct Federal Revenue</u>					
Other Direct Federal Revenue	6,400	0	0	0	0
Total Federal Government	\$ 365,424	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit K-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
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Prisoner Board	\$ 12,353	\$ 0	\$ 0	\$ 0	\$ 0
Contributions	250	0	0	0	0
Contracted Services	21,657	0	0	0	0
Total Other Governments and Citizens Groups	\$ 34,260	\$ 0	\$ 0	\$ 0	\$ 0
 Total	 \$ 9,300,540	 \$ 2,603	 \$ 31,135	 \$ 18,331	 \$ 11,235

(Continued)

Exhibit K-6

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

	Special Revenue Funds		Debt Service Fund	Capital Projects Fund	Total
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	HUD Grant Projects	
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 0	\$ 1,598,917	\$ 1,744,725	\$ 0	\$ 6,083,916
Trustee's Collections - Prior Year	0	57,863	62,472	0	218,453
Circuit/Clerk & Master Collections - Prior Years	0	40,425	44,781	0	155,539
Interest and Penalty	0	13,007	14,193	0	49,491
Payments in-Lieu-of Taxes - Local Utilities	0	0	0	0	142,406
Payments in-Lieu-of Taxes - Other	0	0	0	0	1,167,957
<u>County Local Option Taxes</u>					
Local Option Sales Tax	0	0	66,643	0	66,643
Litigation Tax - General	0	0	0	0	216,012
Litigation Tax - Special Purpose	0	0	0	0	2,603
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	56,638	0	56,638
Business Tax	0	0	0	0	294,272
<u>Statutory Local Taxes</u>					
Bank Excise Tax	0	0	0	0	84,721
Wholesale Beer Tax	0	0	0	0	115,625
Total Local Taxes	\$ 0	\$ 1,710,212	\$ 1,989,452	\$ 0	\$ 8,654,276
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Animal Registration	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,886
Cable TV Franchise	0	0	0	0	85,374
<u>Permits</u>					
Beer Permits	0	0	0	0	2,779
Building Permits	0	0	0	0	24,255
Other Permits	0	0	0	0	28,658
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 150,952
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,695
Officers Costs	0	0	0	0	2,582
Drug Control Fines	0	0	0	0	8,135

(Continued)

Exhibit K-6

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

	Special Revenue Funds		Debt Service Fund	Capital Projects Fund	
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	HUD Grant Projects	Total
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>Circuit Court (Cont.)</u>					
Drug Court Fees	\$ 0	\$ 0	\$ 0	\$ 0	1,184
DUI Treatment Fines	0	0	0	0	111
Data Entry Fee - Circuit Court	0	0	0	0	446
<u>General Sessions Court</u>					
Fines	0	0	0	0	34,185
Officers Costs	0	0	0	0	30,172
Game and Fish Fines	0	0	0	0	80
Drug Control Fines	0	0	0	0	15,959
Drug Court Fees	0	0	0	0	3,487
Jail Fees	0	0	0	0	494
District Attorney General Fees	0	0	0	0	7,856
DUI Treatment Fines	0	0	0	0	8,800
Data Entry Fee - General Sessions Court	0	0	0	0	12,067
<u>Juvenile Court</u>					
Fines	0	0	0	0	1,379
Courtroom Security Fee	0	0	0	0	310
<u>Chancery Court</u>					
Officers Costs	0	0	0	0	3,515
Data Entry Fee - Chancery Court	0	0	0	0	2,854
<u>Courts in Other District Counties</u>					
District Attorney General Fees	0	0	0	0	2,849
<u>Judicial District Drug Program</u>					
Courtroom Security Fee	0	0	0	0	590
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	0	0	0	0	1,826
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	147,576
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Other General Service Charges	\$ 0	\$ 0	\$ 0	\$ 0	789
<u>Fees</u>					
Copy Fees	0	0	0	0	1,132

(Continued)

Exhibit K-6

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

	Special Revenue Funds		Debt Service Fund	Capital Projects Fund	
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	HUD Grant Projects	Total
<u>Charges for Current Services (Cont.)</u>					
<u>Fees (Cont.)</u>					
Telephone Commissions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 28,729
Vending Machine Collections	0	0	0	0	22
Constitutional Officers' Fees and Commissions	700	0	0	0	700
Data Processing Fee - Register	0	0	0	0	17,318
Data Processing Fee - Sheriff	0	0	0	0	8,193
Sexual Offender Registration Fees - Sheriff	0	0	0	0	680
Total Charges for Current Services	\$ 700	\$ 0	\$ 0	\$ 0	\$ 57,563
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 102,911	\$ 698,809	\$ 0	\$ 883,476
Lease/Rentals	0	0	0	0	52,784
Sale of Materials and Supplies	0	1,296	0	0	1,296
Commissary Sales	0	0	0	0	26,295
Miscellaneous Refunds	0	5,665	0	0	33,214
<u>Nonrecurring Items</u>					
Sale of Equipment	0	0	0	0	18,675
Damages Recovered from Individuals	0	0	0	0	1,459
Contributions & Gifts	0	0	0	0	1,340
Total Other Local Revenues	\$ 0	\$ 109,872	\$ 698,809	\$ 0	\$ 1,018,539
<u>Fees Received from County Officials</u>					
<u>Fees-In-Lieu of Salary</u>					
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 313,441
Circuit Court Clerk	0	0	0	0	92,738
General Sessions Court Clerk	0	0	0	0	282,787
Clerk and Master	0	0	0	0	275,364
Register	0	0	0	0	203,554
Sheriff	0	0	0	0	13,478
Trustee	0	0	0	0	493,639
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,675,001

(Continued)

Exhibit K-6

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

	Special Revenue Funds		Debt Service Fund	Capital Projects Fund	
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	HUD Grant Projects	Total
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	9,000
Aging Programs	0	0	0	0	195,635
State Reappraisal Grant	0	0	0	0	12,661
Solid Waste Grants	0	0	0	0	28,274
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	0	0	0	0	11,411
<u>Public Works Grants</u>					
Bridge Program	0	187,506	0	0	187,506
State Aid Program	0	205,000	0	0	205,000
Litter Program	0	0	0	0	32,784
Other Public Works Grants	0	50,000	0	0	50,000
<u>Other State Revenues</u>					
Income Tax	0	0	0	0	52,704
Beer Tax	0	0	0	0	17,212
Alcoholic Beverage Tax	0	0	0	0	48,923
Contracted Prisoner Boarding	0	0	0	0	1,297,431
Gasoline and Motor Fuel Tax	0	1,846,599	0	0	1,846,599
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	46,083
Other State Revenues	0	0	0	0	800
Total State of Tennessee	\$ 0	\$ 2,319,093	\$ 0	\$ 0	\$ 4,088,391
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA - Other	\$ 0	\$ 0	\$ 0	\$ 0	54,483
Community Development	0	0	0	111,650	111,650
Disaster Relief	0	0	0	0	15,033
Homeland Security Grants	0	0	0	0	230,228
Other Federal through State	0	0	0	0	59,280
<u>Direct Federal Revenue</u>					
Other Direct Federal Revenue	0	0	0	0	6,400
Total Federal Government	\$ 0	\$ 0	\$ 0	111,650	\$ 477,074

(Continued)

Exhibit K-6

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

	<u>Special Revenue Funds</u>		<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	
	<u>Constitutional Officers - Fees</u>	<u>Highway / Public Works</u>	<u>General Debt Service</u>	<u>HUD Grant Projects</u>	<u>Total</u>
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Prisoner Board	\$ 0	\$ 0	\$ 0	\$ 0	\$ 12,353
Contributions	0	0	0	0	250
Contracted Services	0	0	0	0	21,657
Total Other Governments and Citizens Groups	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 34,260</u>
Total	<u>\$ 700</u>	<u>\$ 4,139,177</u>	<u>\$ 2,688,261</u>	<u>\$ 111,650</u>	<u>\$ 16,303,632</u>

Exhibit K-7

Dyer County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Dyer County School Department
For the Year Ended June 30, 2006

	General Purpose School	School Federal Projects	Central Cafeteria	School Transpor- tation	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 2,763,599	\$ 0	\$ 0	\$ 1,259,560	\$ 4,023,159
Trustee's Collections - Prior Year	99,430	0	0	53,354	152,784
Circuit/Clerk & Master Collections - Prior Years	70,957	0	0	32,035	102,992
Interest and Penalty	22,516	0	0	10,307	32,823
Payments in-Lieu-of Taxes - T.V.A.	207	0	0	0	207
<u>County Local Option Taxes</u>					
Local Option Sales Tax	2,738,627	0	0	0	2,738,627
Wheel Tax	662,768	0	0	237,588	900,356
<u>Statutory Local Taxes</u>					
Interstate Telecommunications Tax	4,541	0	0	0	4,541
Total Local Taxes	\$ 6,362,645	\$ 0	\$ 0	\$ 1,592,844	\$ 7,955,489
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 1,430	\$ 0	\$ 0	\$ 0	\$ 1,430
<u>Permits</u>					
Other Permits	439	0	0	0	439
Total Licenses and Permits	\$ 1,869	\$ 0	\$ 0	\$ 0	\$ 1,869
<u>Charges for Current Services</u>					
<u>Fees</u>					
Vending Machine Collections	\$ 757	\$ 0	\$ 0	\$ 416	\$ 1,173
<u>Education Charges</u>					
Tuition - Summer School	4,780	0	0	0	4,780
Lunch Payments - Children	0	0	358,485	0	358,485
Lunch Payments - Adults	0	0	47,701	0	47,701
Income from Breakfast	0	0	46,651	0	46,651
Special Milk Sales	0	0	241,289	0	241,289
Transportation - Other State Systems	0	0	0	13,500	13,500
School Based Health Services - FFS	311	0	0	0	311
Receipts from Individual Schools	4,669	0	306	9,349	14,324
Total Charges for Current Services	\$ 10,517	\$ 0	\$ 694,432	\$ 23,265	\$ 728,214
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 180,513	\$ 0	\$ 16,014	\$ 0	\$ 196,527
Sale of Materials and Supplies	533	0	0	0	533
Retirees' Insurance Payments	3,635	0	0	1,586	5,221
Miscellaneous Refunds	58,750	0	280	6,150	65,180
<u>Nonrecurring Items</u>					
Damages Recovered from Individuals	0	0	0	218	218
Contributions & Gifts	26	0	0	300	326
Total Other Local Revenues	\$ 243,457	\$ 0	\$ 16,294	\$ 8,254	\$ 268,005
<u>State of Tennessee</u>					
<u>State Education Funds</u>					
Basic Education Program	\$ 11,393,285	\$ 0	\$ 0	\$ 158,082	\$ 11,551,367
School Food Service	0	0	20,736	0	20,736

(Continued)

Exhibit K-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
<u>State of Tennessee (Cont.)</u>					
<u>State Education Funds (Cont.)</u>					
Driver Education	\$ 10,058	\$ 0	\$ 0	\$ 0	\$ 10,058
Other State Education Funds	613,652	0	0	17,375	631,027
Career Ladder Program	218,683	0	0	0	218,683
Career Ladder - Extended Contract	120,258	0	0	0	120,258
<u>Other State Revenues</u>					
State Revenue Sharing - T.V.A.	459,039	0	0	0	459,039
Other State Grants	78,016	0	0	0	78,016
Total State of Tennessee	\$ 12,892,991	\$ 0	\$ 20,736	\$ 175,457	\$ 13,089,184
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 662,575	\$ 0	\$ 662,575
Breakfast	0	0	229,771	0	229,771
Vocational Education - Basic Grants to States	0	74,386	0	0	74,386
Title I Grants to Local Education Agencies	0	401,257	0	0	401,257
Innovative Education Program Strategies	0	9,184	0	0	9,184
Special Education - Grants to States	55,467	703,661	0	0	759,128
Special Education Preschool Grants	0	32,954	0	0	32,954
Eisenhower Professional Development State Grants	0	123,366	0	0	123,366
Other Federal through State	165,695	22,253	0	0	187,948
<u>Direct Federal Revenue</u>					
ROTC Reimbursement	51,544	0	0	0	51,544
Total Federal Government	\$ 272,706	\$ 1,367,061	\$ 892,346	\$ 0	\$ 2,532,113
Total	\$ 19,784,185	\$ 1,367,061	\$ 1,623,808	\$ 1,799,820	\$ 24,574,874

Exhibit K-8

Dyer County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2006

General Fund

General Government

County Commission

Other Per Diem & Fees	\$	67,375	
Social Security		3,747	
Employer Medicare		876	
Audit Services		8,492	
Total County Commission			\$ 80,490

Board of Equalization

Board and Committee Members Fees	\$	1,850	
Total Board of Equalization			1,850

Other Boards and Committees

Board and Committee Members Fees	\$	4,600	
Total Other Boards and Committees			4,600

County Mayor/Executive

County Official/Administrative Officer	\$	74,256	
Secretary(ies)		59,136	
Other Per Diem & Fees		6,000	
Social Security		7,775	
Local Retirement		6,600	
Employer Medicare		1,818	
Legal Notices, Recording, and Court Costs		253	
Maintenance & Repair Services - Office Equipment		3,565	
Postal Charges		1,265	
Printing, Stationery, and Forms		1,629	
Travel		407	
Other Contracted Services		6,426	
Office Supplies		3,480	
Total County Mayor/Executive			172,610

County Attorney

County Official/Administrative Officer	\$	1,200	
Social Security		74	
Employer Medicare		17	
Legal Services		47,920	
Total County Attorney			49,211

Election Commission

County Official/Administrative Officer	\$	55,772	
Deputy(ies)		56,428	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Part-time Personnel	\$	22,107	
Election Commission		7,809	
Election Workers		949	
Social Security		7,806	
Medical Insurance		13,938	
Local Retirement		2,803	
Employer Medicare		1,826	
Legal Notices, Recording, and Court Costs		1,204	
Maintenance & Repair Services - Equipment		11,122	
Postal Charges		3,007	
Printing, Stationery, and Forms		2,374	
Travel		6,195	
Office Supplies		4,460	
Other Charges		4,636	
Office Equipment		<u>23,528</u>	
Total Election Commission			\$ 225,964

Register of Deeds

County Official/Administrative Officer	\$	59,340	
Deputy(ies)		60,255	
Educational Incentive - Official/Admin Officer		1,475	
Social Security		6,285	
Medical Insurance		15,062	
Local Retirement		5,946	
Employer Medicare		1,470	
Dues and Memberships		606	
Postal Charges		765	
Printing, Stationery, and Forms		4,029	
Travel		1,556	
Other Contracted Services		934	
Data Processing Supplies		17,141	
Office Supplies		1,744	
Other Charges		50	
Office Equipment		<u>1,870</u>	
Total Register of Deeds			178,528

Planning

County Official/Administrative Officer	\$	43,441
Assistant(s)		14,615
Secretary(ies)		26,553

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Planning (Cont.)

Other Salaries & Wages	\$	280	
Other Per Diem & Fees		13,200	
Social Security		4,486	
Medical Insurance		18,694	
Local Retirement		2,115	
Employer Medicare		1,049	
Contracts with Private Agencies		475	
Dues and Memberships		100	
Legal Notices, Recording, and Court Costs		220	
Postal Charges		450	
Other Contracted Services		8,500	
Office Supplies		1,179	
In Service/Staff Development		724	
Other Charges		66	
Total Planning			\$ 136,147

County Buildings

Custodial Personnel	\$	40,626	
Social Security		2,283	
Medical Insurance		7,413	
Employer Medicare		534	
Janitorial Services		51,577	
Maintenance & Repair Services - Buildings		6,188	
Custodial Supplies		9,580	
Drugs and Medical Supplies		650	
Liability Insurance		90,614	
Other Charges		970	
Office Equipment		14,764	
Building Purchases		237,500	
Other Capital Outlay		59,711	
Total County Buildings			522,410

Other General Administration

Communication	\$	25,032	
Contributions		62,000	
Dues and Memberships		4,818	
Maintenance Agreements		7,657	
Maintenance & Repair Services - Buildings		7,820	
Maintenance & Repair Services - Office Equipment		1,887	
Pest Control		927	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Other General Administration (Cont.)

Electricity	\$ 18,371	
Utilities	8,710	
Total Other General Administration		\$ 137,222

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$ 48,204	
Assistant(s)	43,847	
Social Security	5,213	
Medical Insurance	11,430	
Local Retirement	2,206	
Employer Medicare	1,219	
Legal Notices, Recording, and Court Costs	169	
Maintenance & Repair Services - Office Equipment	211	
Postal Charges	2,000	
Printing, Stationery, and Forms	1,030	
Travel	276	
Other Contracted Services	5,590	
Office Supplies	53	
In Service/Staff Development	257	
Office Equipment	3,000	
Total Accounting and Budgeting		124,705

Property Assessor's Office

County Official/Administrative Officer	\$ 59,340
Deputy(ies)	130,603
Other Per Diem & Fees	1,800
Social Security	10,453
Medical Insurance	30,350
Local Retirement	7,597
Employer Medicare	2,445
Contracts with Private Agencies	39,285
Data Processing Services	10,625
Dues and Memberships	1,295
Legal Notices, Recording, and Court Costs	88
Postal Charges	1,022
Rentals	3,077
Travel	634
Office Supplies	2,448
In Service/Staff Development	773

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Other Charges	\$	408	
Office Equipment		1,234	
Total Property Assessor's Office			\$ 303,477

Reappraisal Program

Other Salaries & Wages	\$	27,179	
Other Per Diem & Fees		6,000	
Social Security		1,585	
Medical Insurance		3,701	
Local Retirement		679	
Employer Medicare		371	
Data Processing Services		3,504	
Postal Charges		1,877	
Office Supplies		297	
Total Reappraisal Program			45,193

County Trustee's Office

County Official/Administrative Officer	\$	59,340	
Deputy(ies)		72,676	
Social Security		7,352	
Medical Insurance		17,585	
Local Retirement		5,118	
Employer Medicare		1,719	
Legal Notices, Recording, and Court Costs		214	
Maintenance & Repair Services - Office Equipment		676	
Postal Charges		10,000	
Printing, Stationery, and Forms		1,726	
Travel		1,175	
Other Contracted Services		5,900	
Data Processing Supplies		989	
Office Supplies		800	
In Service/Staff Development		750	
Office Equipment		12,079	
Total County Trustee's Office			198,099

County Clerk's Office

County Official/Administrative Officer	\$	59,340
Deputy(ies)		165,598
Social Security		12,616
Medical Insurance		37,679

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Local Retirement	\$	7,418	
Employer Medicare		2,951	
Dues and Memberships		404	
Legal Notices, Recording, and Court Costs		89	
Maintenance & Repair Services - Office Equipment		14,524	
Postal Charges		7,999	
Printing, Stationery, and Forms		3,502	
Rentals		2,686	
Travel		231	
Data Processing Supplies		2,950	
Other Supplies and Materials		5,437	
Other Charges		565	
Total County Clerk's Office			\$ 323,989

Other Finance

Communication	\$	9,167	
Dues and Memberships		401	
Maintenance & Repair Services - Buildings		6,007	
Maintenance & Repair Services - Office Equipment		1,731	
Pest Control		530	
Electricity		11,999	
Utilities		5,994	
Refunds		1,063	
Total Other Finance			36,892

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	59,340	
Deputy(ies)		203,954	
Board and Committee Members Fees		690	
Jury and Witness Fees		20,000	
Other Per Diem & Fees		1,065	
Social Security		14,930	
Medical Insurance		42,563	
Local Retirement		9,240	
Employer Medicare		3,492	
Legal Notices, Recording, and Court Costs		25	
Maintenance & Repair Services - Office Equipment		8,544	
Postal Charges		4,999	
Printing, Stationery, and Forms		6,744	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Travel	\$	3,420	
Data Processing Supplies		10,909	
Office Supplies		5,033	
Other Charges		351	
Total Circuit Court			\$ 395,299

General Sessions Court

Judge(s)	\$	110,953	
Clerical Personnel		22,121	
Other Salaries & Wages		10,246	
Social Security		7,120	
Medical Insurance		6,379	
Local Retirement		8,652	
Employer Medicare		1,928	
Dues and Memberships		1,360	
Travel		2,117	
Other Contracted Services		5,000	
Office Supplies		1,206	
Other Charges		617	
Total General Sessions Court			177,699

Chancery Court

County Official/Administrative Officer	\$	59,340	
Deputy(ies)		128,268	
Other Salaries & Wages		1,500	
Social Security		10,665	
Medical Insurance		26,835	
Local Retirement		6,840	
Employer Medicare		2,494	
Advertising		2,643	
Maintenance & Repair Services - Office Equipment		1,355	
Postal Charges		2,741	
Printing, Stationery, and Forms		6,246	
Rentals		2,148	
Travel		150	
Data Processing Supplies		3,123	
Office Supplies		2,918	
Other Supplies and Materials		99	
Office Equipment		530	
Total Chancery Court			257,895

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court

Probation Officer(s)	\$	90,394	
Youth Service Officer(s)		36,108	
Social Security		7,094	
Medical Insurance		28,996	
Local Retirement		2,409	
Employer Medicare		1,659	
Contracts with Government Agencies		96,780	
Contracts with Other Public Agencies		5,647	
Contracts with Private Agencies		1,200	
Dues and Memberships		10	
Maintenance & Repair Services - Office Equipment		995	
Postal Charges		296	
Printing, Stationery, and Forms		206	
Law Enforcement Supplies		315	
Office Supplies		1,020	
In Service/Staff Development		2,410	
Office Equipment		1,920	
Total Juvenile Court			\$ 277,459

Other Administration of Justice

Communication	\$	14,112	
Dues and Memberships		267	
Maintenance & Repair Services - Buildings		7,077	
Maintenance & Repair Services - Office Equipment		1,872	
Pest Control		174	
Electricity		19,064	
Utilities		13,207	
Refunds		4,671	
Total Other Administration of Justice			60,444

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	65,286	
Deputy(ies)		447,346	
Investigator(s)		130,977	
Captain(s)		40,146	
Lieutenant(s)		81,147	
Sergeant(s)		100,747	
Accountants/Bookkeepers		48,961	
Salary Supplements		13,200	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Dispatchers/Radio Operators	\$	178,132	
Other Salaries & Wages		41,001	
Social Security		66,780	
Medical Insurance		181,655	
Local Retirement		19,482	
Employer Medicare		15,618	
Communication		14,575	
Contracts with Government Agencies		1,645	
Contracts with Private Agencies		15,341	
Dues and Memberships		1,500	
Maintenance & Repair Services - Office Equipment		1,532	
Maintenance & Repair Services - Vehicles		29,018	
Postal Charges		3,181	
Printing, Stationery, and Forms		5,777	
Rentals		3,597	
Transportation - Other than Students		448	
Travel		2,711	
Data Processing Supplies		4,498	
Gasoline		76,086	
Law Enforcement Supplies		43,408	
Lubricants		1,792	
Office Supplies		5,147	
Tires and Tubes		8,558	
Uniforms		9,062	
Premiums on Corporate Surety Bonds		575	
Vehicle and Equipment Insurance		8,500	
In Service/Staff Development		11,344	
Motor Vehicles		<u>193,752</u>	
Total Sheriff's Department	\$		1,872,525

Jail

Assistant(s)	\$	36,394
Lieutenant(s)		34,236
Sergeant(s)		42,941
Accountants/Bookkeepers		72,168
Attendants		504,075
Cafeteria Personnel		57,054
Other Salaries & Wages		20,294
Social Security		45,002
Medical Insurance		122,835

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Local Retirement	\$	5,794	
Employer Medicare		10,525	
Laundry Service		1,557	
Maintenance & Repair Services - Buildings		20,188	
Maintenance & Repair Services - Equipment		6,253	
Medical and Dental Services		54,686	
Pest Control		582	
Drug Treatment		6,128	
Custodial Supplies		26,519	
Drugs and Medical Supplies		36,950	
Electricity		70,494	
Food Preparation Supplies		14,580	
Food Supplies		108,225	
Prisoners Clothing		8,495	
Uniforms		5,613	
Utilities		58,347	
Building and Contents Insurance		33,962	
Liability Insurance		51,000	
Law Enforcement Equipment		9,989	
Total Jail			\$ 1,464,886

Fire Prevention and Control

County Official/Administrative Officer	\$	33,139
Investigator(s)		14,615
Other Per Diem & Fees		1,200
Social Security		2,676
Medical Insurance		7,980
Disability Insurance		5,095
Local Retirement		1,194
Employer Medicare		626
Communication		2,237
Contracts with Other Public Agencies		18,859
Dues and Memberships		180
Maintenance & Repair Services - Equipment		11,358
Maintenance & Repair Services - Vehicles		2,500
Postal Charges		150
Other Contracted Services		700
Electricity		747
Uniforms		442
Utilities		593

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Fire Prevention and Control (Cont.)

Other Supplies and Materials	\$	1,685	
Vehicle and Equipment Insurance		5,650	
Workers' Compensation Insurance		16,232	
Other Charges		1,805	
Office Equipment		271	
State Aid Projects		7,000	
Other Equipment		6,548	
Total Fire Prevention and Control			\$ 143,482

Disaster Relief

Supervisor/Director	\$	6,365	
Other Salaries & Wages		6,365	
In-Service Training		1,249	
Social Security		706	
Medical Insurance		3,325	
Local Retirement		318	
Employer Medicare		165	
Communication		2,602	
Postal Charges		100	
Travel		30	
Instructional Supplies and Materials		877	
Office Supplies		891	
Other Supplies and Materials		500	
In Service/Staff Development		6,500	
Other Charges		1,824	
State Aid Projects		214,457	
Total Disaster Relief			246,274

County Coroner/Medical Examiner

Contracts with Private Agencies	\$	10,400	
Other Contracted Services		2,413	
Total County Coroner/Medical Examiner			12,813

Other Public Safety

Social Security	\$	1,981	
Medical Insurance		10,995	
Employer Medicare		463	
Contracts with Government Agencies		40,000	
Contributions		12,288	
Other Contracted Services		59,841	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Other Public Safety (Cont.)

Electricity	\$ 1,861	
Total Other Public Safety		\$ 127,429

Public Health and Welfare

Local Health Center

Medical Personnel	\$ 18,828	
Salary Supplements	45,381	
Custodial Personnel	16,931	
Social Security	1,879	
Medical Insurance	6,389	
Employer Medicare	666	
Communication	7,776	
Maintenance & Repair Services - Buildings	2,439	
Maintenance & Repair Services - Office Equipment	3,049	
Maintenance & Repair Services - Vehicles	408	
Pest Control	431	
Postal Charges	4,850	
Travel	1,671	
Drugs and Medical Supplies	4,816	
Electricity	8,492	
Office Supplies	8,823	
Utilities	6,231	
Other Supplies and Materials	447	
In Service/Staff Development	100	
Office Equipment	4,818	
Other Capital Outlay	5,293	
Total Local Health Center		149,718

Rabies and Animal Control

Contributions	\$ 64,800	
Total Rabies and Animal Control		64,800

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

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

General Welfare Assistance

Supervisor/Director	\$	24,380	
Equipment Operators		21,258	
Social Security		2,515	
Medical Insurance		14,539	
Local Retirement		531	
Employer Medicare		588	
Communication		3,020	
Maintenance & Repair Services - Buildings		857	
Maintenance & Repair Services - Vehicles		924	
Pest Control		372	
Rentals		16,065	
Electricity		4,196	
Office Supplies		395	
Utilities		4,068	
Total General Welfare Assistance			\$ 93,708

Aid to Dependent Children

Educational Assistants	\$	21,997	
Communication		500	
Maintenance & Repair Services - Buildings		225	
Postal Charges		304	
Rentals		2,498	
Travel		4,111	
Electricity		829	
Food Supplies		35,999	
Office Supplies		1,471	
Other Supplies and Materials		1,463	
Total Aid to Dependent Children			69,397

Sanitation Education/Information

Guards	\$	25,052	
Social Security		1,398	
Medical Insurance		7,457	
Employer Medicare		327	
Communication		541	
Consultants		6,000	
Maintenance & Repair Services - Vehicles		1,411	
Gasoline		4,667	
Other Supplies and Materials		1,271	
Other Charges		3,209	
Total Sanitation Education/Information			51,333

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Other Public Health and Welfare

Other Per Diem & Fees	\$	600	
Social Security		1,621	
Employer Medicare		379	
Other Contracted Services		26,138	
Total Other Public Health and Welfare			\$ 28,738

Social, Cultural, and Recreational Services

Adult Activities

Supervisor/Director	\$	36,042	
Clerical Personnel		25,517	
Social Security		3,543	
Medical Insurance		10,423	
Unemployment Compensation		52	
Local Retirement		1,416	
Employer Medicare		829	
Dues and Memberships		130	
Postal Charges		354	
Travel		2,881	
Other Contracted Services		108	
Gasoline		1,958	
Office Supplies		2,157	
Liability Insurance		802	
Other Charges		2,605	
Office Equipment		2,133	
Transportation Equipment		751	
Total Adult Activities			91,701

Senior Citizens Assistance

Assistant(s)	\$	24,040	
Supervisor/Director		27,583	
Other Salaries & Wages		82,469	
Social Security		7,328	
Medical Insurance		19,065	
Local Retirement		1,290	
Employer Medicare		1,714	
Maintenance & Repair Services - Office Equipment		907	
Maintenance & Repair Services - Vehicles		338	
Travel		13,581	
Other Contracted Services		3,660	
Gasoline		256	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Senior Citizens Assistance (Cont.)

Tax Relief Program	\$ 37,938	
Total Senior Citizens Assistance		\$ 220,169

Libraries

Contributions	\$ 115,279	
Total Libraries		115,279

Parks and Fair Boards

Contributions	\$ 2,750	
Total Parks and Fair Boards		2,750

Other Social, Cultural, and Recreational

Communication	\$ 7,357	
Contributions	78,906	
Dues and Memberships	10,065	
Maintenance & Repair Services - Buildings	3,783	
Maintenance & Repair Services - Office Equipment	996	
Pest Control	698	
Electricity	19,341	
Utilities	11,371	
Total Other Social, Cultural, and Recreational		132,517

Agriculture & Natural Resources

Agriculture Extension Service

Salary Supplements	\$ 87,316	
Other Salaries & Wages	10,108	
Social Security	582	
Employer Medicare	136	
Communication	1,717	
Maintenance & Repair Services - Buildings	3,476	
Maintenance & Repair Services - Office Equipment	990	
Pest Control	1,224	
Travel	1,351	
Electricity	3,448	
Office Supplies	2,265	
Utilities	4,831	
Other Charges	4,339	
Office Equipment	2,000	
Total Agriculture Extension Service		123,783

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Agriculture & Natural Resources (Cont.)

Soil Conservation

Secretary(ies)	\$	21,275	
Social Security		1,257	
Local Retirement		532	
Employer Medicare		294	
Total Soil Conservation			\$ 23,358

Flood Control

Contracts with Other Public Agencies	\$	30,431	
Total Flood Control			30,431

Other Agriculture & Natural Resources

Dues and Memberships	\$	651	
Total Other Agriculture & Natural Resources			651

Other Operations

Industrial Development

Site Development	\$	59,326	
Total Industrial Development			59,326

Miscellaneous

Trustee's Commission	\$	85,511	
Other Charges		7,480	
Total Miscellaneous			92,991

Principal on Debt

General Government

Principal on Notes	\$	65,427	
Principal on Capital Leases		21,856	
Total General Government			87,283

Interest on Debt

General Government

Interest on Notes	\$	2,425	
Interest on Capital Leases		612	
Total General Government			3,037

Total General Fund			\$ 9,021,589
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(Continued)

Exhibit K-8

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

Law Library Fund

Administration of Justice

Other Administration of Justice

Trustee's Commission	\$ 25	
Total Other Administration of Justice		\$ 25

Total Law Library Fund \$ 25

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Attendants	\$ 8,801	
Social Security	546	
Employer Medicare	128	
Contracts with Government Agencies	14,843	
Contracts with Private Agencies	71,349	
Utilities	670	
Trustee's Commission	28	
Other Charges	46	
Total Sanitation Management		\$ 96,411

Total Solid Waste/Sanitation Fund 96,411

Drug Control Fund

Public Safety

Drug Enforcement

Confidential Drug Enforcement Payments	\$ 1,000	
Law Enforcement Supplies	1,078	
Trustee's Commission	177	
Other Charges	350	
Motor Vehicles	7,352	
Total Drug Enforcement		\$ 9,957

Principal on Debt

General Government

Principal on Capital Leases	\$ 9,578	
Total General Government		9,578

Interest on Debt

General Government

Interest on Capital Leases	\$ 700	
Total General Government		700

Total Drug Control Fund 20,235

(Continued)

Exhibit K-8

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

District Attorney General Fund

Administration of Justice

District Attorney General

Communication	\$	1,588	
Dues and Memberships		1,706	
Travel		380	
Office Supplies		531	
Trustee's Commission		113	
Other Charges		555	
Office Equipment		750	
Total District Attorney General			\$ 5,623

Total District Attorney General Fund \$ 5,623

Constitutional Officers - Fees Fund

General Government

Register of Deeds

Constitutional Officers' Operating Expenses	\$	101	
Total Register of Deeds			\$ 101

Administration of Justice

Chancery Court

Constitutional Officers' Operating Expenses	\$	599	
Total Chancery Court			599

Total Constitutional Officers - Fees Fund 700

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	68,434
Accountants/Bookkeepers		36,105
Communication		3,074
Data Processing Services		3,858
Dues and Memberships		3,219
Evaluation and Testing		625
Legal Notices, Recording, and Court Costs		1,279
Maintenance Agreements		1,585
Postal Charges		501
Printing, Stationery, and Forms		669
Travel		873
Electricity		5,569
Natural Gas		705

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Office Supplies	\$	1,360	
Uniforms		3,032	
Water and Sewer		2,774	
Other Supplies and Materials		3,471	
Total Administration			\$ 137,133

Highway and Bridge Maintenance

Foremen	\$	66,547	
Equipment Operators		240,424	
Equipment Operators - Light		100,673	
Truck Drivers		193,767	
Laborers		97,778	
Overtime Pay		36,561	
Contracts with Private Agencies		425,871	
Rentals		462	
Asphalt - Hot Mix		732,007	
Asphalt - Liquid		44,678	
Concrete		1,071	
Crushed Stone		214,775	
Fertilizer, Lime, and Seed		1,521	
Other Road Supplies		16,625	
Pipe - Metal		140,960	
Road Signs		3,285	
Wood Products		182	
Gravel and Chert		118,543	
Other Supplies and Materials		1,751	
Total Highway and Bridge Maintenance			2,437,481

Operation and Maintenance of Equipment

Mechanic(s)	\$	91,110	
Laborers		28,662	
Diesel Fuel		193,502	
Equipment and Machinery Parts		91,832	
Garage Supplies		9,567	
Gasoline		15,068	
Lubricants		7,447	
Small Tools		2,818	
Tires and Tubes		23,455	
Other Supplies and Materials		3,978	
Total Operation and Maintenance of Equipment			467,439

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Other Charges

Liability Insurance	\$	1,596	
Trustee's Commission		53,690	
Vehicle and Equipment Insurance		40,335	
Workers' Compensation Insurance		7,399	
Total Other Charges			\$ 103,020

Employee Benefits

Social Security	\$	55,769	
Employee and Dependent Insurance		159,673	
Unemployment Compensation		3,089	
Local Retirement		9,726	
Employer Medicare		13,043	
Total Employee Benefits			241,300

Capital Outlay

Engineering Services	\$	3,735	
Bridge Construction		187,506	
Highway Equipment		464,180	
Office Equipment		4,400	
State Aid Projects		205,000	
Other Capital Outlay		134,751	
Total Capital Outlay			999,572

Principal on Debt

Highways and Streets

Principal on Capital Leases	\$	463,233	
Total Highways and Streets			463,233

Interest on Debt

Highways and Streets

Interest on Capital Leases	\$	24,743	
Total Highways and Streets			24,743

Total Highway/Public Works Fund \$ 4,873,921

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	130,000	
Principal on Notes		50,000	
Total General Government			\$ 180,000

(Continued)

Exhibit K-8

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

General Debt Service Fund (Cont.)

Principal on Debt (Cont.)

Education

Principal on Notes	\$ 985,000	
Principal on Other Loans	<u>165,000</u>	
Total Education		\$ 1,150,000

Interest on Debt

General Government

Interest on Bonds	\$ 357,845	
Interest on Notes	<u>1,305</u>	
Total General Government		359,150

Education

Interest on Notes	\$ 104,191	
Interest on Other Loans	<u>1,264,504</u>	
Total Education		1,368,695

Other Debt Service

General Government

Financial Advisory Services	\$ 24,000	
Trustee's Commission	48,909	
Other Debt Service	<u>515</u>	
Total General Government		73,424

Education

Other Debt Service	\$ <u>431</u>	
Total Education		<u>431</u>

Total General Debt Service Fund \$ 3,131,700

HUD Grant Projects Fund

Capital Projects

Other General Government Projects

Other Charges	\$ <u>113,270</u>	
Total Other General Government Projects		<u>\$ 113,270</u>

Total HUD Grant Projects Fund 113,270

Other Capital Projects Fund

Capital Projects

Public Health and Welfare Projects

Building Construction	\$ <u>97,228</u>	
Total Public Health and Welfare Projects		<u>\$ 97,228</u>

Total Other Capital Projects Fund 97,228

Total Governmental Funds - Primary Government \$ 17,360,702

Exhibit K-9

Dyer County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Dyer County School Department
For the Year Ended June 30, 2006

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 6,527,798	
Career Ladder Program	128,884	
Career Ladder Extended Contracts	68,000	
Educational Assistants	449,139	
Certified Substitute Teachers	19,200	
Non-certified Substitute Teachers	64,692	
Social Security	416,867	
State Retirement	367,012	
Life Insurance	8,173	
Medical Insurance	908,405	
Unemployment Compensation	9,822	
Local Retirement	6,190	
Employer Medicare	97,490	
Contracts with Other School Systems	88,000	
Maintenance & Repair Services - Equipment	4,292	
Instructional Supplies and Materials	224,043	
Textbooks	181,080	
Other Charges	15,488	
Regular Instruction Equipment	165,233	
Total Regular Instruction Program		\$ 9,749,808

Special Education Program

Teachers	\$ 1,034,115	
Career Ladder Program	18,997	
Clerical Personnel	29,697	
Educational Assistants	280,741	
Social Security	78,224	
State Retirement	60,715	
Life Insurance	1,901	
Medical Insurance	184,910	
Local Retirement	3,412	
Employer Medicare	18,296	
Contracts with Private Agencies	5,000	
Other Contracted Services	270	
Instructional Supplies and Materials	5,107	
Other Supplies and Materials	54	
Total Special Education Program		1,721,439

(Continued)

Exhibit K-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	\$	338,888	
Career Ladder Program		4,333	
Career Ladder Extended Contracts		3,000	
Educational Assistants		15,122	
Social Security		21,170	
State Retirement		19,042	
Life Insurance		299	
Medical Insurance		37,098	
Local Retirement		382	
Employer Medicare		4,951	
Other Contracted Services		6,833	
Instructional Supplies and Materials		43,455	
Other Charges		900	
Vocational Instruction Equipment		5,000	
Total Vocational Education Program			\$ 500,473

Student Body Education Program

Instructional Supplies and Materials	\$	6,678	
Other Supplies and Materials		2,121	
Total Student Body Education Program			8,799

Support Services

Attendance

Supervisor/Director	\$	51,459	
Career Ladder Program		1,000	
Social Security		3,133	
State Retirement		2,885	
Life Insurance		45	
Medical Insurance		3,131	
Employer Medicare		733	
Travel		2,845	
Other Contracted Services		649	
Other Supplies and Materials		27	
Total Attendance			65,907

Health Services

Medical Personnel	\$	84,144	
Social Security		5,045	
State Retirement		4,571	

(Continued)

Exhibit K-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	\$	94	
Medical Insurance		5,658	
Employer Medicare		1,180	
Communication		1,122	
Travel		5,754	
Other Contracted Services		2,204	
Drugs and Medical Supplies		14,487	
Other Supplies and Materials		9,195	
Health Equipment		5,468	
Total Health Services			\$ 138,922

Other Student Support

Career Ladder Program	\$	6,000	
Guidance Personnel		186,611	
Social Security		11,490	
State Retirement		10,596	
Life Insurance		184	
Medical Insurance		12,909	
Employer Medicare		2,687	
Contracts with Government Agencies		44,020	
Evaluation and Testing		15,419	
Travel		766	
Other Supplies and Materials		1,214	
Total Other Student Support			291,896

Regular Instruction Program

Supervisor/Director	\$	65,644	
Career Ladder Program		9,000	
Career Ladder Extended Contracts		8,000	
Librarians		124,472	
Materials Supervisor		29,697	
Instructional Computer Personnel		109,098	
Secretary(ies)		29,697	
Educational Assistants		29,697	
Other Salaries & Wages		26,258	
Social Security		25,178	
State Retirement		12,836	
Life Insurance		465	
Medical Insurance		96,623	

(Continued)

Exhibit K-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	\$	3,015	
Employer Medicare		5,889	
Communication		2,032	
Consultants		11,427	
Contracts with Other School Systems		27,389	
Travel		25,221	
Other Contracted Services		11,387	
Library Books/Media		33,703	
Other Supplies and Materials		12,681	
In Service/Staff Development		19,757	
Other Charges		5,960	
Other Equipment		2,165	
Total Regular Instruction Program			\$ 727,291

Special Education Program

Supervisor/Director	\$	68,675	
Career Ladder Program		3,000	
Career Ladder Extended Contracts		4,000	
Clerical Personnel		14,848	
Social Security		5,200	
State Retirement		4,162	
Life Insurance		71	
Medical Insurance		12,289	
Employer Medicare		1,216	
Travel		4,321	
Other Contracted Services		2,039	
Other Charges		3,138	
Total Special Education Program			122,959

Vocational Education Program

Clerical Personnel	\$	14,849	
Social Security		810	
Life Insurance		24	
Medical Insurance		4,096	
Employer Medicare		189	
Maintenance & Repair Services - Equipment		334	
Travel		7,608	
Other Supplies and Materials		1,250	
In Service/Staff Development		3,025	

(Continued)

Exhibit K-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.)

Other Charges	\$ 1,360	
Other Equipment	1,500	
Total Vocational Education Program		\$ 35,045

Board of Education

Secretary to Board	\$ 2,054	
Board and Committee Members Fees	22,200	
Social Security	1,504	
Employer Medicare	352	
Audit Services	9,200	
Dues and Memberships	9,169	
Legal Services	19,643	
Travel	1,901	
Other Contracted Services	3,049	
Liability Insurance	58,594	
Premiums on Corporate Surety Bonds	5,135	
Trustee's Commission	132,413	
Workers' Compensation Insurance	126,700	
In Service/Staff Development	990	
Criminal Investigation of Applicants - TBI	5,952	
Other Charges	9,204	
Total Board of Education		408,060

Director of Schools

County Official/Administrative Officer	\$ 126,714
Career Ladder Program	1,000
Secretary(ies)	29,698
Social Security	7,607
State Retirement	7,489
Life Insurance	95
Local Retirement	790
Employer Medicare	2,404
Other Fringe Benefits	8,447
Communication	11,937
Dues and Memberships	3,677
Postal Charges	9,340
Travel	9,364
Other Contracted Services	233
Office Supplies	3,744

(Continued)

Exhibit K-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.)

Other Charges	\$ 9,228	
Total Director of Schools		\$ 231,767

Office of the Principal

Principals	\$ 528,819	
Career Ladder Program	21,000	
Career Ladder Extended Contracts	20,000	
Assistant Principals	277,571	
Secretary(ies)	174,500	
Other Salaries & Wages	4,052	
Social Security	59,976	
State Retirement	46,607	
Life Insurance	866	
Medical Insurance	126,677	
Local Retirement	3,243	
Employer Medicare	14,027	
Communication	11,479	
Travel	10,896	
Other Contracted Services	18,936	
Office Supplies	12,693	
Other Equipment	32,296	
Total Office of the Principal		1,363,638

Fiscal Services

Accountants/Bookkeepers	\$ 35,858	
Purchasing Personnel	48,175	
Clerical Personnel	30,273	
Other Salaries & Wages	30,273	
Social Security	8,597	
Life Insurance	189	
Medical Insurance	15,112	
Local Retirement	3,597	
Employer Medicare	2,011	
Dues and Memberships	345	
Maintenance & Repair Services - Equipment	5,457	
Travel	5,374	
Other Contracted Services	12,350	
Office Supplies	15,743	
Other Charges	30	
Total Fiscal Services		213,384

(Continued)

Exhibit K-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.)

Operation of Plant

Custodial Personnel	\$	428,102	
Other Salaries & Wages		900	
Social Security		23,682	
Life Insurance		1,040	
Medical Insurance		94,010	
Unemployment Compensation		5,627	
Local Retirement		4,611	
Employer Medicare		5,541	
Pest Control		7,318	
Disposal Fees		37,501	
Other Contracted Services		114,924	
Custodial Supplies		68,594	
Electricity		592,706	
Natural Gas		186,260	
Water and Sewer		36,604	
Other Supplies and Materials		6,725	
Building and Contents Insurance		232,788	
Plant Operation Equipment		8,259	
Total Operation of Plant			\$ 1,855,192

Maintenance of Plant

Supervisor/Director	\$	48,175	
Secretary(ies)		29,697	
Other Salaries & Wages		276,127	
Social Security		20,828	
Life Insurance		473	
Medical Insurance		42,839	
Unemployment Compensation		599	
Local Retirement		6,526	
Employer Medicare		4,872	
Communication		3,975	
Maintenance & Repair Services - Buildings		265,123	
Maintenance & Repair Services - Equipment		15,111	
Other Contracted Services		91,410	
Equipment and Machinery Parts		15,327	
Gasoline		18,771	
Other Supplies and Materials		164,977	
Other Charges		502	
Maintenance Equipment		39,525	
Total Maintenance of Plant			1,044,857

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services

Food Service

Career Ladder Program	\$	1,000	
Social Security		62	
State Retirement		3,675	
Medical Insurance		3,652	
Employer Medicare		14	
Food Supplies		6,251	
Total Food Service			\$ 14,654

Community Services

Supervisor/Director	\$	58,004	
Teachers		50,872	
Secretary(ies)		3,179	
Other Salaries & Wages		67,001	
Social Security		11,393	
State Retirement		3,600	
Life Insurance		141	
Medical Insurance		8,210	
Local Retirement		1,350	
Employer Medicare		2,665	
Communication		2,419	
Maintenance & Repair Services - Equipment		1,217	
Postal Charges		71	
Travel		15,707	
Other Contracted Services		18,063	
Other Supplies and Materials		64,463	
Other Charges		6,437	
Total Community Services			314,792

Early Childhood Education

Teachers	\$	219,180
Educational Assistants		81,782
Certified Substitute Teachers		720
Non-certified Substitute Teachers		1,060
Social Security		17,625
State Retirement		11,830
Life Insurance		543
Medical Insurance		49,176
Local Retirement		675
Employer Medicare		4,122

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education (Cont.)

Travel	\$	1,307	
Other Contracted Services		209	
Other Supplies and Materials		100,108	
Other Equipment		33,291	
Total Early Childhood Education			\$ 521,628

Capital Outlay

Regular Capital Outlay

Architects	\$	4,115	
Building Improvements		83,828	
Motor Vehicles		23,813	
Total Regular Capital Outlay			111,756

Total General Purpose School Fund \$ 19,442,267

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	221,138	
Educational Assistants		88,932	
Other Salaries & Wages		1,965	
Social Security		17,073	
State Retirement		12,163	
Life Insurance		532	
Medical Insurance		70,274	
Unemployment Compensation		414	
Local Retirement		950	
Employer Medicare		3,993	
Other Contracted Services		2,070	
Instructional Supplies and Materials		14,524	
Other Supplies and Materials		831	
Other Charges		279	
Total Regular Instruction Program			\$ 435,138

Special Education Program

Teachers	\$	102,027	
Homebound Teachers		7,078	
Educational Assistants		232,958	
Other Salaries & Wages		425	

(Continued)

Exhibit K-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.)

Certified Substitute Teachers	\$	3,000	
Non-certified Substitute Teachers		5,508	
Social Security		19,409	
State Retirement		5,965	
Life Insurance		743	
Medical Insurance		82,943	
Unemployment Compensation		681	
Local Retirement		2,713	
Employer Medicare		4,542	
Contracts with Private Agencies		99,955	
Maintenance & Repair Services - Equipment		465	
Other Contracted Services		205	
Instructional Supplies and Materials		80,197	
Other Supplies and Materials		23,917	
Special Education Equipment		11,883	
Total Special Education Program			\$ 684,614

Vocational Education Program

Travel	\$	4,000	
Instructional Supplies and Materials		6,221	
Vocational Instruction Equipment		56,797	
Total Vocational Education Program			67,018

Support Services

Other Student Support

Other Salaries & Wages	\$	6,882	
Social Security		457	
State Retirement		28	
Unemployment Compensation		2	
Employer Medicare		106	
Travel		1,000	
Other Contracted Services		10,599	
In Service/Staff Development		574	
Total Other Student Support			19,648

Regular Instruction Program

Supervisor/Director	\$	39,386	
Other Salaries & Wages		7,500	
Social Security		2,651	

(Continued)

Exhibit K-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.)

State Retirement	\$	2,579	
Life Insurance		47	
Medical Insurance		8,193	
Unemployment Compensation		58	
Employer Medicare		620	
Travel		7,160	
Other Contracted Services		2,510	
Library Books/Media		9,233	
Other Supplies and Materials		4,251	
In Service/Staff Development		23,005	
Other Charges		476	
Total Regular Instruction Program			\$ 107,669

Special Education Program

Psychological Personnel	\$	41,586	
Social Security		2,498	
State Retirement		2,287	
Life Insurance		48	
Medical Insurance		2,791	
Unemployment Compensation		56	
Employer Medicare		584	
Travel		19,779	
In Service/Staff Development		27,268	
Total Special Education Program			96,897

Vocational Education Program

Travel	\$	1,868	
Total Vocational Education Program			1,868

Total School Federal Projects Fund \$ 1,412,852

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	65,767
Accountants/Bookkeepers		29,697
Cafeteria Personnel		565,358
Other Salaries & Wages		21,162
Social Security		39,278

(Continued)

Exhibit K-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.)

Life Insurance	\$	1,671	
Medical Insurance		98,394	
Unemployment Compensation		585	
Local Retirement		4,733	
Employer Medicare		9,186	
Other Fringe Benefits		1,450	
Communication		5,238	
Data Processing Services		18,049	
Dues and Memberships		196	
Printing, Stationery, and Forms		589	
Transportation - Other than Students		8,556	
Travel		7,132	
Disposal Fees		1,700	
Permits		640	
Custodial Supplies		9,856	
Food Supplies		587,380	
Uniforms		430	
Other Supplies and Materials		60,546	
In Service/Staff Development		1,126	
Food Service Equipment		14,548	
Total Food Service			\$ 1,553,267

Total Central Cafeteria Fund \$ 1,553,267

School Transportation Fund

Support Services

Board of Education

Trustee's Commission	\$	29,089	
Total Board of Education			\$ 29,089

Operation of Plant

Electricity	\$	9,211	
Natural Gas		4,293	
Water and Sewer		2,711	
Total Operation of Plant			16,215

Transportation

Supervisor/Director	\$	48,175	
Mechanic(s)		159,230	

(Continued)

Exhibit K-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.)

Bus Drivers	\$	650,765	
Clerical Personnel		29,697	
Other Salaries & Wages		10,654	
Social Security		54,247	
Life Insurance		2,191	
Medical Insurance		56,134	
Unemployment Compensation		4	
Local Retirement		5,590	
Employer Medicare		12,685	
Communication		5,945	
Maintenance & Repair Services - Vehicles		26,908	
Other Contracted Services		25,019	
Food Supplies		434	
Gasoline		223,932	
Lubricants		8,217	
Tires and Tubes		23,344	
Vehicle Parts		92,430	
Other Supplies and Materials		54,178	
Vehicle and Equipment Insurance		35,000	
Other Charges		5,524	
Transportation Equipment		19,798	
Total Transportation			\$ <u>1,550,101</u>

Total School Transportation Fund \$ 1,595,405

Total Governmental Funds - Dyer County School Department \$ 24,003,791

Exhibit K-10

Dyer County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balances - City Agency Funds
For the Year Ended June 30, 2006

	Cities - Sales Tax Fund	Cities - Property Tax Fund	City School ADA - Dyersburg Fund	Total
<u>Cash Receipts</u>				
Current Property Taxes	\$ 0	\$ 0	\$ 2,836,942	\$ 2,836,942
Trustee's Collections - Prior Years	0	3,063	120,260	123,323
Circuit/Clerk and Master Collections - Prior Years	0	0	73,322	73,322
Interest and Penalty	0	912	23,037	23,949
Local Option Sales Tax	2,996,561	0	4,691,376	7,687,937
Wheel Tax	0	0	683,566	683,566
Interstate Telecommunications Tax	0	0	4,701	4,701
Marriage Licenses	0	0	1,473	1,473
Other Permits	0	0	367	367
Total Cash Receipts	<u>\$ 2,996,561</u>	<u>\$ 3,975</u>	<u>\$ 8,435,044</u>	<u>\$ 11,435,580</u>
<u>Cash Disbursements</u>				
Remittance of Revenues Collected	\$ 2,966,527	\$ 3,895	\$ 8,267,939	\$ 11,238,361
Trustee's Commission	30,034	80	114,131	144,245
Total Cash Disbursements	<u>\$ 2,996,561</u>	<u>\$ 3,975</u>	<u>\$ 8,382,070</u>	<u>\$ 11,382,606</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0	\$ 0	\$ 52,974	\$ 52,974
Cash Balance, July 1, 2005	<u>0</u>	<u>0</u>	<u>116,983</u>	<u>116,983</u>
Cash Balance, June 30, 2006	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 169,957</u>	<u>\$ 169,957</u>

SINGLE AUDIT SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
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 28, 2007

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, 2006, which collectively comprise Dyer County's basic financial statements and have issued our report thereon dated February 28, 2007. 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 06.01, 06.04, 06.05, 06.07, and 06.08.

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.

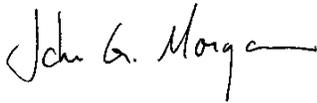
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Dyer County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and are described in the accompanying Schedule of Findings and Questioned Costs as items 06.02, 06.03, and 06.06.

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/sb



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1600
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
PHONE (616) 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 28, 2007

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, 2006. 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, 2006.

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, 2006, and have issued our report thereon dated February 28, 2007. 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
Comptroller of the Treasury

JGM/sb

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, 2006, 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.

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 affect Dyer County Emergency Communications District's ability to initiate, record, process, and report financial data consistent with the assertions of management in the 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 caused by error or fraud 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 necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not disclose all reportable conditions that are also considered to 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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and are described in the accompanying Schedule of Findings, Recommendations, and Responses.

This report is intended solely for the information and use 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.

DYER COUNTY EMERGENCY COMMUNICATIONS DISTRICT SCHEDULE OF FINDINGS, RECOMMENDATIONS, AND RESPONSES June 30, 2006

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 detail 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 insure 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 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.

Dyer County, Tennessee
Schedule of Expenditures and Federal Awards and State Grants (1)
For the Year Ended June 30, 2006

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)	\$ 105,553
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	229,771
National School Lunch Program	10.555	N/A	662,575
Passed-through State Department of Human Services:			
Summer Food Service Program for Children	10.559	(3)	59,280
Passed-through State Department of Health:			
Commodity Supplemental Food Program	10.565	(4)	54,483
Total U.S. Department of Agriculture			\$ 1,111,662
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	GG041094100	\$ 111,650
Total U.S. Department of Housing and Urban Development			\$ 111,650
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	Z0600258900	\$ 9,000
Total U.S. Department of Justice			\$ 9,000
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 405,768
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	816,019
Special Education - Preschool Grants	84.173	N/A	32,954
Vocational Education - Basic Grants to States	84.048	N/A	74,386
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	14,423
Twenty-First Century Community Learning Centers	84.287	(2)	165,695
State Grants for Innovative Programs	84.298	N/A	9,368
Education Technology State Grants	84.318	(2)	7,582
Improving Teacher Quality State Grants	84.367	N/A	118,580
Hurricane Education Recovery	84.938	(2)	7,830
Total U.S. Department of Education			\$ 1,652,605
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 Support Services and Senior Centers	93.044	(2)	\$ 116,623
Passed-through Methodist LeBonheur Healthcare			
Community Outreach:			
Rural Health Care Services Outreach and Rural Health Network Development Program	93.912	GR061761100	13,406
Passed-through State Department of Health:			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	(5)	78,016
Total U.S. Department of Health and Human Services			\$ 208,045

(Continued)

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. Corporation for National and Community Services:			
Direct Programs:			
Retired and Senior Volunteer Program	94.002	N/A	\$ 59,012
Total U.S. Corporation for National and Community Services			<u>\$ 59,012</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military			
State Domestic Preparedness Equipment Support Program	97.004	(6)	\$ 230,228
Emergency Management Performance Grants	97.042	(7)	15,033
Total U.S. Department of Homeland Security			<u>\$ 245,261</u>
Total Federal Grants			<u>\$ 3,397,235</u>
State Grants:			
		Contract Number	
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	\$ 12,661
Waste Tire Options Grant - State Department of Environment and Conservation	N/A	Z0301131200	28,274
Litter Grant - State Department of Transportation	N/A	Z0602795300	32,784
Hazard Elimination Program (Highway Safety Improvement - County Wide Striping) - State Department of Transportation	N/A	50118	50,000
Safe Schools Act of 2003 - State Department of Education	N/A	(2)	18,819
Family Resource Center - State Department of Education	N/A	(2)	66,529
Early Childhood Education - State Department of Education	N/A	(2)	184,538
Pre-K Lottery Grant - State Department of Education	N/A	(2)	<u>326,630</u>
Total State Grants			<u>\$ 720,235</u>

CFDA = Catalog of Federal Domestic Assistance

N/A = Not Applicable

(1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.

(2) Information not available.

(3) DA0500086: \$32,797; DA0600110: \$26,483.

(4) GG0511401: \$24,058; GG0612129: \$30,425.

(5) Z0502078000: \$38,016; GG061221800: \$40,000.

(6) GG051168300: \$95,000; Z0402243700: \$135,228.

(7) Z0502540700: \$1,791; Z0603283400: \$13,242

Dyer County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2006

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, 2005, which have not been corrected.

OFFICE OF COUNTY MAYOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
05.01	180	The courthouse custodial services contract has not been bid since July 1, 2002

OFFICE OF ROAD SUPERVISOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
05.07	183	The economic benefit derived from the use of employer provided vehicles was not calculated and reported on federal W-2 forms

OTHER FINDINGS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
05.09	184	A central system of accounting, budgeting, and purchasing had not been adopted
05.10	185	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, 2006

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Dyer County is unqualified.
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), 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. 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 06.01 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.

OFFICE OF ROAD SUPERVISOR

FINDING 06.02 A COUNTY ROAD LIST WAS NOT SUBMITTED TO THE COUNTY COMMISSION FOR APPROVAL
(Noncompliance Under Government Auditing Standards)

A list of all county roads was not submitted to the County Commission for approval. Section 54-10-103, Tennessee Code Annotated, requires the road supervisor to submit a list of county roads to the County Commission for approval at the January session each year. This list must include the classification; width and distance of each county road maintained; and a summary of changes from the prior year that provides the road name, date the change was approved by the County Commission, and the reason for the change. Highway Department officials need a current, approved list of county roads to determine which roads the department is authorized to work.

RECOMMENDATION

The road supervisor should submit to the County Commission a list of county roads that includes the classification, width and distance of each road, and a summary of changes as required by state statute.

FINDING 06.03 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 CIRCUIT AND GENERAL SESSIONS COURT CLERK

FINDING 06.04 THE OFFICE DID NOT IMPLEMENT ADEQUATE CONTROLS TO PROTECT ITS INFORMATION RESOURCES AGAINST UNAUTHORIZED ACCESS, MODIFICATION, DESTRUCTION, OR DISCLOSURE
(Internal Control – Reportable Condition Under Government Auditing Standards)

The Office of Circuit and General Sessions Courts did not implement adequate controls to protect its information resources. The failure to provide such controls increases the risk that individuals could inappropriately access and manipulate the county's computer system, software applications, and sensitive information.

This finding does not identify specific vulnerabilities that could allow someone to exploit the office's information system or misuse county funds. Disclosing those vulnerabilities could present a potential security risk by providing the readers with information that might be confidential pursuant to Section 10-7-504(i), Tennessee Code Annotated. We provided the official with detailed information regarding the specific vulnerabilities we identified, as well as our recommendations for improvement.

RECOMMENDATION

The Office of Circuit and General Sessions Courts should ensure that adequate controls over information systems and the resources associated with those systems are implemented. Also, the office should take steps to establish or improve any compensating controls until these conditions are remedied.

FINDING 06.05 THE OFFICE HAD DEFICIENCIES IN COMPUTER SYSTEM BACKUP PROCEDURES
(Internal Control – Reportable Condition Under Government Auditing Standards)

The following weaknesses regarding computer system backup procedures in the office were identified:

- A. Weekly backups were not performed. These backups would ensure the restoration of system data if problems occurred.
- B. System backups were not stored off-site. In the event of a disaster, all backup data could be destroyed, resulting in costly delays in generating and recording information accounted for through the automated process.
- C. A backup log was not maintained. If system backups are not labeled and inventoried systematically, discrepancies may occur and affect the integrity of system backups in the event of a hardware or software failure.

RECOMMENDATION

In addition to daily system backups, a weekly system backup should be performed, and two copies of this backup should be maintained. These backups should be rotated off-site on a weekly basis. Some possibilities for an off-site storage location would be another county office building with a fireproof vault or a safe deposit box at a local bank. Furthermore, a current log of all backups that includes label descriptions, date of creation, contents, and storage location should be maintained.

OFFICE OF SHERIFF

FINDING 06.06 COLLECTIONS WERE NOT DEPOSITED WITHIN THREE DAYS
(Noncompliance Under Government Auditing Standards)

In some instances, collections were not deposited to the office bank account within three days of collection as required by Section 5-8-207, Tennessee Code Annotated.

RECOMMENDATION

All collections should be deposited to the office bank account within three days of collection as required by state statute.

OTHER FINDINGS AND RECOMMENDATIONS

FINDING 06.07 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.

FINDING 06.08 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, 2006

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