

**ANNUAL FINANCIAL REPORT
DYER COUNTY, TENNESSEE**



FOR THE YEAR ENDED JUNE 30, 2008



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**ANNUAL FINANCIAL REPORT
DYER COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2008**

***DEPARTMENT OF AUDIT
JUSTIN P. WILSON
Comptroller of the Treasury***

***DIVISION OF COUNTY AUDIT
RICHARD V. NORMENT
Assistant to the Comptroller***

***JAMES R. ARNETTE
Director***

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Audit Manager***

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Auditor 4***

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AMANDA MARCH
ELISHA CROWELL, CFE
State Auditors***

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

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Audit Highlights
Annual Financial Report
Dyer County, Tennessee
For the Year Ended June 30, 2008

Scope

We have audited the basic financial statements of Dyer County as of and for the year ended June 30, 2008.

Results

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

Our audit resulted in 11 findings and recommendations, which we have reviewed with Dyer County management. Detailed findings, recommendations and management's responses are included in the Single Audit section of this report.

Findings

The following are summaries of the audit findings:

DYER COUNTY AND DYER COUNTY SCHOOL DEPARTMENT

- ◆ Dyer County and the Dyer County School Department do not have the resources to produce financial statements and notes to the financial statements.
- ◆ Material audit adjustments were required for proper financial statement presentation in the Highway/Public Works and General Purpose School funds.

OFFICE OF COUNTY MAYOR

- ◆ Expenditures exceeded appropriations in two major categories in the General Fund. Expenditures exceeded total appropriations in the Law Library and Solid Waste/Sanitation funds.
 - ◆ The county mayor failed to comply with state statutes when entering into a lease-purchase agreement.
 - ◆ Competitive bids were not solicited for a courtroom security system and a custodial services contract.
 - ◆ The county did not always comply with the travel policy adopted by the County Commission.
-

OFFICE OF COUNTY CLERK

- ◆ The office did not review audit software logs.
-

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.
-

OFFICES OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK AND SHERIFF

- ◆ The offices had deficiencies in controls over their information system environment.
-

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 Road Supervisor, Circuit and General Sessions Courts Clerk, and Sheriff.

INTRODUCTORY SECTION

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Dyer County Officials
June 30, 2008

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

Richard Hill, County Mayor, Chairman	Terry McCreight
Milton Magee	Steve Moore
David Agee	Tom Reasons
Alan Burchfiel	Kyle Reynolds
Bill Cloar	Al Seward
Connie Evans	Benny Spain
John Flatt	John Uitendaal
Debbie Bradshaw Hart	Steve Walker
Ralph Henson	Jimmy Wells
Jimmy Hester	Adam Williams
Larry Maupin	

Budget Committee

Debbie Bradshaw Hart, Chairman	Bill Cloar
Richard Hill, County Mayor	Terry McCreight
David Agee	Tom Reasons

Board of Education

Ross Maldonado, Chairman	William May
Steve Dodds	Mike McLaughlin
Carol Feather	Herman Reed
Jim Horn	Le Ann Shell
Bruce Kerr	Maria Starks

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FINANCIAL SECTION

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**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
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JAMES K. POLK STATE OFFICE BUILDING
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INDEPENDENT AUDITOR'S REPORT

March 19, 2009

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, 2008, 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 Dyer County Emergency Communications District, which represent 4.4 percent and 1.9 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Dyer County Emergency Communications District is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the 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, 2008, and the respective changes in financial position 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 March 19, 2009, 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 Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions; Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Equity Transfers of Assets and Future Revenues; and Statement No. 50, Pension Disclosures.

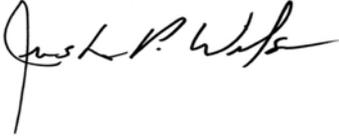
The management of Dyer County did not prepare a management's discussion and analysis. The management's discussion and analysis section is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of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

The budgetary comparison, pension, and postemployment benefits information on pages 79 through 85 are not required parts of the basic financial statements but they do provide 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 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 black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a prominent initial "J" and "W".

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

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BASIC FINANCIAL STATEMENTS

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Exhibit A

Dyer County, Tennessee
Statement of Net Assets
June 30, 2008

	Primary Governmental Activities	Component Units	
		Dyer County School Department	Emergency Communications District
<u>ASSETS</u>			
Cash	\$ 1,282	\$ 0	\$ 903,843
Equity in Pooled Cash and Investments	24,360,849	4,338,276	0
Accounts Receivable	27,468	26,882	27,413
Prepaid Items	0	0	5,614
Due from Other Governments	685,972	934,243	0
Property Taxes Receivable	7,571,630	4,666,806	0
Allowance for Uncollectible Property Taxes	(76,546)	(49,267)	0
Accrued Interest Receivable	189,741	13,385	1,156
Notes Receivable - Long-term	2,848,814	0	0
Deferred Charges - Debt Issuance Cost	106,942	0	0
Capital Assets:			
Assets Not Depreciated:			
Land	3,554,709	791,268	0
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	9,969,001	28,944,177	0
Infrastructure	6,325,700	0	0
Other Capital Assets	3,126,963	2,361,247	1,019,217
Total Assets	<u>\$ 58,692,525</u>	<u>\$ 42,027,017</u>	<u>\$ 1,957,243</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 0	\$ 152,398	\$ 410,802
Accrued Payroll	0	20,044	0
Payroll Deductions Payable	7,641	623,559	0
Cash Overdraft	847	0	0
Accrued Interest Payable	117,532	0	0
Deferred Revenue - Current Property Taxes	7,222,716	4,433,050	0
Health Insurance Payments	686	0	0
Noncurrent Liabilities:			
Due Within One Year	1,808,717	89,102	0
Due in More Than One Year (net of deferred amount on refunding and unamortized discount on debt)	36,946,799	876,671	0
Total Liabilities	<u>\$ 46,104,938</u>	<u>\$ 6,194,824</u>	<u>\$ 410,802</u>
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	\$ 14,220,426	\$ 0	\$ 0
Invested in Capital Assets	0	32,096,692	1,019,217
Restricted for:			
Long-term Notes Receivable	2,848,814	0	0
Highway/Public Works	2,520,097	0	0
Workers' Compensation	661,698	0	0
Debt Service	5,173,077	0	0
Restricted for Other Purposes	225,930	0	0
Driver Education	0	21,711	0

(Continued)

Exhibit A

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

	Component Units		
	Primary	Dyer	
	Governmental Governmental Activities	County School Department	Emergency Communications District
<u>NET ASSETS (Cont.)</u>			
Restricted for (Cont.):			
Career Ladder - Extended Contract	\$ 0	\$ 33,787	\$ 0
Career Ladder Program	0	6,331	0
School Federal Projects	0	237	0
Central Cafeteria	0	359,229	0
School Transportation	0	509,366	0
Unrestricted	<u>(13,062,455)</u>	<u>2,804,840</u>	<u>527,224</u>
Total Net Assets	<u>\$ 12,587,587</u>	<u>\$ 35,832,193</u>	<u>\$ 1,546,441</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, 2008

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets				
	Expenses	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	
Primary Government:								
Governmental Activities:								
General Government	\$ 1,411,064	\$ 327,365	\$ 18,153	\$ 0	\$ (1,065,546)	\$ 0	\$ 0	0
Finance	1,124,193	877,221	12,818	0	(234,154)	0	0	0
Administration of Justice	1,265,638	733,718	47,548	0	(484,372)	0	0	0
Public Safety	4,485,715	1,095,268	101,115	287,310	(3,002,022)	0	0	0
Public Health and Welfare	596,958	12,459	190,667	0	(393,832)	0	0	0
Social, Cultural, and Recreational Services	656,977	49,888	258,458	0	(348,631)	0	0	0
Agriculture and Natural Resources	203,105	8,841	0	0	(194,264)	0	0	0
Other Operations	194,876	3,000	0	20,505	(171,371)	0	0	0
Highways/Public Works	4,905,369	1,468	2,016,112	651,447	(2,236,342)	0	0	0
Education	152,501	155,336	0	0	2,835	0	0	0
Interest on Long-term Debt	1,809,365	0	0	0	(1,809,365)	0	0	0
Other Debt Service	77,244	0	0	0	(77,244)	0	0	0
Total Primary Government	\$ 16,883,005	\$ 3,264,564	\$ 2,644,871	\$ 959,262	\$ (10,014,308)	\$ 0	\$ 0	0
Component Units:								
Dyer County School Department	\$ 28,483,763	\$ 805,674	\$ 3,725,843	\$ 0	\$ 0	\$ (23,952,246)	\$ 0	0
Emergency Communications District	326,356	363,733	154,575	0	0	0	0	191,952
Total Component Units	\$ 28,810,119	\$ 1,169,407	\$ 3,880,418	\$ 0	\$ 0	\$ (23,952,246)	\$ 0	191,952

(Continued)

Exhibit B

Dyer County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
				Total Governmental Activities	Dyer County School Department	Emergency Communications District
General Revenues:						
Property Taxes Levied for General Purposes				\$ 4,615,383	\$ 4,391,782	\$ 0
Property Taxes Levied for Debt Service				1,856,243	0	0
Local Option Sales Taxes				67,126	2,983,474	0
Wheel Tax				0	1,055,243	0
Litigation Tax				334,557	0	0
Business Tax				324,455	0	0
Wholesale Beer Tax				93,343	0	0
Other Local Taxes				0	3,555	0
Grants and Contributions Not Restricted to Specific Programs				1,601,682	14,937,364	0
Interest Income				1,550,234	0	16,286
Unrestricted Investment Earnings				0	161,491	0
Miscellaneous				113,727	89,611	0
Total General Revenues				\$ 10,556,750	\$ 23,572,520	\$ 16,286
Change in Net Assets				\$ 542,442	\$ (379,726)	\$ 208,238
Net Assets, July 1, 2007				12,045,145	36,211,919	1,338,203
Net Assets, June 30, 2008				\$ 12,587,587	\$ 35,832,193	\$ 1,546,441

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

Dyer County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2008

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Special Purpose	Highway / Public Works	General Debt Service	Other Governmental Funds	
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,282	\$ 1,282
Equity in Pooled Cash and Investments	1,097,145	15,641,689	2,124,335	4,712,646	122,336	23,698,151
Accounts Receivable	25,984	0	655	714	115	27,468
Due from Other Governments	343,988	0	326,486	15,417	81	685,972
Due from Other Funds	1,282	0	0	0	1,000	2,282
Property Taxes Receivable	5,166,837	0	1,809,196	595,597	0	7,571,630
Allowance for Uncollectible Property Taxes	(44,296)	0	(19,107)	(13,143)	0	(76,546)
Accrued Interest Receivable	0	0	0	189,741	0	189,741
Notes Receivable - Long-term	0	2,848,814	0	0	0	2,848,814
Total Assets	\$ 6,590,940	\$ 18,490,503	\$ 4,241,565	\$ 5,500,972	\$ 124,814	\$ 34,948,794

LIABILITIES AND FUND BALANCES

Liabilities						
Payroll Deductions Payable	\$ 7,641	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,641
Cash Overdraft	0	0	0	0	847	847
Due to Other Funds	0	0	0	0	1,282	1,282
Deferred Revenue - Current Property Taxes	4,999,863	0	1,718,508	504,345	0	7,222,716
Deferred Revenue - Delinquent Property Taxes	107,866	0	62,939	68,678	0	239,483
Other Deferred Revenues	95,180	0	157,682	9,899	0	262,761
Health Insurance Payments	686	0	0	0	0	686
Total Liabilities	\$ 5,211,236	\$ 0	\$ 1,939,129	\$ 582,922	\$ 2,129	\$ 7,735,416
Fund Balances						
Reserved for Alcohol and Drug Treatment	\$ 44,420	\$ 0	\$ 0	\$ 0	\$ 0	\$ 44,420
Reserved for Sexual Offender Registration	2,440	0	0	0	0	2,440
Reserved for Automation Purposes - General Sessions Court	56,385	0	0	0	0	56,385
Reserved for Long-term Notes Receivable	0	2,848,814	0	0	0	2,848,814
Unreserved, Reported In:						
General Fund	1,276,459	0	0	0	0	1,276,459

(Continued)

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

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Special Purpose	Highway / Public Works	General Debt Service	Other Governmental Funds	
\$	0	\$ 15,641,689	\$ 2,302,436	\$ 0	\$ 122,685	\$ 18,066,810
	0	0	0	4,918,050	0	4,918,050
\$	1,379,704	\$ 18,490,503	\$ 2,302,436	\$ 4,918,050	\$ 122,685	\$ 27,213,378
\$	6,590,940	\$ 18,490,503	\$ 4,241,565	\$ 5,500,972	\$ 124,814	\$ 34,948,794

LIABILITIES AND FUND BALANCES (Cont.)

Fund Balances (Cont.)
Unreserved, Reported In (Cont.):
Special Revenue Funds
Debt Service Funds
Total Fund Balances
Total Liabilities and Fund Balances

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, 2008

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 27,213,378
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 3,554,709	
Add: buildings and improvements net of accumulated depreciation	9,969,001	
Add: infrastructure net of accumulated depreciation	6,325,700	
Add: other capital assets net of accumulated depreciation	<u>3,126,963</u>	22,976,373
(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.		661,698
(3) Long-term liabilities are not due and payable in the current period and are not reported in the governmental funds.		
Less: notes payable	\$ (158,334)	
Less: capital leases payable	(546,527)	
Less: other loans payable	(30,180,000)	
Less: bonds payable	(8,200,000)	
Add: deferred amount on unamortized debt discount	41,972	
Add: deferred amount on refunding	287,373	
Add: deferred charges - debt issuance costs	106,942	
Less: accrued interest on notes, capital leases, and bonds	<u>(117,532)</u>	(38,766,106)
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>502,244</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 12,587,587</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, 2008

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Special Purpose	Highway / Public Works	General Debt Service	Other Governmental Funds		
<u>Revenues</u>							
Local Taxes	\$ 4,895,250	\$ 0	\$ 1,687,666	\$ 2,036,018	\$ 3,222	\$ 8,622,156	
Licenses and Permits	156,204	0	0	0	0	156,204	
Fines, Forfeitures, and Penalties	77,766	0	0	0	18,597	96,363	
Charges for Current Services	52,524	0	0	0	614	53,138	
Other Local Revenues	235,793	0	75,410	1,449,316	7,741	1,768,260	
Fees Received from County Officials	1,667,430	0	0	0	0	1,667,430	
State of Tennessee	1,662,918	0	2,583,667	0	19,315	4,265,900	
Federal Government	414,413	0	96,047	0	20,505	530,965	
Other Governments and Citizens Groups	26,200	0	0	0	0	26,200	
Total Revenues	\$ 9,188,498	\$ 0	\$ 4,442,790	\$ 3,485,334	\$ 69,994	\$ 17,186,616	
<u>Expenditures</u>							
Current:							
General Government	\$ 1,464,241	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,464,241	
Finance	1,099,404	0	0	0	614	1,100,018	
Administration of Justice	1,208,572	0	0	0	14,122	1,222,694	
Public Safety	4,238,076	0	0	0	7,897	4,245,973	
Public Health and Welfare	458,579	0	0	0	99,343	557,922	
Social, Cultural, and Recreational Services	641,372	0	0	0	0	641,372	
Agriculture and Natural Resources	202,430	0	0	0	0	202,430	
Other Operations	171,262	0	0	0	0	171,262	
Highways	0	0	4,604,711	0	0	4,604,711	
Debt Service:							
Principal on Debt	124,229	0	100,637	1,475,000	1,391	1,701,257	
Interest on Debt	11,904	0	22,830	1,761,106	60	1,795,900	
Other Debt Service	0	0	0	77,245	0	77,245	
Capital Projects	0	0	0	0	21,476	21,476	
Total Expenditures	\$ 9,620,069	\$ 0	\$ 4,728,178	\$ 3,313,351	\$ 144,903	\$ 17,806,501	
Excess (Deficiency) of Revenues Over Expenditures	\$ (431,571)	\$ 0	\$ (285,388)	\$ 171,983	\$ (74,909)	\$ (619,885)	

(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 Governmental Funds		
<u>Other Financing Sources (Uses)</u>							
Capital Leases Issued	\$ 62,850	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 62,850
Transfers In	0	0	0	0	68,533	68,533	68,533
Transfers Out	(68,533)	0	0	0	0	0	(68,533)
Total Other Financing Sources (Uses)	\$ (5,683)	\$ 0	\$ 0	\$ 0	\$ 68,533	\$ 62,850	
Net Change in Fund Balances	\$ (437,254)	\$ 0	\$ (285,388)	\$ 171,983	\$ (6,376)	\$ (557,035)	
Fund Balance, July 1, 2007	1,816,958	18,490,503	2,587,824	4,746,067	129,061	27,770,413	
Fund Balance, June 30, 2008	\$ 1,379,704	\$ 18,490,503	\$ 2,302,436	\$ 4,918,050	\$ 122,685	\$ 27,213,378	

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, 2008

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)		\$ (557,035)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 823,696	
Less: current year depreciation expense	<u>(1,424,356)</u>	(600,660)
(2) The net effect of various miscellaneous transactions involving capital assets (donations) is to increase net assets.		
Add: assets donated and capitalized		31,055
(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, 2008	\$ 502,244	
Less: deferred delinquent property taxes and other deferred June 30, 2007	<u>(449,804)</u>	52,440
(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: capital lease proceeds	\$ (62,850)	
Less: change in deferred debt issuance costs	(8,987)	
Less: discount on debt issuances	(3,527)	
Less: deferred amount on refunding	(23,894)	
Add: principal payments on notes	1,157,594	
Add: principal payments on capital leases	143,663	
Add: principal payments on other loans	170,000	
Add: principal payments on bonds	<u>230,000</u>	1,601,999
(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		22,944
(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>(8,301)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 542,442</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, 2008

	<u>Governmental Activities - Internal Service Fund Workers' Compensation</u>
<u>ASSETS</u>	
Equity in Pooled Cash and Investments	\$ 661,698
Total Assets	<u>\$ 661,698</u>
<u>NET ASSETS</u>	
Unrestricted	<u>\$ 661,698</u>
Total Net Assets	<u><u>\$ 661,698</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, 2008

	Governmental Activities - Internal Service Fund
	<u>Workers' Compensation</u>
<u>Operating Revenues</u>	
Self-Insurance Premiums	\$ 198,179
Total Operating Revenues	<u>\$ 198,179</u>
<u>Operating Expenses</u>	
Workers' Compensation Insurance	\$ 144,019
Other Self-Insured Claims	62,338
Drugs	123
Total Operating Expenses	<u>\$ 206,480</u>
Operating Income (Loss)	<u>\$ (8,301)</u>
Change in Net Assets	\$ (8,301)
Net Assets, July 1, 2007	<u>669,999</u>
Net Assets, June 30, 2008	<u><u>\$ 661,698</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, 2008

	Governmental Activities - Internal Service Fund
	<u>Workers' Compensation</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from self-insurance premiums	\$ 198,179
Payments for claims	(62,461)
Payments for workers' compensation insurance	(144,019)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (8,301)</u>
Net Increase (Decrease) in Cash	\$ (8,301)
Cash, July 1, 2007	<u>669,999</u>
Cash, June 30, 2008	<u><u>\$ 661,698</u></u>
<u>Reconciliation of Operating Income (Loss)</u> <u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	<u>\$ (8,301)</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ (8,301)</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, 2008

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 3,814,601
Equity in Pooled Cash and Investments	369,873
Accounts Receivable	1,133
Due from Other Governments	1,397,426
Property Taxes Receivable	3,133,436
Allowance for Uncollectible Property Taxes	<u>(33,082)</u>
Total Assets	<u>\$ 8,683,387</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 4,868,786
Due to Litigants, Heirs, and Others	<u>3,814,601</u>
Total Liabilities	<u>\$ 8,683,387</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, 2008

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 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 fund and fiduciary funds financial statements, except for agency funds, which have no measurement focus. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund financial statements of 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 funds 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.

Additionally, Dyer County reports the following fund types:

Capital Projects Fund – The HUD Grant Projects Funds is used to account for a Community Development Block Grant for housing improvements for low-income households grants received to fund HUD projects.

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, 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 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 .56 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 one year. 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

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 refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is netted against the new debt and amortized over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

In the fund financial statements, governmental funds recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources, 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 and other postemployment benefits, are recognized to the extent that the liabilities have matured (come due for payment) each period.

6. Net Assets and Fund Equity

In the government-wide financial statements and the proprietary fund (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, 2008, Dyer County had \$30,180,000 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

A. 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 fund, which adopts 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 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 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.

B. Cash Overdraft

The Solid Waste/Sanitation Fund had a cash overdraft of \$847 at June 30, 2008. This cash overdraft resulted from issuing warrants that exceeded cash on deposit with the county trustee. The cash overdraft was liquidated subsequent to June 30, 2008.

C. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the County Commission in the Jail (\$59,039) and Aid to Dependent Children (\$10,207) major appropriation categories (the legal level of control) of the General Fund. Expenditures exceeded total appropriations in the Law Library and Solid Waste/Sanitation funds by \$91 and \$1,088, respectively. Such overexpenditures are a violation of state statutes. These overexpenditures were funded by available fund balances.

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, 2008, Dyer County had the following investments carried at fair value. Separate disclosures concerning pooled investments cannot be made for Dyer County and the discretely presented Dyer County School Department since both pool their deposits and investments through the county trustee.

Investment	Maturities	Fair Value
Federal Home Loan Mortgage Corporation	11-28-08	\$ 502,890
Federal Home Loan Mortgage Corporation	11-28-08	502,890
Federal Home Loan Bank Board	4-14-11	989,690
Federal Home Loan Bank Board	7-7-08	750,232
Federal Home Loan Bank Board	3-29-10	511,720
Federal Home Loan Bank Board	12-22-11	510,625
Federal Home Loan Bank Board	12-12-08	1,514,070
Federal Home Loan Bank Board	2-25-10	1,030,940
Federal Home Loan Bank Board	3-29-10	665,236
Federal Home Loan Bank Board	8-27-10	852,924
Federal Home Loan Bank Board	1-25-11	951,482
Federal Home Loan Bank Board	9-9-11	1,040,630
Federal Home Loan Bank Board	12-13-17	2,010,000
Federal Home Loan Bank Board	11-13-12	1,626,496
Federal Home Loan Bank Board	10-14-11	987,190
Federal Home Loan Bank Board	10-1-12	1,026,250
Federal Home Loan Bank Board	10-6-11	753,285
Federal Home Loan Bank Board	6-10-13	594,902
Federal National Mortgage Association	3-9-09	1,010,000
Total		<u>\$ 17,831,452</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 Home Loan Bank Board, Federal Home Loan Mortgage Corporation, and Federal National Mortgage Association 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 Home Loan Bank Board, Federal Home Loan Mortgage Corporation, and Federal National Mortgage Association were rated Aaa by Moody's Investor's Service and AAA by Standard and 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 Home Loan Bank Board (88.70%), Federal Home Loan Mortgage Corporation (5.64%), and Federal National Mortgage Association (5.66%). These investments are 100 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 (\$2,848,814) for industrial purposes and are offset by a reservation of fund balance.

C. Capital Assets

Capital assets activity for the year ended June 30, 2008, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-07	Increases	Balance 6-30-08
Capital Assets Not Depreciated:			
Land	\$ 3,554,709	\$ 0	\$ 3,554,709
Total Capital Assets Not Depreciated	<u>\$ 3,554,709</u>	<u>\$ 0</u>	<u>\$ 3,554,709</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 11,871,758	\$ 0	\$ 11,871,758
Infrastructure	15,843,403	487,376	16,330,779
Other Capital Assets	6,125,183	367,375	6,492,558
Total Capital Assets Depreciated	<u>\$ 33,840,344</u>	<u>\$ 854,751</u>	<u>\$ 34,695,095</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 1,668,323	\$ 234,434	\$ 1,902,757
Infrastructure	9,335,012	670,067	10,005,079
Other Capital Assets	2,845,740	519,855	3,365,595
Total Accumulated Depreciation	<u>\$ 13,849,075</u>	<u>\$ 1,424,356</u>	<u>\$ 15,273,431</u>
Total Capital Assets Depreciated, Net	<u>\$ 19,991,269</u>	<u>\$ (569,605)</u>	<u>\$ 19,421,664</u>
Governmental Activities Capital Assets, Net	<u>\$ 23,545,978</u>	<u>\$ (569,605)</u>	<u>\$ 22,976,373</u>

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

Governmental Activities:

General Government	\$	19,833
Finance		1,896
Administration of Justice		3,350
Public Safety		293,104
Public Health and Welfare		32,614
Social, Cultural, and Recreational Services		16,055
Agriculture and Natural Resources		675
Highways		<u>1,056,829</u>
Total Depreciation Expense - Governmental Activities	<u>\$</u>	<u>1,424,356</u>

Discretely Presented Dyer County School Department

Governmental Activities:

	Balance 7-1-07	Increases	Decreases	Balance 6-30-08
Capital Assets Not Depreciated:				
Land	\$ 703,268	\$ 88,000	\$ 0	\$ 791,268
Total Capital Assets Not Depreciated	<u>\$ 703,268</u>	<u>\$ 88,000</u>	<u>\$ 0</u>	<u>\$ 791,268</u>
Capital Assets Depreciated				
Buildings and Improvements	\$ 36,252,005	\$ 311,688	\$ 0	\$ 36,563,693
Other Capital Assets	5,030,859	307,040	(47,066)	5,290,833
Total Capital Assets Depreciated	<u>\$ 41,282,864</u>	<u>\$ 618,728</u>	<u>\$ (47,066)</u>	<u>\$ 41,854,526</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 6,899,049	\$ 720,467	\$ 0	\$ 7,619,516
Other Capital Assets	2,613,958	362,694	(47,066)	2,929,586
Total Accumulated Depreciation	<u>\$ 9,513,007</u>	<u>\$ 1,083,161</u>	<u>\$ (47,066)</u>	<u>\$ 10,549,102</u>
Total Capital Assets Depreciated, Net	<u>\$ 31,769,857</u>	<u>\$ (464,433)</u>	<u>\$ 0</u>	<u>\$ 31,305,424</u>

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

Governmental Activities:

Instruction	\$ 638,422
Support Services	388,967
Operation of Non-Instructional Services	<u>55,772</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,083,161</u>

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2008, is as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 1,282
Nonmajor governmental	General	1,000
Discretely Presented		
Dyer County School Department:		
General Purpose School	Nonmajor governmental	2,205

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.

The receivable in the Solid Waste/Sanitation Fund (\$1,000) was in transit from the General Fund at June 30, 2008.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2008, consisted of the following amounts:

Primary Government

<u>Transfer Out</u>	<u>Transfer In</u> <u>Nonmajor</u> <u>Governmental</u> <u>Fund</u>
General Fund	\$ 68,533

Discretely Presented Dyer County School Department

Transfer Out	<u>Transfer In</u> General Purpose School Fund
Nonmajor governmental fund	\$ 2,811

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, 2008, are as follows:

Description	Date of Lease	Last Maturity Date	Total Payments	Interest Rate
Graders	6-20-05	6-20-10	\$ 360,139	3.89 %
Sheriff's Patrol Cars	2-5-07	2-6-09	64,474	4.4
Dump Trucks	3-12-07	4-20-12	457,197	4.39
Sheriff's Patrol Cars	8-22-07	8-20-09	65,774	4.64

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, 2008, were as follows:

Year Ending June 30	Governmental Funds
2009	\$ 166,883
2010	145,392
2011	51,439
2012	238,579
Total Minimum Lease Payments	\$ 602,293
Amount Representing Interest	(55,766)
Present Value of Minimum Lease Payments	\$ 546,527

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 21 years for bonds, three 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, 2008, will be retired from the General Debt Service and General funds.

General obligation bonds, capital outlay notes, other loans, and capital leases outstanding as of June 30, 2008, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-08
General Obligation Bonds	3.4 to 4.95 %	\$ 8,500,000	\$ 450,000
General Obligation Bonds – Refunding	3 to 4.45	7,980,000	7,750,000
Capital Outlay Notes	4.15	237,500	158,334
Other Loans	Variable	14,780,000	13,960,000
Other Loans - Synthetic Fixed Rate by Swap	Variable	16,220,000	16,220,000
Capital Leases	3.89 to 4.64	842,047	546,527

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 \$13,960,000 as of June 30, 2008, is based on the Bond Market Association Municipal Index (BMA). In addition to the variable interest rate, the county pays various other fees (liquidity, remarketing, administrative, issuer, and quarterly) in connection with the loan. The variable interest rate was 2.73 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, 2008.

The annual requirements to amortize the bonds, notes, and other loans outstanding as of June 30, 2008, including interest payments and other loan fees, are presented in the following table:

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2014-2018	1,935,000	1,262,845	3,197,845
2019-2023	2,715,000	811,858	3,526,858
2024-2026	2,085,000	192,725	2,277,725
Total	\$ 8,200,000	\$ 3,836,703	\$ 12,036,703

Year Ending June 30	Notes		
	Principal	Interest	Total
2009	\$ 158,334	\$ 6,571	\$ 164,905
Total	\$ 158,334	\$ 6,571	\$ 164,905

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2009	\$ 1,275,000	\$ 1,050,914	\$ 159,778	\$ 2,485,692
2010	1,335,000	1,016,107	152,880	2,503,987
2011	1,395,000	979,661	145,657	2,520,318
2012	1,465,000	941,578	138,109	2,544,687
2013	1,535,000	901,583	130,182	2,566,765
2014-2018	8,925,000	3,835,517	517,650	13,278,167
2019-2023	11,565,000	2,321,537	251,935	14,138,472
2024	2,685,000	134,250	13,585	2,832,835
Total	\$ 30,180,000	\$ 11,181,147	\$ 1,509,776	\$ 42,870,923

There is \$4,918,050 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$220, based on the 2000 federal census. Debt per capita, including notes, capital leases, other loans, and bonds totaled \$1,048, based on the 2000 federal census.

Swap Agreements:

Under its loan agreement, the Public Building Authority of Sevier County, Tennessee, at the request of the county, 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 63.6 percent of the five-year 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 Securities Industry and Financial Markets Association Index (SIFMA). The bonds and the related swap agreement mature on June 1, 2024. As of June 30, 2008, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	4.245 %
Variable payment from counterparty	63.6% of LIBOR	<u>-2.728</u>
Net interest rate swap payments		1.517 %
Variable-rate bond payments		<u>5.000</u>
 Synthetic interest rate on bonds		 <u><u>6.517 %</u></u>

Fair value. As of June 30, 2008, the swap had a negative fair value of \$936,300. 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, 2008, 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 AA by Standard and Poor's and Aa3 by Moody's Investor Service as of June 30, 2008. 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 SIFMA increases to above 63.6 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the SIFMA to be below 63.6 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, 2008, 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	
2009	\$ 0	\$ 500,000	\$ 151,656	\$ 651,656
2010	0	500,000	151,656	651,656
2011	0	500,000	151,656	651,656
2012	0	500,000	151,656	651,656
2013	0	500,000	151,656	651,656
2014-2018	0	2,500,000	758,280	3,258,280
2019-2023	7,315,000	2,146,000	650,907	10,111,907
2024	2,685,000	134,250	40,720	2,859,970
Total	<u>\$ 10,000,000</u>	<u>\$ 7,280,250</u>	<u>\$ 2,208,187</u>	<u>\$ 19,488,437</u>

Under its loan agreement, the Public Building Authority of Sevier County, Tennessee, at the request of the county, 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 63.6 percent of the five-year 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 Securities Industry and Financial Markets

Association Index (SIFMA). The bonds and the related swap agreement mature on June 1, 2020. As of June 30, 2008, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	4.21 %
Variable payment from counterparty	63.6% of LIBOR	<u>-2.72</u>
Net interest rate swap payments		1.49 %
Variable-rate bond payments		<u>1.53</u>
Synthetic interest rate on bonds		<u><u>3.02 %</u></u>

Fair value. As of June 30, 2008, the swap had a negative fair value of \$483,180. 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, 2008, 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 AA by Standard and Poor’s and Aa3 by Moody’s Investor Service as of June 30, 2008. 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 SIFMA increases to above 63.6 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the SIFMA to be below 63.6 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, 2008, 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	
2009	\$ 0	\$ 95,166	\$ 92,553	\$ 187,719
2010	0	95,166	92,553	187,719
2011	0	95,166	92,553	187,719
2012	0	95,166	92,553	187,719
2013	0	95,166	92,553	187,719
2014-2018	1,970,000	475,830	462,766	2,908,596
2019-2020	4,250,000	98,379	95,680	4,444,059
Total	<u>\$ 6,220,000</u>	<u>\$ 1,050,039</u>	<u>\$ 1,021,211</u>	<u>\$ 8,291,250</u>

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2008, was as follows:

Governmental Activities:

	Bonds	Notes
Balance, July 1, 2007	\$ 8,430,000	\$ 1,315,928
Deductions	(230,000)	(1,157,594)
Balance, June 30, 2008	<u>\$ 8,200,000</u>	<u>\$ 158,334</u>
Balance Due Within One year	<u>\$ 230,000</u>	<u>\$ 158,334</u>

	Capital Leases	Other Loans
Balance, July 1, 2007	\$ 627,340	\$ 30,350,000
Additions	62,850	0
Deductions	(143,663)	(170,000)
Balance, June 30, 2008	<u>\$ 546,527</u>	<u>\$ 30,180,000</u>
Balance Due Within One year	<u>\$ 145,383</u>	<u>\$ 1,275,000</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2008	\$ 39,084,861
Less: Balance Due Within One Year	(1,808,717)
Unamortized Discount on Debt	(41,972)
Deferred Amount on Refunding	<u>(287,373)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 36,946,799</u>

Defeasance of Prior Debt

On April 21, 2005, 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 until they are called on June 1, 2010. 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, 2008, the following outstanding bonds are considered defeased:

	<u>Amount</u>
General Obligation Bonds, 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, 2008, was as follows:

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2007	\$ 98,891	\$ 0
Additions	88,773	1,118,000
Deductions	(98,562)	(241,329)
Balance, June 30, 2008	<u>\$ 89,102</u>	<u>\$ 876,671</u>
Balance Due Within One Year	<u>\$ 89,102</u>	<u>\$ 0</u>

Compensated absences and other postemployment benefits will be paid from the employing funds, primarily the General Purpose School Fund.

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Dyer County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state’s Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2008, were \$86,520 and \$15,088, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. OTHER INFORMATION

A. Risk Management

Dyer County continues to carry commercial insurance for employee health insurance. Settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years.

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
2006-07	\$ 0	\$ 177,004	\$ 177,004	0
2007-08	0	206,480	206,480	0

The discretely presented Dyer County School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, Tennessee Code Annotated (TCA), all local education agencies are eligible to participate. The LEGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. Section 8-27-303, TCA, provides for the LEGIF to be self-sustaining through member premiums.

Since the 2006-07 year, the discretely presented Dyer County School Department has carried commercial insurance for the risks of losses to which it is exposed. These risks include general liability, property, and casualty losses. Settled claims have not exceeded this commercial coverage in either of the past two years.

B. Accounting Changes

Provisions of Governmental Standards Board (GASB) Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions; Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues; and Statement No. 50, Pension Disclosures became effective for the year ended June 30, 2008.

GASB Statement No. 45 establishes reporting requirements for Other Postemployment Benefits (OPEB). OPEB includes postemployment healthcare, as well as other forms of postemployment benefits (for example, life insurance) when provided separately from a pension plan. This statement establishes standards for the measurement, recognition, and display of OPEB expenses/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the county's financial statements. In previous years, the Dyer County School Department had only recognized the current year cost (expense) of these benefits. GASB Statement No. 45 was implemented prospectively with a zero net OPEB obligation at transition. The primary government of Dyer County does not currently offer other postemployment benefits.

GASB Statement No. 48 establishes criteria to ascertain whether certain transactions are sales or collateralized borrowings and provides guidance on how to account for sales or pledges of receivables or future revenues. This statement provides additional guidance for sales of receivables and future revenues within the same reporting entity. This statement also requires governments to disclose in the notes to the financial statements the nature of any receivables or future revenues that have been pledged or sold. Tennessee state statutes do not currently allow counties to sell or pledge receivables or sell future revenue streams. Therefore, those provisions of GASB Statement No. 48 that pertain to the sale or pledge receivables or sale of future revenues will not apply to Dyer County. GASB Statement No. 48 had no effect on the financial statements of Dyer County for the year ended June 30, 2008, since the county has not pledged any of its future revenues. However, it is reasonable expected that Dyer County may pledge a future revenue stream toward the payment of debt in subsequent years.

GASB Statement No. 50 amends previous guidance concerning pension information. This statement closely aligns the financial reporting requirements for pensions with those for other postemployment benefits and enhances the information disclosed in the notes to the financial statements or presented as required supplementary information for pension plans. This statement requires Dyer County to provide additional and more detailed pension plan note disclosures than in previous years.

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.

The attorney representing Dyer County for matters associated with development of the Northwest Tennessee Regional Port Authority has advised that the county is involved in five pending lawsuits concerning the port project. Four of these cases involve land condemnation suits for development of the port project, and the attorney estimates that the potential claims against the county resulting from such litigation would not materially affect the county's financial statements. However, the attorney did advise that the county could be at risk of financial exposure in one case. This litigation was filed by a landowner against the county and the United States Army Corps of Engineers and alleges that the Corps failed to issue an environmental impact study and improperly authorized the harbor project under the Clean Water Act. No monetary damages are being sought, but the lawsuit is seeking injunctions against continuation of the project. Legal counsel believes that any judgment against the county would be remote. However, the county could be subject to substantial financial exposure in the event of a prolonged delay in the construction of the project as a result of court action. As described below and in Note V.D., Dyer County has agreed to pay 25 percent of the debt issued by the port authority for construction costs. These commitments could begin to come due during the delay without the port as a potential source of revenue. The financial exposure to the county as a result of such consequences cannot be reasonably estimated.

As described in Note V.D. below, Dyer County is a participant with Obion and Lake counties in a joint venture known as the Northwest Tennessee Regional Port Authority. The port authority borrowed \$2.2 million in March 2007, and an additional \$410,000 in April 2007. The county commissions of the participating counties have approved making payments on these debt issuances (Lake County – 50 percent, Dyer County – 25 percent, and Obion County – 25 percent) until such time as the port authority has revenue to make payments.

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 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 \$92,049 to the operations of the board during the year ended June 30, 2008. 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 March 2007, the port authority borrowed \$2.2 million at 4.15 percent interest for the construction costs of the port. Interest payments are to begin in September 2007 and conclude with a lump-sum principal retirement in March 2012. In April 2007, the port authority borrowed an additional \$410,000 without interest for additional construction costs of the port with payments of \$4,271 due in 96 monthly installments beginning in April 2009. 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, which is estimated to be at least two years. This entity has yet to begin operations; 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 the 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

Employees

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 <http://www.tn.gov/treasury/tcrs>.

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, 2008, was 8.08 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, 2008, Dyer County's annual pension cost of \$59,339 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2005, 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 postretirement 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, 2007, which established contribution rates effective July 1, 2008.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-08	\$59,339	100%	\$0
6-30-07	56,936	100	0
6-30-06	49,380	100	0

Funded Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 87.13 percent funded. The actuarial accrued liability for benefits was \$1.57 million, and the actuarial value of assets was \$1.37 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.20 million. The covered payroll (annual payroll of active employees covered by the plan) was \$.69 million, and the ratio of the UAAL to the covered payroll was 29.21 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

School Teachers

Plan Description

The 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 <http://www.tn.gov/treasury/tcrs>.

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, 2008, was 6.24 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, 2008, 2007, and 2006, were \$706,453, \$671,628, and \$578,092, respectively, equal to the required contributions for each year.

F. Other Postemployment Benefits (OPEB)

Plan Description

The Dyer County School Department participates in the state-administered Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plan is an agent multiple-employer defined benefit OPEB plan. Benefits are established and amended by an insurance committee created by Section 8-27-302, Tennessee Code Annotated for teachers. Prior to reaching age 65, all members have the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://www.tennessee.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plan is self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employer in the plan develops its own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state provides a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. The discretely presented School Department makes a contribution toward the health insurance premium of the School Department's group medical plan for 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, 29 retirees meet those eligibility requirements. The School Department pays 100 percent of single coverage for all certified teachers. The School Department pays 67.42 percent of the medical insurance premium for single coverage for non-certified employees with the former employees continuing contributions at their opted level of coverage until Medicare becomes available. Retirees' contributions vary depending on the insurance options they select ranging from \$232.15 to \$378.90 per month. During the year ended June 30, 2008, the discretely presented School Department contributed \$241,329, for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan
	<hr/>
ARC	\$ 1,118,000
Interest on the NPO	0
Adjustment to the ARC	0
Annual OPEB cost	<hr/> \$ 1,118,000
Less: Amount of contribution	(241,329)
Increase/decrease in NPO	<hr/> \$ 876,671
Net OPEB obligation, 7-1-07	<hr/> 0
Net OPEB obligation, 6-30-08	<hr/> <hr/> \$ 876,671

Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
		<hr/>		
6-30-08	Local Education Group	\$ 1,118,000	22 %	\$ 876,671

*Data not available for two preceding years.

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2008, was as follows:

	Local Education Group Plan
	<hr/>
Actuarial valuation date	6-30-07
Actuarial accrued liability (AAL)	\$ 9,397,000
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 9,397,000
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 13,441,762
UAAL as a % of covered payroll	70%

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

Actuarial Methods and Assumptions

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

In the June 30, 2007, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 11 percent initially, reduced by decrements to an ultimate rate of six percent after ten years. Both rates include a three percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

G. Purchasing Laws

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 \$10,000 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 can 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 the 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.

The following is a summary of capital assets at June 30, 2008.

	Balance 7-1-07	Additions	Decreases	Balance 6-30-08
Equipment	\$ 1,287,002	\$ 600,907	\$ (77,277)	\$ 1,810,632
Less: Accumulated Depreciation	(692,351)	(175,792)	76,728	(791,415)
Net Capital Assets	<u>\$ 594,651</u>	<u>\$ 425,115</u>	<u>\$ (549)</u>	<u>\$ 1,019,217</u>

5. Investments

Investments of the district consist of certificates of deposit at banks. Investments are valued at cost. The district is allowed to invest in the following: bonds, notes, or treasury bills of the United States; Federal Farm Credit Bank, and Student Loan Marketing Association; and other obligations, which are guaranteed as to principal and interest by the United States or any of its agencies; certificate of deposit at state and federal chartered banks and savings and loans.

6. 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, 2008, these telephone companies are indebted to the district for \$27,413. 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 BellSouth. 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 BellSouth and thus terminate the operating lease.

E. Net Working Capital

At June 30, 2008, net working capital was \$527,224.

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 \$17,600 for a local government entity to provide technical consulting and mapping/addressing services to the district.

I. Non-operating Revenue

The district received a reimbursement from the State Communications Board of \$150,000 for a Mobile 911 PSAP and \$4,575 for mapping and related expenditures to enhance wireless 911 service.

**REQUIRED SUPPLEMENTARY
INFORMATION**

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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, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 4,895,250	\$ 5,045,847	\$ 5,045,847	\$ (150,597)
Licenses and Permits	156,204	144,988	144,988	11,216
Fines, Forfeitures, and Penalties	77,766	126,000	126,000	(48,234)
Charges for Current Services	52,524	58,420	58,420	(5,896)
Other Local Revenues	235,793	204,750	241,140	(5,347)
Fees Received from County Officials	1,667,430	2,024,000	2,024,000	(356,570)
State of Tennessee	1,662,918	1,730,229	1,852,895	(189,977)
Federal Government	414,413	373,182	373,182	41,231
Other Governments and Citizens Groups	26,200	33,858	33,858	(7,658)
Total Revenues	\$ 9,188,498	\$ 9,741,274	\$ 9,900,330	\$ (711,832)
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 91,717	\$ 81,111	\$ 92,221	\$ 504
Board of Equalization	5,995	6,300	6,300	305
Other Boards and Committees	3,000	5,000	5,000	2,000
County Mayor/Executive	194,777	199,199	200,782	6,005
County Attorney	38,995	51,292	51,292	12,297
Election Commission	322,872	420,691	422,464	99,592
Register of Deeds	182,523	207,005	207,005	24,482
Planning	145,382	153,796	154,796	9,414
County Buildings	319,265	319,781	329,050	9,785
Other General Administration	159,715	202,925	196,484	36,769
<u>Finance</u>				
Accounting and Budgeting	140,424	145,908	145,000	4,576
Property Assessor's Office	267,809	307,964	307,964	40,155
Reappraisal Program	87,779	89,183	89,183	1,404
County Trustee's Office	207,229	221,477	207,885	656
County Clerk's Office	358,795	376,607	376,607	17,812
Other Finance	37,368	41,346	42,846	5,478
<u>Administration of Justice</u>				
Circuit Court	410,479	427,229	427,229	16,750
General Sessions Court	191,397	201,949	201,949	10,552
Drug Court	44,092	60,000	63,600	19,508
Chancery Court	279,177	303,407	303,407	24,230
Juvenile Court	227,749	271,722	260,722	32,973
Other Administration of Justice	55,678	56,007	58,667	2,989
<u>Public Safety</u>				
Sheriff's Department	1,779,278	1,834,988	1,932,728	153,450
Jail	1,990,807	1,894,813	1,931,768	(59,039)
Fire Prevention and Control	170,690	186,645	187,829	17,139
Disaster Relief	124,600	287,800	287,800	163,200
County Coroner/Medical Examiner	19,431	15,500	20,100	669

(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 Safety (Cont.)</u>				
Other Public Safety	\$ 153,270	\$ 181,050	\$ 181,050	\$ 27,780
<u>Public Health and Welfare</u>				
Local Health Center	120,276	142,287	144,077	23,801
Rabies and Animal Control	79,750	79,750	79,750	0
Crippled Children Services	2,027	2,027	2,027	0
Other Local Health Services	1,000	1,000	1,000	0
General Welfare Assistance	82,190	83,566	84,601	2,411
Aid to Dependent Children	71,207	61,000	61,000	(10,207)
Sanitation Education/Information	57,394	66,224	66,224	8,830
Other Public Health and Welfare	44,735	30,740	46,529	1,794
<u>Social, Cultural, and Recreational Services</u>				
Adult Activities	112,252	110,049	115,385	3,133
Senior Citizens Assistance	246,945	258,948	273,448	26,503
Libraries	127,083	127,083	127,083	0
Parks and Fair Boards	2,750	2,750	2,750	0
Other Social, Cultural, and Recreational	152,342	172,256	177,656	25,314
<u>Agriculture and Natural Resources</u>				
Agriculture Extension Service	145,053	144,825	159,725	14,672
Soil Conservation	25,027	25,116	25,116	89
Flood Control	31,699	33,619	33,619	1,920
Other Agriculture and Natural Resources	651	651	651	0
<u>Other Operations</u>				
Industrial Development	80,732	75,000	104,920	24,188
Miscellaneous	90,530	99,000	96,625	6,095
<u>Principal on Debt</u>				
General Government	124,229	127,254	127,254	3,025
<u>Interest on Debt</u>				
General Government	11,904	14,714	14,714	2,810
Total Expenditures	\$ 9,620,069	\$ 10,208,554	\$ 10,435,882	\$ 815,813
Excess (Deficiency) of Revenues				
Over Expenditures	\$ (431,571)	\$ (467,280)	\$ (535,552)	\$ 103,981
<u>Other Financing Sources (Uses)</u>				
Capital Leases Issued	\$ 62,850	\$ 0	\$ 62,850	\$ 0
Transfers Out	(68,533)	(67,533)	(68,533)	0
Total Other Financing Sources (Uses)	\$ (5,683)	\$ (67,533)	\$ (5,683)	\$ 0
Net Change in Fund Balance				
Fund Balance, July 1, 2007	\$ (437,254)	\$ (534,813)	\$ (541,235)	\$ 103,981
	1,816,958	1,816,958	1,816,958	0
Fund Balance, June 30, 2008				
	\$ 1,379,704	\$ 1,282,145	\$ 1,275,723	\$ 103,981

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, 2008

	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
Net Change in Fund Balance	\$ 0	\$ 0	\$ 0	\$ 0
Fund Balance, July 1, 2007	18,490,503	18,490,503	18,490,503	0
Fund Balance, June 30, 2008	\$ 18,490,503	\$ 18,490,503	\$ 18,490,503	\$ 0

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, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,687,666	\$ 1,708,045	\$ 1,708,045	\$ (20,379)
Other Local Revenues	75,410	51,000	51,000	24,410
State of Tennessee	2,583,667	2,662,917	2,662,917	(79,250)
Federal Government	96,047	0	0	96,047
Total Revenues	<u>\$ 4,442,790</u>	<u>\$ 4,421,962</u>	<u>\$ 4,421,962</u>	<u>\$ 20,828</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 151,462	\$ 166,250	\$ 166,250	\$ 14,788
Highway and Bridge Maintenance	2,493,033	2,494,900	2,694,900	201,867
Operation and Maintenance of Equipment	593,297	548,880	607,080	13,783
Other Charges	104,350	167,000	129,800	25,450
Employee Benefits	231,301	288,200	267,200	35,899
Capital Outlay	1,031,268	1,139,893	1,289,893	258,625
<u>Principal on Debt</u>				
Highways and Streets	100,637	248,204	248,204	147,567
<u>Interest on Debt</u>				
Highways and Streets	22,830	36,232	36,232	13,402
Total Expenditures	<u>\$ 4,728,178</u>	<u>\$ 5,089,559</u>	<u>\$ 5,439,559</u>	<u>\$ 711,381</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (285,388)</u>	<u>\$ (667,597)</u>	<u>\$ (1,017,597)</u>	<u>\$ 732,209</u>
Net Change in Fund Balance	\$ (285,388)	\$ (667,597)	\$ (1,017,597)	\$ 732,209
Fund Balance, July 1, 2007	2,587,824	1,964,359	1,964,359	623,465
Fund Balance, June 30, 2008	<u>\$ 2,302,436</u>	<u>\$ 1,296,762</u>	<u>\$ 946,762</u>	<u>\$ 1,355,674</u>

Exhibit F-4

Dyer County, Tennessee
Schedule of Funding Progress – Pension Plan
June 30, 2008

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-07	\$ 1,374	\$ 1,577	\$ 203	87.13 %	\$ 695	29.21 %

The Governmental Accounting Standards Board requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the entry age actuarial cost method was a change made during the year and therefore only the most current year is presented.

Exhibit F-5

Dyer County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plan
Discretely Presented Dyer County School Department
June 30, 2008

(Dollar amounts in thousands)

	Actuarial Valuation Date*	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
Local Education Group Plan	6-30-07	\$ 0	\$ 9,397	\$ 9,397	0 %	\$ 13,442	70%

*Data not available for two preceding years.

DYER COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2008

A. BUDGETARY INFORMATION

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the 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.

B. EXPENDITURES EXCEEDED APPROPRIATIONS

Expenditures exceeded appropriations approved by the County Commission in the Jail (\$59,039) and Aid to Dependent Children (\$10,207) major appropriation categories (the legal level of control) of the General Fund. Such overexpenditures are a violation of state statutes. These overexpenditures were funded by available fund balance.

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

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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

The HUD Grant Projects Fund is used to account for a Community Development Block Grant for housing improvements for low-income households. This fund was closed during the year.

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Exhibit G-1

Dyer County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2008

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Law Library	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitu- tional Officers - Fees	
\$	0 \$	0 \$	0 \$	0 \$	1,282 \$	1,282
	27,316	0	74,208	20,812	0	122,336
	0	115	0	0	0	115
	0	0	0	81	0	81
	0	1,000	0	0	0	1,000
\$	27,316 \$	1,115 \$	74,208 \$	20,893 \$	1,282 \$	124,814

ASSETS

Cash
 Equity in Pooled Cash and Investments
 Accounts Receivable
 Due from Other Governments
 Due from Other Funds

Total Assets

LIABILITIES AND FUND BALANCES

Liabilities

Cash Overdraft
 Due to Other Funds
 Total Liabilities

\$	0 \$	847 \$	0 \$	0 \$	0 \$	847
	0	0	0	0	1,282	1,282
\$	0 \$	847 \$	0 \$	0 \$	1,282 \$	2,129

Fund Balances

Unreserved
 Total Fund Balances

\$	27,316 \$	268 \$	74,208 \$	20,893 \$	0 \$	122,685
\$	27,316 \$	268 \$	74,208 \$	20,893 \$	0 \$	122,685

Total Liabilities and Fund Balances

\$	27,316 \$	1,115 \$	74,208 \$	20,893 \$	1,282 \$	124,814
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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, 2008

	Special Revenue Funds						Constituti- onal Officers - Fees	Total	Capital Projects Fund		Total Nonmajor Governmental Funds
	Law Library	Solid Waste / Sanitation	Drug Control	District Attorney General	HUD Grant Projects	HUD Grant Projects					
Revenues											
Local Taxes	\$ 3,222	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,222	\$ 0	\$ 0	\$ 3,222	
Fines, Forfeitures, and Penalties	0	0	10,346	8,251	0	0	18,597	0	0	18,597	
Charges for Current Services	0	0	0	0	614	0	614	0	0	614	
Other Local Revenues	0	2,715	4,055	0	0	0	6,770	971	0	7,741	
State of Tennessee	0	19,315	0	0	0	0	19,315	0	0	19,315	
Federal Government	0	0	0	0	0	0	0	20,505	0	20,505	
Total Revenues	\$ 3,222	\$ 22,030	\$ 14,401	\$ 8,251	\$ 614	\$ 614	\$ 48,518	\$ 21,476	\$ 21,476	\$ 69,994	
Expenditures											
Current:											
Finance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 614	\$ 614	\$ 614	\$ 0	\$ 0	\$ 614	
Administration of Justice	5,318	0	0	8,804	0	0	14,122	0	0	14,122	
Public Safety	0	0	7,897	0	0	0	7,897	0	0	7,897	
Public Health and Welfare	0	99,343	0	0	0	0	99,343	0	0	99,343	
Debt Service:											
Principal on Debt	0	0	1,391	0	0	0	1,391	0	0	1,391	
Interest on Debt	0	0	60	0	0	0	60	0	0	60	
Capital Projects	0	0	0	0	0	0	0	21,476	0	21,476	
Total Expenditures	\$ 5,318	\$ 99,343	\$ 9,348	\$ 8,804	\$ 614	\$ 614	\$ 123,427	\$ 21,476	\$ 21,476	\$ 144,903	
Excess (Deficiency) of Revenues Over Expenditures	\$ (2,096)	\$ (77,313)	\$ 5,053	\$ (553)	\$ 0	\$ 0	\$ (74,909)	\$ 0	\$ 0	\$ (74,909)	
Other Financing Sources (Uses)											
Transfers In	\$ 0	\$ 68,533	\$ 0	\$ 0	\$ 0	\$ 0	\$ 68,533	\$ 0	\$ 0	\$ 68,533	
Total Other Financing Sources (Uses)	\$ 0	\$ 68,533	\$ 0	\$ 0	\$ 0	\$ 0	\$ 68,533	\$ 0	\$ 0	\$ 68,533	
Net Change in Fund Balances	\$ (2,096)	\$ (8,780)	\$ 5,053	\$ (553)	\$ 0	\$ 0	\$ (6,376)	\$ 0	\$ 0	\$ (6,376)	
Fund Balance, July 1, 2007	29,412	9,048	69,155	21,446	0	0	129,061	0	0	129,061	
Fund Balance, June 30, 2008	\$ 27,316	\$ 268	\$ 74,208	\$ 20,893	\$ 0	\$ 0	\$ 122,685	\$ 0	\$ 0	\$ 122,685	

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, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 3,222	\$ 2,600	\$ 2,600	\$ 622
Total Revenues	\$ 3,222	\$ 2,600	\$ 2,600	\$ 622
<u>Expenditures</u>				
<u>Administration of Justice</u>				
Other Administration of Justice	\$ 5,318	\$ 5,227	\$ 5,227	\$ (91)
Total Expenditures	\$ 5,318	\$ 5,227	\$ 5,227	\$ (91)
Excess (Deficiency) of Revenues Over Expenditures	\$ (2,096)	\$ (2,627)	\$ (2,627)	\$ 531
Net Change in Fund Balance	\$ (2,096)	\$ (2,627)	\$ (2,627)	\$ 531
Fund Balance, July 1, 2007	29,412	29,412	29,412	0
Fund Balance, June 30, 2008	\$ 27,316	\$ 26,785	\$ 26,785	\$ 531

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, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 2,715	\$ 2,850	\$ 2,850	\$ (135)
State of Tennessee	19,315	28,000	28,000	(8,685)
Total Revenues	<u>\$ 22,030</u>	<u>\$ 30,850</u>	<u>\$ 30,850</u>	<u>\$ (8,820)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Sanitation Management	\$ 99,343	\$ 98,255	\$ 98,255	\$ (1,088)
Total Expenditures	<u>\$ 99,343</u>	<u>\$ 98,255</u>	<u>\$ 98,255</u>	<u>\$ (1,088)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (77,313)</u>	<u>\$ (67,405)</u>	<u>\$ (67,405)</u>	<u>\$ (9,908)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 68,533	\$ 67,533	\$ 67,533	\$ 1,000
Total Other Financing Sources (Uses)	<u>\$ 68,533</u>	<u>\$ 67,533</u>	<u>\$ 67,533</u>	<u>\$ 1,000</u>
Net Change in Fund Balance	\$ (8,780)	\$ 128	\$ 128	\$ (8,908)
Fund Balance, July 1, 2007	<u>9,048</u>	<u>9,048</u>	<u>9,048</u>	<u>0</u>
Fund Balance, June 30, 2008	<u><u>\$ 268</u></u>	<u><u>\$ 9,176</u></u>	<u><u>\$ 9,176</u></u>	<u><u>\$ (8,908)</u></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, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 10,346	\$ 9,500	\$ 9,500	\$ 846
Other Local Revenues	4,055	5,000	5,000	(945)
Total Revenues	<u>\$ 14,401</u>	<u>\$ 14,500</u>	<u>\$ 14,500</u>	<u>\$ (99)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 7,897	\$ 22,100	\$ 22,100	\$ 14,203
<u>Principal on Debt</u>				
General Government	1,391	5,222	5,222	3,831
<u>Interest on Debt</u>				
General Government	60	267	267	207
Total Expenditures	<u>\$ 9,348</u>	<u>\$ 27,589</u>	<u>\$ 27,589</u>	<u>\$ 18,241</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 5,053</u>	<u>\$ (13,089)</u>	<u>\$ (13,089)</u>	<u>\$ 18,142</u>
Net Change in Fund Balance	\$ 5,053	\$ (13,089)	\$ (13,089)	\$ 18,142
Fund Balance, July 1, 2007	<u>69,155</u>	<u>69,155</u>	<u>69,155</u>	<u>0</u>
Fund Balance, June 30, 2008	<u>\$ 74,208</u>	<u>\$ 56,066</u>	<u>\$ 56,066</u>	<u>\$ 18,142</u>

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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.

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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, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,036,018	\$ 2,054,532	\$ 2,054,532	\$ (18,514)
Other Local Revenues	1,449,316	1,080,000	1,080,000	369,316
Total Revenues	<u>\$ 3,485,334</u>	<u>\$ 3,134,532</u>	<u>\$ 3,134,532</u>	<u>\$ 350,802</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 230,000	\$ 230,000	\$ 230,000	\$ 0
Education	1,245,000	1,245,000	1,245,000	0
<u>Interest on Debt</u>				
General Government	367,426	368,327	368,327	901
Education	1,393,680	1,498,719	1,498,719	105,039
<u>Other Debt Service</u>				
General Government	76,710	77,000	77,000	290
Education	535	1,000	1,000	465
Total Expenditures	<u>\$ 3,313,351</u>	<u>\$ 3,420,046</u>	<u>\$ 3,420,046</u>	<u>\$ 106,695</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 171,983</u>	<u>\$ (285,514)</u>	<u>\$ (285,514)</u>	<u>\$ 457,497</u>
Net Change in Fund Balance	\$ 171,983	\$ (285,514)	\$ (285,514)	\$ 457,497
Fund Balance, July 1, 2007	4,746,067	4,746,067	4,746,067	0
Fund Balance, June 30, 2008	<u>\$ 4,918,050</u>	<u>\$ 4,460,553</u>	<u>\$ 4,460,553</u>	<u>\$ 457,497</u>

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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 received 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.

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Dyer County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2008

	Agency Funds					Total
	Cities - Sales Tax	Watershed District	City School ADA - Dyersburg	Constitu- tional Officers - Agency		
	\$	0 \$	0 \$	0 \$	3,814,601 \$	3,814,601
Cash	0	223,868	146,005	0	369,873	369,873
Equity in Pooled Cash and Investments	0	0	1,133	0	1,133	1,133
Accounts Receivable	547,896	0	849,530	0	1,397,426	1,397,426
Due from Other Governments	0	0	3,133,436	0	3,133,436	3,133,436
Property Taxes Receivable	0	0	(33,082)	0	(33,082)	(33,082)
Allowance for Uncollectible Property Taxes						
Total Assets	\$ 547,896 \$	223,868 \$	4,097,022 \$	3,814,601 \$	8,683,387	8,683,387
	\$	547,896 \$	223,868 \$	4,097,022 \$	0 \$	4,868,786
Due to Other Taxing Units	0	0	0	3,814,601	3,814,601	3,814,601
Due to Litigants, Heirs, and Others						
Total Liabilities	\$ 547,896 \$	223,868 \$	4,097,022 \$	3,814,601 \$	8,683,387	8,683,387

ASSETS

LIABILITIES

Exhibit I-2

Dyer County, Tennessee
Combining Statement of Changes in Assets and Liabilities - All Agency Funds
For the Year Ended June 30, 2008

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 3,107,272	\$ 3,107,272	\$ 0
Due from Other Governments	516,942	547,896	516,942	547,896
Total Assets	\$ 516,942	\$ 3,655,168	\$ 3,624,214	\$ 547,896
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 516,942	\$ 3,655,168	\$ 3,624,214	\$ 547,896
Total Liabilities	\$ 516,942	\$ 3,655,168	\$ 3,624,214	\$ 547,896
<u>Cities - Property Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,575	\$ 1,575	\$ 0
Total Assets	\$ 0	\$ 1,575	\$ 1,575	\$ 0
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 0	\$ 1,575	\$ 1,575	\$ 0
Total Liabilities	\$ 0	\$ 1,575	\$ 1,575	\$ 0
<u>Watershed District Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 238,682	\$ 15,677	\$ 30,491	\$ 223,868
Total Assets	\$ 238,682	\$ 15,677	\$ 30,491	\$ 223,868
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 238,682	\$ 15,677	\$ 30,491	\$ 223,868
Total Liabilities	\$ 238,682	\$ 15,677	\$ 30,491	\$ 223,868
<u>City School ADA - Dversburg Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 161,468	\$ 8,398,595	\$ 8,414,058	\$ 146,005
Accounts Receivable	1,705	1,133	1,705	1,133
Due from Other Governments	798,528	849,530	798,528	849,530
Property Taxes Receivable	3,180,125	3,133,436	3,180,125	3,133,436
Allowance for Uncollectible Property Taxes	(37,887)	(33,082)	(37,887)	(33,082)
Total Assets	\$ 4,103,939	\$ 12,349,612	\$ 12,356,529	\$ 4,097,022
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 4,103,939	\$ 12,349,612	\$ 12,356,529	\$ 4,097,022
Total Liabilities	\$ 4,103,939	\$ 12,349,612	\$ 12,356,529	\$ 4,097,022

(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	\$ 3,735,366	\$ 8,478,786	\$ 8,399,551	\$ 3,814,601
Total Assets	<u>\$ 3,735,366</u>	<u>\$ 8,478,786</u>	<u>\$ 8,399,551</u>	<u>\$ 3,814,601</u>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 3,735,366	\$ 8,478,786	\$ 8,399,551	\$ 3,814,601
Total Liabilities	<u>\$ 3,735,366</u>	<u>\$ 8,478,786</u>	<u>\$ 8,399,551</u>	<u>\$ 3,814,601</u>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 3,735,366	\$ 8,478,786	\$ 8,399,551	\$ 3,814,601
Equity in Pooled Cash and Investments	400,150	11,523,119	11,553,396	369,873
Accounts Receivable	1,705	1,133	1,705	1,133
Due from Other Governments	1,315,470	1,397,426	1,315,470	1,397,426
Property Taxes Receivable	3,180,125	3,133,436	3,180,125	3,133,436
Allowance for Uncollectible Property Taxes	(37,887)	(33,082)	(37,887)	(33,082)
Total Assets	<u>\$ 8,594,929</u>	<u>\$ 24,500,818</u>	<u>\$ 24,412,360</u>	<u>\$ 8,683,387</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 4,859,563	\$ 16,022,032	\$ 16,012,809	\$ 4,868,786
Due to Litigants, Heirs, and Others	3,735,366	8,478,786	8,399,551	3,814,601
Total Liabilities	<u>\$ 8,594,929</u>	<u>\$ 24,500,818</u>	<u>\$ 24,412,360</u>	<u>\$ 8,683,387</u>

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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.

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Exhibit J-1

Dyer County, Tennessee
Statement of Activities
Discretely Presented Dyer County School Department
For the Year Ended June 30, 2008

Functions/Programs	Program Revenues		Expenses	Net (Expense) Revenue and Changes in Net Assets	
	Charges for Services	Operating Grants and Contributions		Total	Governmental Activities
Governmental Activities:					
Instruction	\$ 16,000,395	\$ 1,269,136	\$ 5,681	\$	\$ (14,725,578)
Support Services	9,705,553	494,869	74,968		(9,135,716)
Operation of Non-Instructional Services	<u>2,777,815</u>	<u>1,961,838</u>	<u>725,025</u>		<u>(90,952)</u>
Total Governmental Activities	\$ <u>28,483,763</u>	\$ <u>3,725,843</u>	\$ <u>805,674</u>	\$	\$ <u>(23,952,246)</u>
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes				\$	4,391,782
Local Option Sales Taxes					2,933,474
Wheel Tax					1,055,243
Other Local Taxes					3,555
Grants and Contributions Not Restricted to Specific Programs					14,937,364
Unrestricted Investment Earnings					161,491
Miscellaneous					89,611
Total General Revenues				\$	<u>23,572,520</u>
Change in Net Assets				\$	(379,726)
Net Assets, July 1, 2007					<u>36,211,919</u>
Net Assets, June 30, 2008				\$	<u><u>35,832,193</u></u>

Exhibit J-2

Dyer County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Dyer County School Department
June 30, 2008

	Major Funds		Nonmajor	Total
	General Purpose School	School Transportation	Other Governmental Funds	
<u>ASSETS</u>				
Equity in Pooled Cash and Investments	\$ 3,632,708	\$ 446,597	\$ 258,971	\$ 4,338,276
Accounts Receivable	2,005	24,877	0	26,882
Due from Other Governments	820,428	0	113,815	934,243
Due from Other Funds	2,205	0	0	2,205
Property Taxes Receivable	3,231,332	1,435,474	0	4,666,806
Allowance for Uncollectible Property Taxes	(34,116)	(15,151)	0	(49,267)
Accrued Interest Receivable	13,385	0	0	13,385
Total Assets	\$ 7,667,947	\$ 1,891,797	\$ 372,786	\$ 9,932,530
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 139,608	\$ 12,790	\$ 0	\$ 152,398
Accrued Payroll	18,126	1,918	0	20,044
Payroll Deductions Payable	608,320	4,124	11,115	623,559
Due to Other Funds	0	0	2,205	2,205
Deferred Revenue - Current Property Taxes	3,069,451	1,363,599	0	4,433,050
Deferred Revenue - Delinquent Property Taxes	112,339	49,875	0	162,214
Other Deferred Revenues	274,214	0	0	274,214
Total Liabilities	\$ 4,222,058	\$ 1,432,306	\$ 13,320	\$ 5,667,684
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 518,587	\$ 0	\$ 16,297	\$ 534,884
Reserved for Driver Education	21,711	0	0	21,711
Reserved for Career Ladder - Extended Contract	33,787	0	0	33,787
Reserved for Career Ladder Program	6,331	0	0	6,331
Reserved for Title I Grants to Local Education Agencies	0	0	45	45
Other Federal Reserves	0	0	67	67
Unreserved, Reported In:				
General Fund	2,865,473	0	0	2,865,473
Special Revenue Funds	0	459,491	343,057	802,548
Total Fund Balances	\$ 3,445,889	\$ 459,491	\$ 359,466	\$ 4,264,846
Total Liabilities and Fund Balances	\$ 7,667,947	\$ 1,891,797	\$ 372,786	\$ 9,932,530

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, 2008

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

Total fund balances - balance sheet - governmental funds (Exhibit J-2)		\$	4,264,846
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	791,268	
Add: buildings and improvements net of accumulated depreciation		28,944,177	
Add: other capital assets net of accumulated depreciation		<u>2,361,247</u>	32,096,692
(2) 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	\$	(89,102)	
Less: other postemployment benefits		<u>(876,671)</u>	(965,773)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>436,428</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>35,832,193</u></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, 2008

	Major Funds		Nonmajor	Total
	General Purpose School	School Transportation	Funds Other Govern- mental Funds	
<u>Revenues</u>				
Local Taxes	\$ 6,687,085	\$ 1,614,803	\$ 0	\$ 8,301,888
Licenses and Permits	2,280	0	0	2,280
Charges for Current Services	49,483	29,442	724,532	803,457
Other Local Revenues	224,346	21,710	18,245	264,301
State of Tennessee	15,496,953	358,082	20,404	15,875,439
Federal Government	249,991	0	2,430,989	2,680,980
Total Revenues	<u>\$ 22,710,138</u>	<u>\$ 2,024,037</u>	<u>\$ 3,194,170</u>	<u>\$ 27,928,345</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 13,451,310	\$ 0	\$ 1,045,735	\$ 14,497,045
Support Services	7,299,354	1,947,255	358,636	9,605,245
Operation of Non-Instructional Services	855,323	0	1,774,508	2,629,831
Capital Outlay	430,893	0	0	430,893
Total Expenditures	<u>\$ 22,036,880</u>	<u>\$ 1,947,255</u>	<u>\$ 3,178,879</u>	<u>\$ 27,163,014</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 673,258</u>	<u>\$ 76,782</u>	<u>\$ 15,291</u>	<u>\$ 765,331</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 6,002	\$ 9,883	\$ 0	\$ 15,885
Transfers In	2,811	0	0	2,811
Transfers Out	0	0	(2,811)	(2,811)
Total Other Financing Sources (Uses)	<u>\$ 8,813</u>	<u>\$ 9,883</u>	<u>\$ (2,811)</u>	<u>\$ 15,885</u>
Net Change in Fund Balances	\$ 682,071	\$ 86,665	\$ 12,480	\$ 781,216
Fund Balance, July 1, 2007	<u>2,763,818</u>	<u>372,826</u>	<u>346,986</u>	<u>3,483,630</u>
Fund Balance, June 30, 2008	<u>\$ 3,445,889</u>	<u>\$ 459,491</u>	<u>\$ 359,466</u>	<u>\$ 4,264,846</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, 2008

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)		\$	781,216
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Add: capital assets purchased in the current period	\$	706,728	
Less: current year depreciation expense		<u>(1,083,161)</u>	(376,433)
(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, 2008	\$	436,428	
Less: deferred delinquent property taxes and other deferred June 30, 2007		<u>(354,055)</u>	82,373
(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	\$	9,789	
Change in other postemployment benefits		<u>(876,671)</u>	<u>(866,882)</u>
Change in net assets of governmental activities (Exhibit B)			<u>\$ (379,726)</u>

Exhibit J-6

Dyer County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Dyer County School Department
June 30, 2008

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 161	\$ 258,810	\$ 258,971
Due from Other Governments	2,281	111,534	113,815
Total Assets	<u>\$ 2,442</u>	<u>\$ 370,344</u>	<u>\$ 372,786</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Payroll Deductions Payable	\$ 0	\$ 11,115	\$ 11,115
Due to Other Funds	2,205	0	2,205
Total Liabilities	<u>\$ 2,205</u>	<u>\$ 11,115</u>	<u>\$ 13,320</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 125	\$ 16,172	\$ 16,297
Reserved for Title I Grants to Local Education Agencies	45	0	45
Other Federal Reserves	67	0	67
Unreserved	0	343,057	343,057
Total Fund Balances	<u>\$ 237</u>	<u>\$ 359,229</u>	<u>\$ 359,466</u>
Total Liabilities and Fund Balances	<u>\$ 2,442</u>	<u>\$ 370,344</u>	<u>\$ 372,786</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, 2008

	<u>Special Revenue Funds</u>		
	School Federal Projects	Central Cafeteria	Total Nonmajor Governmental Funds
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 724,532	\$ 724,532
Other Local Revenues	0	18,245	18,245
State of Tennessee	0	20,404	20,404
Federal Government	1,406,924	1,024,065	2,430,989
Total Revenues	<u>\$ 1,406,924</u>	<u>\$ 1,787,246</u>	<u>\$ 3,194,170</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 1,045,735	\$ 0	\$ 1,045,735
Support Services	358,636	0	358,636
Operation of Non-Instructional Services	0	1,774,508	1,774,508
Total Expenditures	<u>\$ 1,404,371</u>	<u>\$ 1,774,508</u>	<u>\$ 3,178,879</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 2,553</u>	<u>\$ 12,738</u>	<u>\$ 15,291</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (2,811)	\$ 0	\$ (2,811)
Total Other Financing Sources (Uses)	<u>\$ (2,811)</u>	<u>\$ 0</u>	<u>\$ (2,811)</u>
Net Change in Fund Balances	\$ (258)	\$ 12,738	\$ 12,480
Fund Balance, July 1, 2007	495	346,491	346,986
Fund Balance, June 30, 2008	<u>\$ 237</u>	<u>\$ 359,229</u>	<u>\$ 359,466</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, 2008

	Actual (GAAP Basis)	Less:		Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Encumbrances 7/1/2007	Encumbrances 6/30/2008			Original	Final	
<u>Revenues</u>								
Local Taxes	\$ 6,687,085	\$ 0	\$ 0	\$ 0	\$ 6,687,085	\$ 6,647,861	\$ 6,647,861	\$ 39,224
Licenses and Permits	2,280	0	0	0	2,280	1,565	1,565	715
Charges for Current Services	49,483	0	0	0	49,483	9,389	9,389	40,094
Other Local Revenues	224,346	0	0	0	224,346	315,817	315,817	(91,471)
State of Tennessee	15,496,953	0	0	0	15,496,953	15,506,657	15,651,015	(154,062)
Federal Government	249,991	0	0	0	249,991	257,096	275,591	(25,600)
Total Revenues	\$ 22,710,138	\$ 0	\$ 0	\$ 0	\$ 22,710,138	\$ 22,738,385	\$ 22,901,238	\$ (191,100)
<u>Expenditures</u>								
<u>Instruction</u>								
Regular Instruction Program	\$ 11,007,502	\$ (257,901)	\$ 381,713	\$ 0	\$ 11,131,314	\$ 11,600,379	\$ 11,540,380	\$ 409,066
Special Education Program	1,874,545	0	0	0	1,874,545	1,926,882	1,926,882	52,337
Vocational Education Program	559,747	(8,424)	0	0	551,323	527,125	552,568	1,245
Student Body Education Program	9,516	0	0	0	9,516	9,800	9,800	284
<u>Support Services</u>								
Attendance	109,139	0	0	0	109,139	109,765	109,765	626
Health Services	271,157	(3,968)	4,708	0	271,897	263,625	277,175	5,278
Other Student Support	352,471	(3,777)	0	0	348,694	353,391	353,390	4,696
Regular Instruction Program	801,851	(4,200)	25,136	0	822,787	884,560	884,560	61,773
Special Education Program	129,107	(1,477)	0	0	127,630	138,538	138,538	10,908
Vocational Education Program	49,593	(5,000)	1,342	0	45,935	47,573	47,572	1,637
Other Programs	101,608	0	0	0	101,608	0	101,608	0
Board of Education	424,180	0	0	0	424,180	459,981	459,980	35,800
Director of Schools	243,835	(57)	841	0	244,619	265,819	265,818	21,199

(Continued)

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:		Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Encumbrances 7/1/2007	7/1/2007			Original	Final	
<u>Expenditures (Cont.)</u>								
<u>Support Services (Cont.)</u>								
Office of the Principal	\$ 1,469,318	\$ 0	\$ 7,891	\$ 1,477,209	\$ 1,518,951	\$ 1,518,950	\$ 41,741	
Fiscal Services	238,501	(7,757)	2,128	232,872	249,617	249,617	16,745	
Operation of Plant	1,996,440	0	1,385	1,997,825	2,075,450	2,075,451	77,626	
Maintenance of Plant	1,112,154	(22,897)	17,313	1,106,570	1,056,638	1,116,638	10,068	
<u>Operation of Non-Instructional Services</u>								
Food Service	13,207	0	0	13,207	14,083	14,083	876	
Community Services	272,095	(756)	0	271,339	296,600	296,600	25,261	
Early Childhood Education	570,021	(33,851)	76,130	612,300	612,300	612,301	1	
<u>Capital Outlay</u>								
Regular Capital Outlay	430,893	(81,432)	0	349,461	330,000	352,252	2,791	
Total Expenditures	\$ 22,036,880	\$ (431,497)	\$ 518,587	\$ 22,123,970	\$ 22,741,077	\$ 22,903,928	\$ 779,958	
Excess (Deficiency) of Revenues Over Expenditures	\$ 673,258	\$ 431,497	\$ (518,587)	\$ 586,168	\$ (2,692)	\$ (2,690)	\$ 588,858	
<u>Other Financing Sources (Uses)</u>								
Insurance Recovery	\$ 6,002	\$ 0	\$ 0	\$ 6,002	\$ 0	\$ 0	\$ 6,002	
Transfers In	2,811	0	0	2,811	2,691	2,691	120	
Total Other Financing Sources (Uses)	\$ 8,813	\$ 0	\$ 0	\$ 8,813	\$ 2,691	\$ 2,691	\$ 6,122	
Net Change in Fund Balance Fund Balance, July 1, 2007	\$ 682,071	\$ 431,497	\$ (518,587)	\$ 594,981	\$ (1)	\$ 1	\$ 594,980	
	2,763,818	(431,497)	0	2,332,321	2,278,917	2,278,917	53,404	
Fund Balance, June 30, 2008	\$ 3,445,889	\$ 0	\$ (518,587)	\$ 2,927,302	\$ 2,278,916	\$ 2,278,918	\$ 648,384	

Dyer County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Dyer County School Department
School Federal Projects Fund
For the Year Ended June 30, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 1,406,924	\$ 0	\$ 0	\$ 1,406,924	\$ 1,395,351	\$ 1,473,021	\$ (66,097)
Total Revenues	\$ 1,406,924	\$ 0	\$ 0	\$ 1,406,924	\$ 1,395,351	\$ 1,473,021	\$ (66,097)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 362,024	\$ 0	\$ 0	\$ 362,024	\$ 352,847	\$ 389,673	\$ 27,649
Special Education Program	648,098	0	0	648,098	686,116	654,499	6,401
Vocational Education Program	35,613	0	0	35,613	34,046	35,613	0
<u>Support Services</u>							
Other Student Support	23,352	0	0	23,352	21,627	23,352	0
Regular Instruction Program	193,941	(495)	0	193,446	177,503	215,058	21,612
Special Education Program	135,343	0	125	135,468	113,914	145,531	10,063
Vocational Education Program	6,000	0	0	6,000	6,000	6,000	0
Total Expenditures	\$ 1,404,371	\$ (495)	\$ 125	\$ 1,404,001	\$ 1,392,053	\$ 1,469,726	\$ 65,725
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,553	\$ 495	\$ (125)	\$ 2,923	\$ 3,298	\$ 3,295	\$ (372)
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (2,811)	\$ 0	\$ 0	\$ (2,811)	\$ (3,298)	\$ (3,295)	\$ 484
Total Other Financing Sources (Uses)	\$ (2,811)	\$ 0	\$ 0	\$ (2,811)	\$ (3,298)	\$ (3,295)	\$ 484
Net Change in Fund Balance Fund Balance, July 1, 2007	\$ (258)	\$ 495	\$ (125)	\$ 112	\$ 0	\$ 0	\$ 112
	495	(495)	0	0	0	0	0
Fund Balance, June 30, 2008	\$ 237	\$ 0	\$ (125)	\$ 112	\$ 0	\$ 0	\$ 112

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, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 724,532	\$ 0	\$ 0	\$ 724,532	\$ 733,945	\$ 733,945	\$ (9,413)
Other Local Revenues	18,245	0	0	18,245	20,000	20,000	(1,755)
State of Tennessee	20,404	0	0	20,404	20,500	20,500	(96)
Federal Government	1,024,065	0	0	1,024,065	991,840	991,840	32,225
Total Revenues	\$ 1,787,246	\$ 0	\$ 0	\$ 1,787,246	\$ 1,766,285	\$ 1,766,285	\$ 20,961
<u>Expenditures</u>							
<u>Operation of Non-Instructional Services</u>							
Food Service	\$ 1,774,508	\$ (28,447)	\$ 16,172	\$ 1,762,233	\$ 1,766,285	\$ 1,766,285	\$ 4,052
Total Expenditures	\$ 1,774,508	\$ (28,447)	\$ 16,172	\$ 1,762,233	\$ 1,766,285	\$ 1,766,285	\$ 4,052
Excess (Deficiency) of Revenues Over Expenditures	\$ 12,738	\$ 28,447	\$ (16,172)	\$ 25,013	\$ 0	\$ 0	\$ 25,013
Net Change in Fund Balance Fund Balance, July 1, 2007	\$ 346,491	\$ (28,447)	\$ 0	\$ 318,044	\$ 331,620	\$ 331,620	\$ (13,576)
Fund Balance, June 30, 2008	\$ 359,229	\$ 0	\$ (16,172)	\$ 343,057	\$ 331,620	\$ 331,620	\$ 11,437

Exhibit J-11

Dyer County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Dyer County School Department
School Transportation Fund
For the Year Ended June 30, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,614,803	\$ 1,627,691	\$ 1,627,691	\$ (12,888)
Charges for Current Services	29,442	16,499	16,499	12,943
Other Local Revenues	21,710	3,058	3,058	18,652
State of Tennessee	358,082	176,901	176,901	181,181
Total Revenues	<u>\$ 2,024,037</u>	<u>\$ 1,824,149</u>	<u>\$ 1,824,149</u>	<u>\$ 199,888</u>
<u>Expenditures</u>				
<u>Support Services</u>				
Board of Education	\$ 29,564	\$ 31,000	\$ 31,000	\$ 1,436
Operation of Plant	17,374	18,584	18,584	1,210
Transportation	1,900,317	2,034,855	2,034,853	134,536
Total Expenditures	<u>\$ 1,947,255</u>	<u>\$ 2,084,439</u>	<u>\$ 2,084,437</u>	<u>\$ 137,182</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 76,782</u>	<u>\$ (260,290)</u>	<u>\$ (260,288)</u>	<u>\$ 337,070</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 9,883	\$ 0	\$ 0	\$ 9,883
Total Other Financing Sources (Uses)	<u>\$ 9,883</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 9,883</u>
Net Change in Fund Balance	\$ 86,665	\$ (260,290)	\$ (260,288)	\$ 346,953
Fund Balance, July 1, 2007	372,826	377,988	377,988	(5,162)
Fund Balance, June 30, 2008	<u><u>\$ 459,491</u></u>	<u><u>\$ 117,698</u></u>	<u><u>\$ 117,700</u></u>	<u><u>\$ 341,791</u></u>

MISCELLANEOUS SCHEDULES

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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, 2008

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-07	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-08
NOTES PAYABLE								
<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	\$ 1,075,000	0 \$	1,075,000 \$	0
Total Payable through General Debt Service Fund					\$ 1,075,000	0 \$	1,075,000 \$	0
<u>Payable through General Fund</u>								
Sheriff's Department Vehicles	129,098	4.45	10-21-05	10-21-07	\$ 43,011	0 \$	43,011 \$	0
Edenton-Lamb Building	237,500	4.15	3-30-06	3-29-09	197,917	0	39,583	158,334
Total Payable through General Fund					\$ 240,928	0 \$	82,594 \$	158,334
Total Notes Payable					\$ 1,315,928	0 \$	1,157,594 \$	158,334
CAPITAL LEASES PAYABLE								
<u>Payable through General Fund</u>								
Sheriff's Patrol Cars	61,785	4.4	2-5-07	2-6-09	\$ 40,301	0 \$	19,718 \$	20,583
Sheriff's Patrol Cars	62,850	4.64	8-22-07	8-22-09	0	62,850	21,917	40,933
Total Payable through General Fund					\$ 40,301	62,850 \$	41,635 \$	61,516
<u>Payable through Drug Control Fund</u>								
Sheriff's Patrol Car	21,836	4.25	9-17-03	9-18-07	\$ 1,391	0 \$	1,391 \$	0
Total Payable through Drug Control Fund					\$ 1,391	0 \$	1,391 \$	0
<u>Payable through Highway/Public Works Fund</u>								
Graders	326,800	3.89	6-20-05	6-20-10	\$ 203,640	0 \$	65,262 \$	138,378
Dump Trucks	390,612	4.39	3-12-07	4-20-12	382,008	0	35,375	346,633
Total Payable through Highway/Public Works Fund					\$ 585,648	0 \$	100,637 \$	485,011
Total Capital Leases Payable					\$ 627,340	62,850 \$	143,663 \$	546,527

(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 7-1-07	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-08
OTHER LOANS PAYABLE								
Payable through General Debt Service Fund								
School Construction (Series III-G-1)	\$ 10,000,000	Variable (1)	7-15-1999	6-1-24	\$ 10,000,000	0 \$	0 \$	10,000,000
School Construction (Series IV-B-1)	14,780,000	Variable	1-1-00	6-1-17	14,130,000	0	170,000	13,960,000
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					\$ 30,350,000	0 \$	170,000 \$	30,180,000
BONDS PAYABLE								
Payable through General Debt Service Fund								
General Obligation Bonds, Series 2001	8,500,000	3.4 to 4.95%	7-9-01	6-1-10	\$ 650,000	0 \$	200,000 \$	450,000
General Obligation Refunding Bonds, Series 2005	7,980,000	3 to 4.45	4-21-05	6-1-26	7,780,000	0	30,000	7,750,000
Total Bonds Payable					\$ 8,430,000	0 \$	230,000 \$	8,200,000

(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 Long-term Debt Requirements by Year

Year Ending June 30	Note Principal	Note Interest	Total Note Requirements
2009	\$ 158,334	\$ 6,571	\$ 164,905
Total	\$ 158,334	\$ 6,571	\$ 164,905

Year Ending June 30	Capital Lease Principal	Capital Lease Interest	Total Capital Lease Requirements
2009	\$ 145,383	\$ 21,500	\$ 166,883
2010	130,088	15,304	145,392
2011	40,345	11,094	51,439
2012	230,711	7,868	238,579
Total	\$ 546,527	\$ 55,766	\$ 602,293

Year Ending June 30	Other Loan Principal	Other Loan Interest	Other Loan Fees	Total Other Loan Requirements
2009	\$ 1,275,000	\$ 1,050,914	\$ 159,778	\$ 2,485,692
2010	1,335,000	1,016,107	152,880	2,503,987
2011	1,395,000	979,661	145,657	2,520,318
2012	1,465,000	941,578	138,109	2,544,687
2013	1,535,000	901,583	130,182	2,566,765
2014	1,610,000	859,678	121,877	2,591,555
2015	1,695,000	815,725	113,166	2,623,891
2016	1,780,000	769,451	103,995	2,653,446
2017	1,870,000	720,857	94,365	2,685,222
2018	1,970,000	669,806	84,247	2,724,053
2019	2,070,000	616,024	73,588	2,759,612
2020	2,180,000	559,513	62,388	2,801,901
2021	2,320,000	500,000	50,593	2,870,593
2022	2,440,000	384,000	38,855	2,862,855
2023	2,555,000	262,000	26,511	2,843,511
2024	2,685,000	134,250	13,585	2,832,835
Total	\$ 30,180,000	\$ 11,181,147	\$ 1,509,776	\$ 42,870,923

(Continued)

Exhibit K-2

Dyer County, Tennessee
Schedule of Long-term Debt Requirements by Year (Cont.)

Year Ending June 30	Bond Principal	Bond Interest	Total Bond Requirements
2009	\$ 230,000	\$ 335,345	\$ 565,345
2010	285,000	325,570	610,570
2011	285,000	313,345	598,345
2012	335,000	303,370	638,370
2013	330,000	291,645	621,645
2014	330,000	279,930	609,930
2015	380,000	267,885	647,885
2016	375,000	253,635	628,635
2017	425,000	239,198	664,198
2018	425,000	222,197	647,197
2019	520,000	205,198	725,198
2020	515,000	184,137	699,137
2021	515,000	163,023	678,023
2022	560,000	141,650	701,650
2023	605,000	117,850	722,850
2024	600,000	91,835	691,835
2025	695,000	65,735	760,735
2026	790,000	35,155	825,155
Total	\$ 8,200,000	\$ 3,836,703	\$ 12,036,703

Exhibit K-3

Dyer County, Tennessee
Schedule of Notes Receivable
June 30, 2008

<u>Description</u>	<u>Debtor</u>	<u>Original Amount of Note</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance 6-30-08</u>
Special Purpose Fund	Dyer County Industrial Development Board	\$ 3,744,016	6-2-03	7-5-18	6%	\$ 2,848,814
Total Notes Receivable						<u>\$ 2,848,814</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, 2008

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	Solid Waste/Sanitation	Operations	\$ 68,533
Total Transfers Primary Government			\$ 68,533
<u>DISCRETELY PRESENTED DYER COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ 2,811
Total Transfers Discretely Presented Dyer County School Department			\$ 2,811

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, 2008

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u>	\$ 79,544	\$ 50,000	Travelers Casualty and Surety Company of America
Road Supervisor	Section 8-24-102, <u>TCA</u>	73,148	100,000	"
Director of Schools	State Board of Education and County Board of Education	134,599 (1)	50,000	Fidelity and Deposit Company of Maryland
Trustee	Section 8-24-102, <u>TCA</u>	63,565	1,087,000	Travelers Casualty and Surety Company of America
Assessor of Property	Section 8-24-102, <u>TCA</u>	63,565	10,000	Fidelity and Deposit Company of Maryland
County Clerk	Section 8-24-102, <u>TCA</u>	63,565	50,000	Travelers Casualty and Surety Company of America
Circuit and General Sessions Clerk and Master	Section 8-24-102, <u>TCA</u>	63,565	50,000	"
Register	Section 8-24-102, <u>TCA</u>	63,565	65,000	"
Sheriff	Section 8-24-102, <u>TCA</u>	74,032 (2)	25,000	"
General County/Highway Department Employees			150,000	Local Government Property and Casualty Fund
All School Employees			150,000	The Netherlands Insurance Company

(1) Includes chief executive officer training supplement of \$1,000. Does not include life insurance premium of \$1,730 and tax shelter annuity payments of \$8,772.

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

Exhibit K-6

Dyer County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2008

	Special Revenue Funds					District Attorney General
	General	Law Library	Solid Waste / Sanitation	Drug Control		
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 2,752,976	\$ 0	\$ 0	\$ 0	\$ 0	0
Trustee's Collections - Prior Year	97,062	0	0	0	0	0
Trustee's Collections - Bankruptcy	1,343	0	0	0	0	0
Circuit/Clerk & Master Collections - Prior Years	20,906	0	0	0	0	0
Interest and Penalty	17,618	0	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	133,341	0	0	0	0	0
Payments in-Lieu-of Taxes - Other	1,210,403	0	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	0	0	0	0
Litigation Tax - General	199,372	0	0	0	0	0
Litigation Tax - Special Purpose	0	3,222	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0
Business Tax	324,455	0	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	44,431	0	0	0	0	0
Wholesale Beer Tax	93,343	0	0	0	0	0
Total Local Taxes	\$ 4,895,250	\$ 3,222	\$ 0	\$ 0	\$ 0	0
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Animal Registration	\$ 9,744	\$ 0	\$ 0	\$ 0	\$ 0	0
Cable TV Franchise	107,502	0	0	0	0	0
<u>Permits</u>						
Beer Permits	2,771	0	0	0	0	0
Building Permits	15,245	0	0	0	0	0
Other Permits	20,942	0	0	0	0	0
Total Licenses and Permits	\$ 156,204	\$ 0	\$ 0	\$ 0	\$ 0	0

(Continued)

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

	Special Revenue Funds						District Attorney General
	General	Law Library	Solid Waste / Sanitation	Drug Control			
<u>Circuit Court</u>							
Fines	\$ 7,046	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Officers Costs	4,088	0	0	0	0	0	0
Drug Control Fines	0	0	0	4,370	0	0	0
Drug Court Fees	2,553	0	0	0	0	0	0
DUI Treatment Fines	1,045	0	0	0	0	0	0
Data Entry Fee - Circuit Court	506	0	0	0	0	0	0
<u>General Sessions Court</u>							
Fines	14,203	0	0	0	0	0	0
Fines for Littering	95	0	0	0	0	0	0
Officers Costs	16,416	0	0	0	0	0	0
Game and Fish Fines	50	0	0	0	0	0	0
Drug Control Fines	1,765	0	0	5,976	0	0	0
Drug Court Fees	1,921	0	0	0	0	0	0
Jail Fees	2,175	0	0	0	0	0	0
District Attorney General Fees	0	0	0	0	0	0	5,993
DUI Treatment Fines	4,033	0	0	0	0	0	0
Data Entry Fee - General Sessions Court	10,642	0	0	0	0	0	0
<u>Juvenile Court</u>							
Fines	1,475	0	0	0	0	0	0
Courtroom Security Fee	546	0	0	0	0	0	0
<u>Chancery Court</u>							
Officers Costs	3,814	0	0	0	0	0	0
Data Entry Fee - Chancery Court	5,092	0	0	0	0	0	0
<u>Courts in Other District Counties</u>							
District Attorney General Fees	0	0	0	0	0	0	2,258
<u>Other Fines, Forfeitures, and Penalties</u>							
Proceeds from Confiscated Property	301	0	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 77,766	\$ 0	\$ 0	\$ 10,346	\$ 0	\$ 0	8,251

(Continued)

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</u>						
<u>General Service Charges</u>						
Patient Charges	\$ 6,742	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other General Service Charges	1,027	0	0	0	0	0
<u>Fees</u>						
Copy Fees	1,163	0	0	0	0	0
Telephone Commissions	24,840	0	0	0	0	0
Vending Machine Collections	175	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0	0
Data Processing Fee - Register	14,550	0	0	0	0	0
Data Processing Fee - Sheriff	3,257	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	770	0	0	0	0	0
Total Charges for Current Services	\$ 52,524	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 39,805	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	78,979	0	2,715	0	0	0
Sale of Materials and Supplies	0	0	0	0	0	0
Commissary Sales	31,061	0	0	0	0	0
Miscellaneous Refunds	72,651	0	0	135	0	0
<u>Nonrecurring Items</u>						
Sale of Equipment	0	0	0	0	0	0
Damages Recovered from Individuals	1,797	0	0	0	0	0
Contributions and Gifts	1,500	0	0	3,920	0	0
<u>Other Local Revenues</u>						
Other Local Revenues	10,000	0	0	0	0	0
Total Other Local Revenues	\$ 235,793	\$ 0	\$ 2,715	\$ 4,055	\$ 0	\$ 0
<u>Fees Received from County Officials</u>						
<u>Fees in-Lieu-of Salary</u>						
County Clerk	\$ 328,581	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

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>Fees Received from County Officials (Cont.)</u>						
<u>Fees in-Lieu-of Salary (Cont.)</u>						
Circuit Court Clerk	\$ 75,708	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
General Sessions Court Clerk	321,815	0	0	0	0	0
Clerk and Master	250,479	0	0	0	0	0
Register	169,845	0	0	0	0	0
Sheriff	13,482	0	0	0	0	0
Trustee	507,520	0	0	0	0	0
Total Fees Received from County Officials	\$ 1,667,430	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Aging Programs	204,792	0	0	0	0	0
State Reappraisal Grant	12,818	0	0	0	0	0
Solid Waste Grants	0	0	19,315	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	25,200	0	0	0	0	0
Drug Control Grants	43,485	0	0	0	0	0
Other Public Safety Grants	33,220	0	0	0	0	0
Health and Welfare Grants	26,131	0	0	0	0	0
Health Department Programs	0	0	0	0	0	0
<u>Public Works Grants</u>						
Bridge Program	0	0	0	0	0	0
State Aid Program	0	0	0	0	0	0
Litter Program	33,856	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	122,644	0	0	0	0	0
Beer Tax	19,312	0	0	0	0	0
Alcoholic Beverage Tax	56,831	0	0	0	0	0
Contracted Prisoner Boarding	992,110	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0

(Continued)

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 (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
Petroleum Special Tax	0 \$	0 \$	0 \$	0 \$	0 \$	0
Registrar's Salary Supplement	16,380	0	0	0	0	0
Other State Grants	67,139	0	0	0	0	0
Total State of Tennessee	\$ 1,662,918 \$	0 \$	19,315 \$	0 \$	0 \$	0
<u>Federal Government</u>						
<u>Federal Through State</u>						
USDA - Other	40,438 \$	0 \$	0 \$	0 \$	0 \$	0
Community Development	0	0	0	0	0	0
Disaster Relief	3,420	0	0	0	0	0
Homeland Security Grants	287,310	0	0	0	0	0
Other Federal through State	80,045	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Other Direct Federal Revenue	3,200	0	0	0	0	0
Total Federal Government	\$ 414,413 \$	0 \$	0 \$	0 \$	0 \$	0
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Prisoner Board	5,000 \$	0 \$	0 \$	0 \$	0 \$	0
Contracted Services	18,869	0	0	0	0	0
Other	2,331	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 26,200 \$	0 \$	0 \$	0 \$	0 \$	0
Total	\$ 9,188,498 \$	3,222 \$	22,030 \$	14,401 \$	8,251	

(Continued)

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	1,617,421	1,752,812	0	0	6,123,209	
Trustee's Collections - Prior Year	0	45,542	61,799	0	0	204,403	
Trustee's Collections - Bankruptcy	0	783	855	0	0	2,981	
Circuit/Clerk & Master Collections - Prior Years	0	12,680	13,311	0	0	46,897	
Interest and Penalty	0	11,240	12,263	0	0	41,121	
Payments in-Lieu-of Taxes - Local Utilities	0	0	0	0	0	133,341	
Payments in-Lieu-of Taxes - Other	0	0	0	0	0	1,210,403	
<u>County Local Option Taxes</u>							
Local Option Sales Tax	0	0	63,015	0	0	63,015	
Litigation Tax - General	0	0	0	0	0	199,372	
Litigation Tax - Special Purpose	0	0	0	0	0	3,222	
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	131,963	0	0	131,963	
Business Tax	0	0	0	0	0	324,455	
<u>Statutory Local Taxes</u>							
Bank Excise Tax	0	0	0	0	0	44,431	
Wholesale Beer Tax	0	0	0	0	0	93,343	
Total Local Taxes	\$ 0	1,687,666	2,036,018	0	0	8,622,156	
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Animal Registration	0	0	0	0	0	9,744	
Cable TV Franchise	0	0	0	0	0	107,502	
<u>Permits</u>							
Beer Permits	0	0	0	0	0	2,771	
Building Permits	0	0	0	0	0	15,245	
Other Permits	0	0	0	0	0	20,942	
Total Licenses and Permits	\$ 0	0	0	0	0	156,204	

(Continued)

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>Circuit Court</u>							
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	7,046
Officers Costs	0	0	0	0	0	0	4,088
Drug Control Fines	0	0	0	0	0	0	4,370
Drug Court Fees	0	0	0	0	0	0	2,553
DUI Treatment Fines	0	0	0	0	0	0	1,045
Data Entry Fee - Circuit Court	0	0	0	0	0	0	506
<u>General Sessions Court</u>							
Fines	0	0	0	0	0	0	14,203
Fines for Littering	0	0	0	0	0	0	95
Officers Costs	0	0	0	0	0	0	16,416
Game and Fish Fines	0	0	0	0	0	0	50
Drug Control Fines	0	0	0	0	0	0	7,741
Drug Court Fees	0	0	0	0	0	0	1,921
Jail Fees	0	0	0	0	0	0	2,175
District Attorney General Fees	0	0	0	0	0	0	5,993
DUI Treatment Fines	0	0	0	0	0	0	4,033
Data Entry Fee - General Sessions Court	0	0	0	0	0	0	10,642
<u>Juvenile Court</u>							
Fines	0	0	0	0	0	0	1,475
Courtroom Security Fee	0	0	0	0	0	0	546
<u>Chancery Court</u>							
Officers Costs	0	0	0	0	0	0	3,814
Data Entry Fee - Chancery Court	0	0	0	0	0	0	5,092
<u>Courts in Other District Counties</u>							
District Attorney General Fees	0	0	0	0	0	0	2,258
<u>Other Fines, Forfeitures, and Penalties</u>							
Proceeds from Confiscated Property	0	0	0	0	0	0	301
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	96,363

(Continued)

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

	Special Revenue Funds			Debt Service	Capital
	Constitutional Officers Fees	Highway / Public Works	General Debt Service	Fund	Projects Fund
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Patient Charges	0 \$	0 \$	0 \$	0 \$	6,742
Other General Service Charges	0	0	0	0	1,027
<u>Fees</u>					
Copy Fees	0	0	0	0	1,163
Telephone Commissions	0	0	0	0	24,840
Vending Machine Collections	0	0	0	0	175
Constitutional Officers' Fees and Commissions	614	0	0	0	614
Data Processing Fee - Register	0	0	0	0	14,550
Data Processing Fee - Sheriff	0	0	0	0	3,257
Sexual Offender Registration Fees - Sheriff	0	0	0	0	770
Total Charges for Current Services	\$ 614 \$	0 \$	0 \$	0 \$	53,138
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	0 \$	61,113 \$	1,449,316 \$	0 \$	1,550,234
Lease/Rentals	0	0	0	0	81,694
Sale of Materials and Supplies	0	1,468	0	0	1,468
Commissary Sales	0	0	0	0	31,061
Miscellaneous Refunds	0	1,390	0	0	74,176
<u>Nonrecurring Items</u>					
Sale of Equipment	0	4,000	0	0	4,000
Damages Recovered from Individuals	0	728	0	0	2,525
Contributions and Gifts	0	0	0	0	5,420
<u>Other Local Revenues</u>					
Other Local Revenues	0	6,711	0	971	17,682
Total Other Local Revenues	\$ 0 \$	75,410 \$	1,449,316 \$	971 \$	1,768,260
<u>Fees Received from County Officials</u>					
<u>Fees in-Lieu-of Salary</u>					
County Clerk	0 \$	0 \$	0 \$	0 \$	328,581

(Continued)

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

	Special Revenue Funds		Debt Service	Capital
	Constitutional Officers - Fees	Highway / Public Works	Fund	Projects Fund
<u>Fees Received from County Officials (Cont.)</u>				
<u>Fees in-Lieu-of Salary (Cont.)</u>				
Circuit Court Clerk	0 \$	0 \$	0 \$	0 \$
General Sessions Court Clerk	0	0	0	75,708
Clerk and Master	0	0	0	321,815
Register	0	0	0	250,479
Sheriff	0	0	0	169,845
Trustee	0	0	0	13,482
Total Fees Received from County Officials	0 \$	0 \$	0 \$	1,667,430
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
Juvenile Services Program	0 \$	0 \$	0 \$	9,000
Aging Programs	0	0	0	204,792
State Reappraisal Grant	0	0	0	12,818
Solid Waste Grants	0	0	0	19,315
<u>Public Safety Grants</u>				
Law Enforcement Training Programs	0	0	0	25,200
Drug Control Grants	0	0	0	43,485
Other Public Safety Grants	0	0	0	33,220
<u>Health and Welfare Grants</u>				
Health Department Programs	0	0	0	26,131
<u>Public Works Grants</u>				
Bridge Program	0	350,941	0	350,941
State Aid Program	0	300,506	0	300,506
Litter Program	0	0	0	33,856
<u>Other State Revenues</u>				
Income Tax	0	0	0	122,644
Beer Tax	0	0	0	19,312
Alcoholic Beverage Tax	0	0	0	56,831
Contracted Prisoner Boarding	0	0	0	992,110
Gasoline and Motor Fuel Tax	0	1,902,281	0	1,902,281

(Continued)

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

	Special Revenue Funds		Debt Service	Capital
	Constitutional Officers - Fees	Highway / Public Works	Fund	Projects Fund
<u>State of Tennessee (Cont.)</u>				
<u>Other State Revenues (Cont.)</u>				
Petroleum Special Tax	\$ 0 \$	29,939 \$	0 \$	0 \$
Registrar's Salary Supplement	0	0	0	0
Other State Grants	0	0	0	0
Total State of Tennessee	\$ 0 \$	2,583,667 \$	0 \$	0 \$
				4,265,900
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA - Other	\$ 0 \$	0 \$	0 \$	0 \$
Community Development	0	0	0	20,505
Disaster Relief	0	96,047	0	0
Homeland Security Grants	0	0	0	0
Other Federal through State	0	0	0	0
Direct Federal Revenue	0	0	0	0
Other Direct Federal Revenue	0	0	0	0
Total Federal Government	\$ 0 \$	96,047 \$	0 \$	20,505 \$
				530,965
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Prisoner Board	\$ 0 \$	0 \$	0 \$	0 \$
Contracted Services	0	0	0	0
Other	0	0	0	0
Total Other Governments and Citizens Groups	\$ 0 \$	0 \$	0 \$	0 \$
				2,331
Total	\$ 614 \$	4,442,790 \$	3,485,334 \$	21,476 \$
				17,186,616

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, 2008

	General Purpose School	School Federal Projects	Central Cafeteria	School Transpor - tation	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 2,871,543	\$ 0	\$ 0	\$ 1,281,724	\$ 4,153,267
Trustee's Collections - Prior Year	97,307	0	0	42,939	140,246
Trustee's Collections - Bankruptcy	1,374	0	0	610	1,984
Circuit/Clerk & Master Collections - Prior Years	21,822	0	0	9,666	31,488
Interest and Penalty	18,397	0	0	8,148	26,545
Payments in-Lieu-of Taxes - T.V.A.	207	0	0	0	207
<u>County Local Option Taxes</u>					
Local Option Sales Tax	2,889,408	0	0	0	2,889,408
Wheel Tax	783,527	0	0	271,716	1,055,243
<u>Statutory Local Taxes</u>					
Interstate Telecommunications Tax	3,500	0	0	0	3,500
Total Local Taxes	\$ 6,687,085	\$ 0	\$ 0	\$ 1,614,803	\$ 8,301,888
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 1,787	\$ 0	\$ 0	\$ 0	\$ 1,787
<u>Permits</u>					
Other Permits	493	0	0	0	493
Total Licenses and Permits	\$ 2,280	\$ 0	\$ 0	\$ 0	\$ 2,280
<u>Charges for Current Services</u>					
<u>Fees</u>					
Vending Machine Collections	\$ 618	\$ 0	\$ 0	\$ 422	\$ 1,040
<u>Education Charges</u>					
Tuition - Summer School	1,766	0	0	0	1,766
Lunch Payments - Children	0	0	391,557	0	391,557
Lunch Payments - Adults	0	0	54,702	0	54,702
Income from Breakfast	0	0	56,199	0	56,199
A la carte Sales	0	0	217,894	0	217,894
Contract for Administrative Services with Other LEAs	43,184	0	0	0	43,184
Contract for Student Support Services with Other LEAs	0	0	0	6,590	6,590
Receipts from Individual Schools	3,915	0	4,180	22,430	30,525
Total Charges for Current Services	\$ 49,483	\$ 0	\$ 724,532	\$ 29,442	\$ 803,457
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 161,491	\$ 0	\$ 10,435	\$ 0	\$ 171,926
Sale of Materials and Supplies	52	0	0	0	52
Refund of Telecommunication & Internet Fees (E-Rate)	37,141	0	0	0	37,141
Retirees' Insurance Payments	3,375	0	0	1,758	5,133
Miscellaneous Refunds	18,893	0	7,810	945	27,648
<u>Nonrecurring Items</u>					
Sale of Equipment	0	0	0	18,963	18,963
Damages Recovered from Individuals	630	0	0	44	674
<u>Other Local Revenues</u>					
Other Local Revenues	2,764	0	0	0	2,764
Total Other Local Revenues	\$ 224,346	\$ 0	\$ 18,245	\$ 21,710	\$ 264,301

(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</u>					
<u>General Government Grants</u>					
On-Behalf Contributions for OPEB	\$ 101,608	\$ 0	\$ 0	\$ 0	\$ 101,608
<u>State Education Funds</u>					
Basic Education Program	13,578,918	0	0	358,082	13,937,000
Early Childhood Education	535,902	0	0	0	535,902
School Food Service	0	0	20,404	0	20,404
Driver Education	14,885	0	0	0	14,885
Other State Education Funds	226,144	0	0	0	226,144
Career Ladder Program	194,262	0	0	0	194,262
Career Ladder - Extended Contract	120,208	0	0	0	120,208
<u>Other State Revenues</u>					
State Revenue Sharing - T.V.A.	597,516	0	0	0	597,516
Other State Grants	99,200	0	0	0	99,200
Other State Revenues	28,310	0	0	0	28,310
Total State of Tennessee	\$ 15,496,953	\$ 0	\$ 20,404	\$ 358,082	\$ 15,875,439
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 756,172	\$ 0	\$ 756,172
Breakfast	0	0	267,893	0	267,893
Vocational Education - Basic Grants to States	18,495	53,822	0	0	72,317
Title I Grants to Local Education Agencies	0	396,083	0	0	396,083
Innovative Education Program Strategies	0	4,771	0	0	4,771
Special Education - Grants to States	41,237	752,921	0	0	794,158
Special Education Preschool Grants	0	32,468	0	0	32,468
Safe and Drug-Free Schools - State Grants	0	11,200	0	0	11,200
Eisenhower Professional Development State Grants	0	155,659	0	0	155,659
Other Federal through State	135,000	0	0	0	135,000
<u>Direct Federal Revenue</u>					
ROTC Reimbursement	55,259	0	0	0	55,259
Total Federal Government	\$ 249,991	\$ 1,406,924	\$ 1,024,065	\$ 0	\$ 2,680,980
Total	\$ 22,710,138	\$ 1,406,924	\$ 1,787,246	\$ 2,024,037	\$ 27,928,345

Exhibit K-8

Dyer County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2008

General Fund

General Government

County Commission

Other Per Diem and Fees	\$ 78,000	
Social Security	4,228	
Local Retirement	8	
Employer Medicare	989	
Audit Services	8,492	
Total County Commission		\$ 91,717

Board of Equalization

Board and Committee Members Fees	\$ 5,995	
Total Board of Equalization		5,995

Other Boards and Committees

Board and Committee Members Fees	\$ 3,000	
Total Other Boards and Committees		3,000

County Mayor/Executive

County Official/Administrative Officer	\$ 79,544	
Secretary(ies)	68,400	
Other Per Diem and Fees	8,400	
Social Security	9,030	
Local Retirement	7,750	
Employer Medicare	2,112	
Legal Notices, Recording, and Court Costs	585	
Maintenance and Repair Services - Office Equipment	3,062	
Postal Charges	1,600	
Printing, Stationery, and Forms	1,918	
Travel	2,191	
Other Contracted Services	6,349	
Office Supplies	3,836	
Total County Mayor/Executive		194,777

County Attorney

County Official/Administrative Officer	\$ 1,200	
Social Security	74	
Employer Medicare	17	
Legal Services	37,704	
Total County Attorney		38,995

Election Commission

County Official/Administrative Officer	\$ 59,743	
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(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.)

Deputy(ies)	\$	64,369	
Part-time Personnel		40,948	
Election Commission		12,793	
Election Workers		17,317	
Social Security		9,246	
Medical Insurance		20,199	
Local Retirement		3,498	
Employer Medicare		2,162	
Audit Services		728	
Legal Notices, Recording, and Court Costs		5,439	
Maintenance and Repair Services - Equipment		16,900	
Postal Charges		5,393	
Printing, Stationery, and Forms		8,152	
Travel		5,722	
Office Supplies		8,193	
Other Charges		6,250	
Office Equipment		<u>35,820</u>	
Total Election Commission	\$		322,872

Register of Deeds

County Official/Administrative Officer	\$	63,565	
Deputy(ies)		64,545	
Social Security		6,780	
Medical Insurance		14,197	
Local Retirement		6,750	
Employer Medicare		1,586	
Dues and Memberships		678	
Postal Charges		280	
Printing, Stationery, and Forms		4,197	
Travel		1,524	
Other Contracted Services		663	
Data Processing Supplies		16,592	
Office Supplies		1,056	
Other Charges		50	
Office Equipment		<u>60</u>	
Total Register of Deeds			182,523

Planning

County Official/Administrative Officer	\$	46,534	
Assistant(s)		16,655	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Planning (Cont.)

Secretary(ies)	\$	28,444	
Other Salaries and Wages		876	
Other Per Diem and Fees		16,800	
Social Security		4,660	
Medical Insurance		16,615	
Local Retirement		2,291	
Employer Medicare		1,090	
Contracts with Private Agencies		675	
Dues and Memberships		170	
Legal Notices, Recording, and Court Costs		289	
Postal Charges		450	
Other Contracted Services		6,938	
Office Supplies		1,098	
In Service/Staff Development		674	
Other Charges		48	
Office Equipment		1,075	
Total Planning			\$ 145,382

County Buildings

Custodial Personnel	\$	42,850	
Social Security		2,365	
Medical Insurance		7,442	
Employer Medicare		553	
Janitorial Services		50,228	
Maintenance and Repair Services - Buildings		17,267	
Custodial Supplies		10,631	
Drugs and Medical Supplies		685	
Office Supplies		422	
Liability Insurance		112,823	
Other Charges		1,003	
Office Equipment		7,946	
Other Capital Outlay		65,050	
Total County Buildings			319,265

Other General Administration

Communication	\$	17,061	
Contributions		47,000	
Dues and Memberships		5,018	
Maintenance Agreements		9,030	
Maintenance and Repair Services - Buildings		8,327	

(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.)

Maintenance and Repair Services - Office Equipment	\$	2,019	
Pest Control		942	
Electricity		19,223	
Utilities		10,600	
Workers' Compensation Insurance		39,248	
Liability Claims		1,247	
Total Other General Administration			\$ 159,715

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	56,783	
Assistant(s)		52,282	
Social Security		5,839	
Medical Insurance		10,779	
Local Retirement		2,565	
Employer Medicare		1,366	
Maintenance and Repair Services - Office Equipment		50	
Postal Charges		107	
Printing, Stationery, and Forms		690	
Travel		758	
Other Contracted Services		6,764	
Data Processing Supplies		452	
Office Supplies		182	
In Service/Staff Development		120	
Office Equipment		1,687	
Total Accounting and Budgeting			140,424

Property Assessor's Office

County Official/Administrative Officer	\$	63,565	
Deputy(ies)		113,043	
Other Per Diem and Fees		1,800	
Social Security		9,755	
Medical Insurance		24,338	
Local Retirement		7,105	
Employer Medicare		2,282	
Contracts with Private Agencies		18,707	
Data Processing Services		10,313	
Dues and Memberships		1,295	
Legal Notices, Recording, and Court Costs		168	
Postal Charges		1,583	

(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.)

Rentals	\$	3,017	
Travel		986	
Office Supplies		2,051	
In Service/Staff Development		226	
Other Charges		376	
Office Equipment		7,199	
Total Property Assessor's Office			\$ 267,809

Reappraisal Program

Other Salaries and Wages	\$	55,983	
Other Per Diem and Fees		8,400	
Social Security		3,233	
Medical Insurance		6,974	
Local Retirement		1,400	
Employer Medicare		756	
Data Processing Services		3,564	
Postal Charges		6,226	
Office Supplies		278	
Other Charges		965	
Total Reappraisal Program			87,779

County Trustee's Office

County Official/Administrative Officer	\$	63,565	
Deputy(ies)		78,910	
Social Security		7,707	
Medical Insurance		15,054	
Local Retirement		5,956	
Employer Medicare		1,802	
Legal Notices, Recording, and Court Costs		218	
Maintenance and Repair Services - Office Equipment		688	
Postal Charges		7,129	
Printing, Stationery, and Forms		576	
Travel		1,818	
Other Contracted Services		19,099	
Data Processing Supplies		615	
Office Supplies		415	
In Service/Staff Development		750	
Office Equipment		2,927	
Total County Trustee's Office			207,229

(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

County Official/Administrative Officer	\$	63,565	
Deputy(ies)		175,067	
Social Security		13,564	
Medical Insurance		35,985	
Local Retirement		8,331	
Employer Medicare		3,172	
Dues and Memberships		604	
Legal Notices, Recording, and Court Costs		219	
Maintenance and Repair Services - Office Equipment		28,590	
Postal Charges		10,000	
Printing, Stationery, and Forms		2,323	
Rentals		2,776	
Travel		38	
Data Processing Supplies		3,616	
Other Supplies and Materials		8,191	
Other Charges		835	
Office Equipment		1,919	
Total County Clerk's Office			\$ 358,795

Other Finance

Communication	\$	7,168	
Dues and Memberships		401	
Maintenance and Repair Services - Buildings		5,196	
Maintenance and Repair Services - Office Equipment		1,763	
Pest Control		539	
Electricity		15,019	
Utilities		5,853	
Refunds		1,429	
Total Other Finance			37,368

Administration of JusticeCircuit Court

County Official/Administrative Officer	\$	63,565	
Deputy(ies)		215,140	
Board and Committee Members Fees		640	
Jury and Witness Fees		17,753	
Other Per Diem and Fees		715	
Social Security		15,565	
Medical Insurance		43,526	
Local Retirement		9,669	

(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.)

Employer Medicare	\$	3,640	
Maintenance and Repair Services - Office Equipment		7,067	
Postal Charges		5,000	
Printing, Stationery, and Forms		8,309	
Travel		3,900	
Data Processing Supplies		10,763	
Office Supplies		4,857	
Other Charges		370	
Total Circuit Court			\$ 410,479

General Sessions Court

Judge(s)	\$	126,996	
Clerical Personnel		23,696	
Social Security		6,952	
Medical Insurance		6,980	
Local Retirement		11,250	
Employer Medicare		1,810	
Dues and Memberships		1,161	
Travel		1,311	
Other Contracted Services		9,583	
Office Supplies		1,156	
Other Charges		502	
Total General Sessions Court			191,397

Drug Court

Supervisor/Director	\$	9,600	
Probation Officer(s)		4,800	
Social Security		893	
Employer Medicare		209	
Postal Charges		10	
Travel		934	
Drug Treatment		23,775	
Other Supplies and Materials		1,288	
In Service/Staff Development		1,000	
Office Equipment		1,583	
Total Drug Court			44,092

Chancery Court

County Official/Administrative Officer	\$	63,565	
Deputy(ies)		139,769	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Social Security	\$	11,251	
Medical Insurance		29,390	
Local Retirement		8,125	
Employer Medicare		2,631	
Advertising		2,240	
Maintenance and Repair Services - Office Equipment		1,145	
Postal Charges		3,133	
Printing, Stationery, and Forms		6,060	
Rentals		1,978	
Travel		150	
Data Processing Supplies		7,200	
Office Supplies		2,540	
Total Chancery Court			\$ 279,177

Juvenile Court

Probation Officer(s)	\$	71,803	
Youth Service Officer(s)		38,680	
Social Security		6,546	
Medical Insurance		10,563	
Local Retirement		1,321	
Employer Medicare		1,531	
Contracts with Government Agencies		82,664	
Contracts with Other Public Agencies		4,843	
Contracts with Private Agencies		1,200	
Dues and Memberships		20	
Maintenance and Repair Services - Office Equipment		870	
Postal Charges		297	
Printing, Stationery, and Forms		439	
Law Enforcement Supplies		127	
Office Supplies		1,889	
In Service/Staff Development		1,540	
Office Equipment		3,416	
Total Juvenile Court			227,749

Other Administration of Justice

Communication	\$	12,334	
Dues and Memberships		267	
Maintenance and Repair Services - Buildings		5,845	
Maintenance and Repair Services - Office Equipment		1,282	
Pest Control		190	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Other Administration of Justice (Cont.)

Electricity	\$	21,883	
Utilities		13,877	
Total Other Administration of Justice			\$ 55,678

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	73,432
Deputy(ies)		373,420
Investigator(s)		153,993
Captain(s)		45,703
Lieutenant(s)		109,067
Sergeant(s)		74,996
Accountants/Bookkeepers		55,830
Salary Supplements		12,000
Dispatchers/Radio Operators		202,574
Other Salaries and Wages		40,875
Social Security		65,606
Medical Insurance		176,767
Local Retirement		19,273
Employer Medicare		15,343
Communication		15,343
Contracts with Government Agencies		6,981
Contracts with Private Agencies		16,866
Dues and Memberships		1,670
Maintenance and Repair Services - Office Equipment		70
Maintenance and Repair Services - Vehicles		15,066
Pest Control		582
Postal Charges		3,794
Printing, Stationery, and Forms		6,560
Rentals		4,240
Transportation - Other than Students		90
Travel		3,576
Data Processing Supplies		3,465
Gasoline		118,607
Law Enforcement Supplies		30,400
Lubricants		2,296
Office Supplies		7,181
Tires and Tubes		10,310
Uniforms		9,145
Vehicle and Equipment Insurance		9,000

(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.)

In Service/Staff Development	\$ 13,094	
Law Enforcement Equipment	19,213	
Motor Vehicles	62,850	
Total Sheriff's Department		\$ 1,779,278

Jail

Assistant(s)	\$ 38,986	
Deputy(ies)	181,233	
Lieutenant(s)	39,716	
Sergeant(s)	60,627	
Accountants/Bookkeepers	80,462	
Attendants	568,520	
Cafeteria Personnel	51,423	
Other Salaries and Wages	63,143	
Social Security	63,734	
Medical Insurance	127,781	
Local Retirement	8,074	
Employer Medicare	14,905	
Laundry Service	7,441	
Maintenance and Repair Services - Buildings	32,644	
Maintenance and Repair Services - Equipment	8,528	
Medical and Dental Services	141,612	
Drug Treatment	12,882	
Custodial Supplies	21,841	
Drugs and Medical Supplies	37,750	
Electricity	69,607	
Food Preparation Supplies	15,649	
Food Supplies	141,757	
Prisoners Clothing	14,633	
Uniforms	3,558	
Utilities	60,561	
Building and Contents Insurance	59,062	
Liability Insurance	55,000	
Law Enforcement Equipment	9,678	
Total Jail		1,990,807

Fire Prevention and Control

County Official/Administrative Officer	\$ 39,658	
Investigator(s)	16,655	
Part-time Personnel	12,000	

(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.)

Social Security	\$	3,844	
Medical Insurance		7,747	
Disability Insurance		5,383	
Local Retirement		1,408	
Employer Medicare		899	
Communication		2,767	
Contracts with Other Public Agencies		29,700	
Dues and Memberships		235	
Maintenance and Repair Services - Equipment		14,721	
Maintenance and Repair Services - Vehicles		6,936	
Postal Charges		150	
Other Contracted Services		273	
Electricity		646	
Uniforms		458	
Utilities		521	
Other Supplies and Materials		250	
Vehicle and Equipment Insurance		5,650	
Workers' Compensation Insurance		18,185	
Other Charges		1,827	
Office Equipment		33	
Other Equipment		744	
Total Fire Prevention and Control			\$ 170,690

Disaster Relief

Supervisor/Director	\$	6,818	
Other Salaries and Wages		6,818	
In-Service Training		1,475	
Social Security		759	
Medical Insurance		2,651	
Local Retirement		341	
Employer Medicare		178	
Communication		2,408	
Postal Charges		100	
Travel		193	
Instructional Supplies and Materials		234	
Office Supplies		628	
Other Supplies and Materials		75	
In Service/Staff Development		5,184	
Other Charges		691	
State Aid Projects		96,047	
Total Disaster Relief			124,600

(Continued)

Exhibit K-8

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

General Fund (Cont.)Public Safety (Cont.)County Coroner/Medical Examiner

Contracts with Private Agencies	\$ 17,668	
Other Contracted Services	1,763	
Total County Coroner/Medical Examiner		\$ 19,431

Other Public Safety

Social Security	\$ 2,038	
Medical Insurance	10,398	
Employer Medicare	477	
Contracts with Government Agencies	40,000	
Contributions	36,328	
Other Contracted Services	62,393	
Electricity	1,636	
Total Other Public Safety		153,270

Public Health and WelfareLocal Health Center

Medical Personnel	\$ 7,039	
Salary Supplements	43,872	
Social Security	436	
Employer Medicare	102	
Communication	4,766	
Janitorial Services	9,480	
Laundry Service	224	
Maintenance Agreements	3,809	
Maintenance and Repair Services - Buildings	673	
Maintenance and Repair Services - Office Equipment	3,583	
Pest Control	431	
Postal Charges	4,331	
Travel	1,001	
Drugs and Medical Supplies	2,412	
Electricity	15,479	
Office Supplies	13,208	
Utilities	5,018	
Other Supplies and Materials	583	
Office Equipment	3,829	
Total Local Health Center		120,276

Rabies and Animal Control

Contributions	\$ 79,750	
Total Rabies and Animal Control		79,750

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Crippled Children Services

Contributions	\$ 2,027	
Total Crippled Children Services		\$ 2,027

Other Local Health Services

Contributions	\$ 1,000	
Total Other Local Health Services		1,000

General Welfare Assistance

Supervisor/Director	\$ 26,115	
Equipment Operators	22,772	
Social Security	2,686	
Medical Insurance	13,687	
Local Retirement	569	
Employer Medicare	628	
Communication	2,977	
Maintenance and Repair Services - Buildings	418	
Maintenance and Repair Services - Vehicles	496	
Pest Control	384	
Electricity	5,563	
Gasoline	1,038	
Office Supplies	838	
Utilities	4,019	
Total General Welfare Assistance		82,190

Aid to Dependent Children

Educational Assistants	\$ 23,075	
Communication	150	
Maintenance and Repair Services - Buildings	150	
Postal Charges	164	
Rentals	2,300	
Travel	2,707	
Electricity	1,073	
Food Supplies	40,476	
Office Supplies	343	
Other Supplies and Materials	769	
Total Aid to Dependent Children		71,207

Sanitation Education/Information

Guards	\$ 31,037	
Social Security	1,776	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Sanitation Education/Information (Cont.)

Medical Insurance	\$	7,253	
Employer Medicare		415	
Communication		586	
Consultants		7,200	
Maintenance and Repair Services - Vehicles		149	
Gasoline		6,329	
Other Supplies and Materials		1,850	
Other Charges		799	
Total Sanitation Education/Information			\$ 57,394

Other Public Health and Welfare

Other Per Diem and Fees	\$	600	
Social Security		1,736	
Employer Medicare		406	
Other Contracted Services		27,998	
Other Supplies and Materials		13,995	
Total Other Public Health and Welfare			44,735

Social, Cultural, and Recreational Services

Adult Activities

Supervisor/Director	\$	38,609	
Clerical Personnel		28,359	
Social Security		3,914	
Medical Insurance		8,182	
Unemployment Compensation		58	
Local Retirement		1,517	
Employer Medicare		915	
Dues and Memberships		130	
Maintenance and Repair Services - Vehicles		2,217	
Postal Charges		392	
Travel		4,555	
Other Contracted Services		450	
Gasoline		2,500	
Office Supplies		2,335	
Other Supplies and Materials		9,500	
Liability Insurance		801	
Other Charges		2,390	
Motor Vehicles		3,450	
Office Equipment		1,978	
Total Adult Activities			112,252

(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

Assistant(s)	\$	24,073	
Supervisor/Director		29,546	
Other Salaries and Wages		60,882	
Social Security		6,473	
Medical Insurance		14,686	
Local Retirement		961	
Employer Medicare		1,514	
Communication		511	
Dues and Memberships		810	
Maintenance and Repair Services - Office Equipment		1,506	
Maintenance and Repair Services - Vehicles		199	
Postal Charges		92	
Rentals		2,250	
Travel		11,698	
Other Contracted Services		12,615	
Gasoline		818	
Office Supplies		48	
Other Supplies and Materials		749	
Tax Relief Program		77,514	
Total Senior Citizens Assistance			\$ 246,945

Libraries

Contributions	\$	127,083	
Total Libraries			127,083

Parks and Fair Boards

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

Other Social, Cultural, and Recreational

Communication	\$	7,157	
Contributions		103,241	
Dues and Memberships		10,065	
Maintenance and Repair Services - Buildings		2,868	
Maintenance and Repair Services - Office Equipment		1,005	
Pest Control		698	
Electricity		15,006	
Utilities		12,302	
Total Other Social, Cultural, and Recreational			152,342

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$	106,199	
Other Salaries and Wages		6,300	
Social Security		391	
Employer Medicare		91	
Communication		1,604	
Maintenance and Repair Services - Buildings		4,212	
Maintenance and Repair Services - Office Equipment		3,174	
Pest Control		1,087	
Travel		4,947	
Electricity		3,945	
Office Supplies		6,401	
Utilities		4,202	
Office Equipment		<u>2,500</u>	
Total Agriculture Extension Service	\$		145,053

Soil Conservation

Secretary(ies)	\$	22,790	
Social Security		1,351	
Local Retirement		570	
Employer Medicare		<u>316</u>	
Total Soil Conservation			25,027

Flood Control

Contracts with Other Public Agencies	\$	<u>31,699</u>	
Total Flood Control			31,699

Other Agriculture and Natural Resources

Dues and Memberships	\$	<u>651</u>	
Total Other Agriculture and Natural Resources			651

Other Operations

Industrial Development

Site Development	\$	<u>80,732</u>	
Total Industrial Development			80,732

Miscellaneous

Trustee's Commission	\$	85,565	
Other Charges		<u>4,965</u>	
Total Miscellaneous			90,530

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Principal on Debt

General Government

Principal on Notes	\$ 82,594	
Principal on Capital Leases	41,635	
Total General Government		\$ 124,229

Interest on Debt

General Government

Interest on Notes	\$ 10,122	
Interest on Capital Leases	1,782	
Total General Government		11,904

Total General Fund \$ 9,620,069

Law Library Fund

Administration of Justice

Other Administration of Justice

Library Books/Media	\$ 5,286	
Trustee's Commission	32	
Total Other Administration of Justice		\$ 5,318

Total Law Library Fund 5,318

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Attendants	\$ 9,502	
Social Security	589	
Employer Medicare	138	
Communication	446	
Contracts with Government Agencies	16,444	
Contracts with Private Agencies	71,129	
Utilities	1,055	
Trustee's Commission	26	
Other Charges	14	
Total Sanitation Management		\$ 99,343

Total Solid Waste/Sanitation Fund 99,343

(Continued)

Exhibit K-8

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

<u>Drug Control Fund</u>			
<u>Public Safety</u>			
<u>Drug Enforcement</u>			
Confidential Drug Enforcement Payments	\$	6,000	
Law Enforcement Supplies		1,080	
Trustee's Commission		92	
Other Charges		725	
Total Drug Enforcement			\$ 7,897
<u>Principal on Debt</u>			
<u>General Government</u>			
Principal on Capital Leases	\$	1,391	
Total General Government			1,391
<u>Interest on Debt</u>			
<u>General Government</u>			
Interest on Capital Leases	\$	60	
Total General Government			60
Total Drug Control Fund			\$ 9,348
<u>District Attorney General Fund</u>			
<u>Administration of Justice</u>			
<u>District Attorney General</u>			
Communication	\$	2,031	
Dues and Memberships		3,847	
Maintenance and Repair Services - Buildings		252	
Travel		204	
Office Supplies		527	
Trustee's Commission		84	
Other Charges		1,709	
Office Equipment		150	
Total District Attorney General			\$ 8,804
Total District Attorney General Fund			8,804
<u>Constitutional Officers - Fees Fund</u>			
<u>Finance</u>			
<u>County Trustee's Office</u>			
Constitutional Officers' Operating Expenses	\$	614	
Total County Trustee's Office			\$ 614
Total Constitutional Officers - Fees Fund			614

(Continued)

Exhibit K-8

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

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	73,148	
Accountants/Bookkeepers		42,427	
Communication		3,203	
Data Processing Services		3,899	
Dues and Memberships		3,811	
Evaluation and Testing		1,050	
Legal Notices, Recording, and Court Costs		233	
Maintenance Agreements		1,700	
Postal Charges		463	
Printing, Stationery, and Forms		575	
Travel		1,061	
Electricity		6,838	
Natural Gas		483	
Office Supplies		2,173	
Uniforms		2,848	
Water and Sewer		3,153	
Other Supplies and Materials		4,397	
Total Administration			\$ 151,462

Highway and Bridge Maintenance

Foremen	\$	70,037	
Equipment Operators		264,331	
Equipment Operators - Light		128,055	
Truck Drivers		174,766	
Laborers		112,059	
Overtime Pay		22,965	
Contracts with Private Agencies		275,728	
Asphalt - Cold Mix		1,568	
Asphalt - Hot Mix		661,483	
Asphalt - Liquid		107,277	
Concrete		1,392	
Crushed Stone		349,427	
Fertilizer, Lime, and Seed		2,535	
Other Road Supplies		1,725	
Pipe - Metal		217,058	
Road Signs		3,641	
Sand		9,057	
Wood Products		1,268	
Gravel and Chert		87,402	
Other Supplies and Materials		1,259	
Total Highway and Bridge Maintenance			2,493,033

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment

Mechanic(s)	\$	96,132	
Laborers		30,255	
Diesel Fuel		258,317	
Equipment and Machinery Parts		110,450	
Garage Supplies		7,103	
Gasoline		34,677	
Lubricants		16,545	
Small Tools		4,818	
Tires and Tubes		30,296	
Other Supplies and Materials		4,704	
Total Operation and Maintenance of Equipment	\$		593,297

Other Charges

Liability Insurance	\$	982	
Trustee's Commission		53,671	
Vehicle and Equipment Insurance		46,102	
Workers' Compensation Insurance		3,595	
Total Other Charges			104,350

Employee Benefits

Social Security	\$	59,442	
Employee and Dependent Insurance		143,804	
Local Retirement		14,153	
Employer Medicare		13,902	
Total Employee Benefits			231,301

Capital Outlay

Engineering Services	\$	12,630	
Bridge Construction		350,941	
Building Improvements		6,618	
Highway Equipment		270,020	
Office Equipment		3,949	
State Aid Projects		300,506	
Other Equipment		1,100	
Other Capital Outlay		85,504	
Total Capital Outlay			1,031,268

Principal on Debt

Highways and Streets

Principal on Capital Leases	\$	100,637	
Total Highways and Streets			100,637

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Interest on Debt

Highways and Streets

Interest on Capital Leases	\$ 22,830	
Total Highways and Streets		\$ 22,830

Total Highway/Public Works Fund

\$ 4,728,178

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 230,000	
Total General Government		\$ 230,000

Education

Principal on Notes	\$ 1,075,000	
Principal on Other Loans	170,000	
Total Education		1,245,000

Interest on Debt

General Government

Interest on Bonds	\$ 345,045	
Interest on Notes	22,381	
Total General Government		367,426

Education

Interest on Notes	\$ 21,769	
Interest on Other Loans	1,371,911	
Total Education		1,393,680

Other Debt Service

General Government

Financial Advisory Services	\$ 24,000	
Trustee's Commission	51,798	
Other Debt Service	912	
Total General Government		76,710

Education

Other Debt Service	\$ 535	
Total Education		535

Total General Debt Service Fund

3,313,351

(Continued)

Exhibit K-8

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

<u>HUD Grant Projects Fund</u>		
<u>Capital Projects</u>		
<u>Other General Government Projects</u>		
Other Charges	<u>\$ 21,476</u>	
Total Other General Government Projects		<u>\$ 21,476</u>
Total HUD Grant Projects Fund		<u>\$ 21,476</u>
Total Governmental Funds - Primary Government		<u>\$ 17,806,501</u>

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, 2008

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 7,094,763	
Career Ladder Program	110,606	
Career Ladder Extended Contracts	47,952	
Educational Assistants	487,676	
Other Salaries and Wages	2,500	
Certified Substitute Teachers	22,599	
Non-certified Substitute Teachers	72,206	
Social Security	448,773	
State Retirement	449,786	
Life Insurance	7,983	
Medical Insurance	1,082,603	
Unemployment Compensation	683	
Local Retirement	5,310	
Employer Medicare	104,976	
Other Fringe Benefits	4,700	
Contracts with Other School Systems	126,189	
Maintenance and Repair Services - Equipment	2,631	
Instructional Supplies and Materials	423,058	
Textbooks	299,632	
Other Charges	8,606	
Regular Instruction Equipment	204,270	
Total Regular Instruction Program		\$ 11,007,502

Special Education Program

Teachers	\$ 1,132,157
Career Ladder Program	17,999
Career Ladder Extended Contracts	1,998
Clerical Personnel	31,811
Educational Assistants	301,766
Social Security	85,676
State Retirement	76,413
Life Insurance	1,772
Medical Insurance	194,959
Local Retirement	2,935
Employer Medicare	20,037
Other Fringe Benefits	650
Other Contracted Services	1,379
Instructional Supplies and Materials	3,961
Other Supplies and Materials	15

(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.)

Special Education Program (Cont.)

Other Charges	\$ 1,017	
Total Special Education Program		\$ 1,874,545

Vocational Education Program

Teachers	\$ 355,487	
Career Ladder Program	4,000	
Career Ladder Extended Contracts	3,996	
Educational Assistants	16,310	
Social Security	22,137	
State Retirement	22,681	
Life Insurance	389	
Medical Insurance	48,353	
Local Retirement	408	
Employer Medicare	5,177	
Other Fringe Benefits	275	
Other Contracted Services	2,936	
Instructional Supplies and Materials	59,688	
Vocational Instruction Equipment	17,910	
Total Vocational Education Program		559,747

Student Body Education Program

Instructional Supplies and Materials	\$ 5,165	
Other Supplies and Materials	4,351	
Total Student Body Education Program		9,516

Support Services

Attendance

Supervisor/Director	\$ 60,267	
Career Ladder Program	1,000	
Social Security	3,504	
State Retirement	3,823	
Life Insurance	43	
Medical Insurance	9,080	
Employer Medicare	819	
Communication	616	
Travel	3,051	
Other Contracted Services	26,436	
Other Supplies and Materials	500	
Total Attendance		109,139

(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

Medical Personnel	\$	94,685	
Other Salaries and Wages		60,110	
Social Security		9,248	
State Retirement		5,908	
Life Insurance		158	
Medical Insurance		19,602	
Employer Medicare		2,163	
Communication		2,436	
Travel		8,753	
Other Contracted Services		4,140	
Drugs and Medical Supplies		15,724	
Other Supplies and Materials		22,960	
Health Equipment		25,270	
Total Health Services			\$ 271,157

Other Student Support

Career Ladder Program	\$	6,000	
Guidance Personnel		197,155	
Clerical Personnel		19,286	
Social Security		13,040	
State Retirement		12,677	
Life Insurance		206	
Medical Insurance		22,442	
Employer Medicare		3,050	
Contracts with Government Agencies		46,112	
Evaluation and Testing		29,540	
Travel		1,086	
Other Supplies and Materials		400	
Other Equipment		1,477	
Total Other Student Support			352,471

Regular Instruction Program

Supervisor/Director	\$	69,719	
Career Ladder Program		9,000	
Career Ladder Extended Contracts		10,656	
Librarians		84,455	
Materials Supervisor		32,429	
Instructional Computer Personnel		119,116	
Secretary(ies)		31,811	

(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.)

Educational Assistants	\$	31,811	
Other Salaries and Wages		27,720	
Social Security		24,412	
State Retirement		12,577	
Life Insurance		388	
Medical Insurance		60,686	
Local Retirement		3,433	
Employer Medicare		5,709	
Communication		2,685	
Consultants		69,630	
Contracts with Other School Systems		50,000	
Travel		25,774	
Other Contracted Services		20,543	
Library Books/Media		21,447	
Other Supplies and Materials		22,374	
In Service/Staff Development		34,800	
Other Charges		5,530	
Other Equipment		25,146	
Total Regular Instruction Program			\$ 801,851

Special Education Program

Supervisor/Director	\$	72,483	
Career Ladder Program		3,000	
Career Ladder Extended Contracts		5,328	
Clerical Personnel		16,214	
Social Security		5,576	
State Retirement		5,043	
Life Insurance		64	
Medical Insurance		13,168	
Employer Medicare		1,304	
Travel		3,300	
Other Contracted Services		1,111	
Other Charges		1,039	
Other Equipment		1,477	
Total Special Education Program			129,107

Vocational Education Program

Clerical Personnel	\$	16,214	
Social Security		884	

(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.)

Life Insurance	\$	21	
Medical Insurance		4,540	
Employer Medicare		207	
Maintenance and Repair Services - Equipment		365	
Travel		12,352	
Other Contracted Services		48	
Other Supplies and Materials		7,832	
In Service/Staff Development		2,130	
Other Equipment		5,000	
Total Vocational Education Program	\$		49,593

Other Programs

On-Behalf Payments to OPEB	\$	101,608	
Total Other Programs			101,608

Board of Education

Secretary to Board	\$	2,201	
Board and Committee Members Fees		24,600	
Social Security		1,662	
Employer Medicare		389	
Audit Services		9,870	
Dues and Memberships		8,091	
Legal Services		17,334	
Travel		728	
Other Contracted Services		6,705	
Liability Insurance		33,370	
Premiums on Corporate Surety Bonds		662	
Trustee's Commission		142,701	
Workers' Compensation Insurance		155,336	
In Service/Staff Development		3,377	
Criminal Investigation of Applicants - TBI		7,404	
Other Charges		9,750	
Total Board of Education			424,180

Director of Schools

County Official/Administrative Officer	\$	133,599	
Career Ladder Program		1,000	
Secretary(ies)		31,811	
Social Security		8,148	

(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.)

State Retirement	\$	9,056	
Life Insurance		86	
Local Retirement		850	
Employer Medicare		2,568	
Other Fringe Benefits		10,502	
Communication		7,529	
Dues and Memberships		2,994	
Postal Charges		8,683	
Travel		9,241	
Other Contracted Services		1,854	
Office Supplies		2,880	
Other Charges		9,534	
Administration Equipment		3,500	
Total Director of Schools			\$ 243,835

Office of the Principal

Principals	\$	562,516	
Career Ladder Program		19,745	
Career Ladder Extended Contracts		23,976	
Assistant Principals		285,015	
Secretary(ies)		186,739	
Other Salaries and Wages		3,765	
Social Security		61,649	
State Retirement		53,774	
Life Insurance		778	
Medical Insurance		133,350	
Local Retirement		2,968	
Employer Medicare		14,846	
Other Fringe Benefits		250	
Communication		30,583	
Maintenance and Repair Services - Equipment		1,401	
Travel		12,363	
Other Contracted Services		23,598	
Office Supplies		14,679	
Other Equipment		37,323	
Total Office of the Principal			1,469,318

Fiscal Services

Accountants/Bookkeepers	\$	38,411	
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(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.)

Fiscal Services (Cont.)

Purchasing Personnel	\$	51,605	
Clerical Personnel		32,429	
Other Salaries and Wages		32,429	
Social Security		9,040	
Life Insurance		172	
Medical Insurance		19,979	
Local Retirement		3,872	
Employer Medicare		2,114	
Dues and Memberships		455	
Maintenance and Repair Services - Equipment		2,783	
Travel		5,376	
Other Contracted Services		17,421	
Office Supplies		19,633	
Other Charges		2,782	
Total Fiscal Services			\$ 238,501

Operation of Plant

Custodial Personnel	\$	498,706	
Other Salaries and Wages		270	
Social Security		27,813	
Life Insurance		907	
Medical Insurance		97,458	
Unemployment Compensation		4,890	
Local Retirement		4,911	
Employer Medicare		6,505	
Pest Control		9,972	
Disposal Fees		33,896	
Other Contracted Services		88,710	
Custodial Supplies		83,651	
Electricity		655,738	
Natural Gas		171,610	
Water and Sewer		64,757	
Other Supplies and Materials		113	
Building and Contents Insurance		238,635	
Plant Operation Equipment		7,898	
Total Operation of Plant			1,996,440

Maintenance of Plant

Supervisor/Director	\$	51,605	
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(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.)

Maintenance of Plant (Cont.)

Secretary(ies)	\$	31,811	
Other Salaries and Wages		295,354	
Social Security		22,319	
Life Insurance		430	
Medical Insurance		46,287	
Local Retirement		7,022	
Employer Medicare		5,220	
Communication		4,963	
Maintenance and Repair Services - Buildings		283,285	
Maintenance and Repair Services - Equipment		61,202	
Other Contracted Services		70,806	
Equipment and Machinery Parts		8,021	
Gasoline		24,793	
Other Supplies and Materials		158,242	
Other Charges		891	
Maintenance Equipment		39,903	
Total Maintenance of Plant			\$ 1,112,154

Operation of Non-Instructional Services

Food Service

Career Ladder Program	\$	1,330	
Social Security		70	
State Retirement		4,305	
Medical Insurance		717	
Employer Medicare		19	
Food Supplies		6,766	
Total Food Service			13,207

Community Services

Supervisor/Director	\$	63,663	
Teachers		67,239	
Other Salaries and Wages		58,936	
Social Security		10,478	
State Retirement		4,969	
Life Insurance		129	
Medical Insurance		8,851	
Local Retirement		1,510	
Employer Medicare		2,725	
Communication		2,251	

(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.)

Community Services (Cont.)

Maintenance and Repair Services - Equipment	\$	1,001	
Travel		8,527	
Other Contracted Services		13,643	
Other Supplies and Materials		23,129	
Other Charges		4,652	
Other Equipment		392	
Total Community Services			\$ 272,095

Early Childhood Education

Teachers	\$	266,536	
Educational Assistants		103,384	
Certified Substitute Teachers		319	
Non-certified Substitute Teachers		1,918	
Social Security		21,709	
State Retirement		16,475	
Life Insurance		520	
Medical Insurance		53,563	
Local Retirement		725	
Employer Medicare		5,078	
Travel		12,872	
Other Contracted Services		262	
Other Supplies and Materials		82,707	
Other Equipment		3,953	
Total Early Childhood Education			570,021

Capital Outlay

Regular Capital Outlay

Architects	\$	5,568	
Building Construction		47,884	
Building Improvements		106,286	
Motor Vehicles		28,990	
Site Development		92,365	
Building Purchases		149,800	
Total Regular Capital Outlay			430,893

Total General Purpose School Fund \$ 22,036,880

(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

Instruction

Regular Instruction Program

Teachers	\$	163,181	
Educational Assistants		95,310	
Other Salaries and Wages		150	
Social Security		13,869	
State Retirement		10,183	
Life Insurance		475	
Medical Insurance		67,138	
Unemployment Compensation		216	
Employer Medicare		3,244	
Other Fringe Benefits		1,021	
Other Contracted Services		455	
Instructional Supplies and Materials		5,656	
Other Supplies and Materials		1,126	
Total Regular Instruction Program			\$ 362,024

Special Education Program

Teachers	\$	97,472	
Homebound Teachers		2,916	
Educational Assistants		223,989	
Speech Pathologist		36,195	
Other Salaries and Wages		350	
Certified Substitute Teachers		4,305	
Non-certified Substitute Teachers		8,273	
Social Security		20,865	
State Retirement		8,523	
Life Insurance		731	
Medical Insurance		107,743	
Unemployment Compensation		456	
Employer Medicare		4,945	
Other Fringe Benefits		1,829	
Contracts with Private Agencies		72,252	
Maintenance and Repair Services - Equipment		1,244	
Instructional Supplies and Materials		33,731	
Other Supplies and Materials		22,279	
Total Special Education Program			648,098

Vocational Education Program

Instructional Supplies and Materials	\$	7,200	
Vocational Instruction Equipment		28,413	
Total Vocational Education Program			35,613

(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

Other Student Support

Other Salaries and Wages	\$	7,235	
Social Security		480	
State Retirement		482	
Unemployment Compensation		2	
Employer Medicare		112	
Travel		2,110	
Other Contracted Services		4,520	
Other Supplies and Materials		500	
In Service/Staff Development		7,911	
Total Other Student Support			\$ 23,352

Regular Instruction Program

Supervisor/Director	\$	41,581	
Other Salaries and Wages		74,645	
Social Security		6,719	
State Retirement		7,252	
Life Insurance		79	
Medical Insurance		15,940	
Unemployment Compensation		123	
Employer Medicare		1,583	
Communication		985	
Travel		5,933	
Other Contracted Services		420	
Library Books/Media		4,771	
Other Supplies and Materials		3,049	
In Service/Staff Development		30,861	
Total Regular Instruction Program			193,941

Special Education Program

Psychological Personnel	\$	48,019	
Other Salaries and Wages		24,963	
Social Security		4,360	
State Retirement		2,996	
Life Insurance		72	
Medical Insurance		5,761	
Unemployment Compensation		62	
Employer Medicare		1,020	
Communication		2,167	
Travel		21,555	

(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.)

Special Education Program (Cont.)

Other Supplies and Materials	\$ 5,000	
In Service/Staff Development	19,368	
Total Special Education Program		\$ 135,343

Vocational Education Program

Travel	\$ 6,000	
Total Vocational Education Program		6,000

Total School Federal Projects Fund \$ 1,404,371

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$ 85,613	
Accountants/Bookkeepers	25,184	
Cafeteria Personnel	611,601	
Other Salaries and Wages	37,312	
Social Security	43,763	
Life Insurance	1,556	
Medical Insurance	94,303	
Unemployment Compensation	26	
Local Retirement	4,109	
Employer Medicare	10,390	
Communication	5,865	
Data Processing Services	11,019	
Dues and Memberships	216	
Transportation - Other than Students	6,376	
Travel	5,247	
Disposal Fees	3,382	
Custodial Supplies	13,882	
Food Supplies	732,614	
Uniforms	430	
Other Supplies and Materials	52,941	
In Service/Staff Development	909	
Food Service Equipment	27,770	
Total Food Service		\$ 1,774,508

Total Central Cafeteria Fund 1,774,508

(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

Support Services

Board of Education

Trustee's Commission	\$ 29,564	
Total Board of Education		\$ 29,564

Operation of Plant

Electricity	\$ 10,311	
Natural Gas	4,177	
Water and Sewer	2,886	
Total Operation of Plant		17,374

Transportation

Supervisor/Director	\$ 51,605	
Mechanic(s)	167,329	
Bus Drivers	705,607	
Clerical Personnel	31,811	
Other Salaries and Wages	11,985	
Social Security	59,067	
Life Insurance	2,230	
Medical Insurance	44,275	
Local Retirement	5,702	
Employer Medicare	13,814	
Communication	5,023	
Maintenance and Repair Services - Vehicles	20,224	
Other Contracted Services	22,197	
Food Supplies	499	
Gasoline	321,578	
Lubricants	9,760	
Tires and Tubes	33,091	
Vehicle Parts	93,289	
Other Supplies and Materials	32,743	
Vehicle and Equipment Insurance	31,484	
Other Charges	7,636	
Transportation Equipment	229,368	
Total Transportation		1,900,317

Total School Transportation Fund \$ 1,947,255

Total Governmental Funds - Dyer County School Department \$ 27,163,014

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, 2008

	Cities - Sales Tax Fund	Cities - Property Tax Fund	City School ADA - Dyersburg Fund	Total
<u>Cash Receipts</u>				
Current Property Taxes	\$ 0	\$ 0	\$ 2,784,483	\$ 2,784,483
Trustee's Collections - Prior Years	0	0	100,291	100,291
Trustee's Collections - Bankruptcy	0	0	1,333	1,333
Circuit/Clerk and Master Collections - Prior Years	0	1,365	21,088	22,453
Interest and Penalty	0	210	18,345	18,555
Local Option Sales Tax	3,107,272	0	4,711,492	7,818,764
Wheel Tax	0	0	756,194	756,194
Interstate Telecommunications Tax	0	0	3,360	3,360
Marriage Licenses	0	0	1,696	1,696
Other Permits	0	0	313	313
Total Cash Receipts	\$ 3,107,272	\$ 1,575	\$ 8,398,595	\$ 11,507,442
<u>Cash Disbursements</u>				
Remittance of Revenues Collected	\$ 3,076,199	\$ 1,549	\$ 8,300,789	\$ 11,378,537
Trustee's Commission	31,073	26	113,269	144,368
Total Cash Disbursements	\$ 3,107,272	\$ 1,575	\$ 8,414,058	\$ 11,522,905
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0	\$ 0	\$ (15,463)	\$ (15,463)
Cash Balance, July 1, 2007	0	0	161,468	161,468
Cash Balance, June 30, 2008	\$ 0	\$ 0	\$ 146,005	\$ 146,005

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SINGLE AUDIT SECTION

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STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402

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

March 19, 2009

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, 2008, which collectively comprise Dyer County's basic financial statements and have issued our report thereon dated March 19, 2009. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the discretely presented Dyer County Emergency Communications District as described in our report on Dyer County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Dyer County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Dyer County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Dyer County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting: 08.01, 08.02, 08.06, 08.07, 08.09, and 08.11.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Dyer County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we considered items 08.01 and 08.02 to be material weaknesses.

Compliance and Other Matters

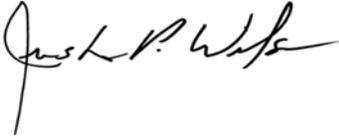
As part of obtaining reasonable assurance about whether Dyer County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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 08.03, 08.04, 08.05, and 08.08.

We consider item 08.10 described in the accompanying Schedule of Findings and Questioned Costs to be a noteworthy control deficiency over financial operations. We also noted certain matters that we reported to management of Dyer County in separate communications.

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

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

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

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

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

March 19, 2009

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, 2008. 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 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 of 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, 2008.

Internal Control Over Compliance

The management of Dyer County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Dyer County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Dyer County's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

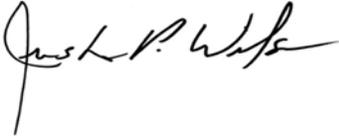
Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Dyer County as of and for the year ended June 30, 2008, and have issued our report thereon dated March 19, 2009. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Dyer County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the 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.

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

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

Yours very truly,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

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Dyer County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2008

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	\$ 93,319 (7)
Passed-through State Department of Education:			
Nutrition Cluster:			
School Breakfast Program	10.553	N/A	267,893
National School Lunch Program	10.555	N/A	756,172 (7)
Passed-through State Department of Human Services:			
Summer Food Service Program for Children	10.559	(3)	80,045
Passed-through State Department of Health:			
Commodity Supplemental Food Program	10.565	(4)	40,438
Total U.S. Department of Agriculture			<u>\$ 1,237,867</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants - State's Program	14.228	GG0720546	<u>\$ 20,505</u>
Total U.S. Department of Housing and Urban Development			<u>\$ 20,505</u>
U.S. Department of Interior:			
Direct Programs:			
Payments in-Lieu-of Taxes	15.226	N/A	<u>\$ 30,826</u>
Total U.S. Department of Interior			<u>\$ 30,826</u>
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	Z-08-022752-00	\$ 9,000
Edward Byne Memorial Formula Grant Program	16.579	Z-02-027859-00	13,590
Total U.S. Department of Justice			<u>\$ 22,590</u>
Federal Transit Administration:			
Passed-through State Department of Transportation:			
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	Z-07-038229-00	<u>\$ 31,055</u>
Total Federal Transit Administration			<u>\$ 31,055</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 396,533
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	794,033
Special Education - Preschool Grants	84.173	N/A	32,468
Career and Technical Education - Basic Grants to States	84.048	N/A	72,317
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	11,200
Twenty-First Century Community Learning Centers	84.287	(2)	135,000
State Grants for Innovative Programs	84.298	N/A	4,771
Education Technology State Grants	84.318	(2)	4,066
Improving Teacher Quality State Grants	84.367	N/A	151,526
Total U.S. Department of Education			<u>\$ 1,601,914</u>
Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	Z-08-201063-00	<u>\$ 1,773</u>
Total Election Assistance Commission			<u>\$ 1,773</u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
U.S. Department of Health and Human Services:			
Passed-through Northwest Tennessee Development Area on Aging:			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	Z-08-020410-00	\$ 127,017
Passed-through Methodist LeBonheur Healthcare Community Outreach:			
Rural Health Care Services Outreach and Rural Health Network Development Program	93.912	D60RH08546-01-00	7,128
Passed-through State Department of Health:			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	GG0822455	70,000
Total U.S. Department of Health and Human Services			\$ 204,145
U.S. Corporation for National and Community Services:			
Direct Programs:			
Retired and Senior Volunteer Program	94.002	N/A	\$ 57,275
Total U.S. Corporation for National and Community Services			\$ 57,275
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Z-03-017864-00	\$ 96,047
Emergency Management Performance Grants	97.042	Z-0720597-00	3,420
Homeland Security Grant Program	97.067	(5)	287,310
Total U.S. Department of Homeland Security			\$ 386,777
Total Federal Grants			\$ 3,594,727

State Grants:		Contract Number	
Safe Schools Act of 2003 - State Department of Education	N/A	(2)	\$ 19,000
Family Resource Center - State Department of Education	N/A	(2)	66,600
Early Childhood Education - State Department of Education	N/A	(2)	535,902
ACT-EXP - Internet Connectivity - State Department of Education	N/A	(2)	7,381
Coordinated School Health - State Department of Education	N/A	(2)	129,611
AGMS - Nutrition PE Equipment - State Department of Education	N/A	(2)	3,552
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	12,818
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	19,315
Governor's Highway Safety Grant - State Department of Transportation	N/A	Z-08-023999-00	33,220
Archives Grant - State Library and Archives	N/A	Z-08-201506-00	3,100
Community Enhancement Grant - Tennessee Secretary of State	N/A	(2)	29,200
Drug Court Treatment Resources Fund Grant - State Department of Finance and Administration	N/A	Z-05-025529-00	43,485
Local Health Services - State Department of Health	N/A	Z-08-020410-00	10,342
Tobacco Cessation Grant - State Department of Health	N/A	GG082335300	15,789
Litter Program - State Department of Transportation	N/A	(6)	33,856
Total State Grants			\$ 963,171

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) DA07000143: \$57,196; DA0821473: \$49,990.
(4) GG0712846: \$9,100; GG0821949: \$31,338.
(5) Z-05-25152-00: \$255,018; GG0720955: \$32,356.
(6) Z-07-033791-00: \$500; Z-08-020988-00: \$33,356.
(7) Total for CFDA No. 10.555 is \$849,491.

Dyer County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2008

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, 2007, which have not been corrected.

OFFICE OF COUNTY MAYOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
07.01	178	The courthouse custodial services contract has not been bid since July 1, 2002

OTHER FINDINGS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
07.07	181	A central system of accounting, budgeting, and purchasing had not been adopted
07.08	181	Duties were not segregated adequately in the Offices of Circuit and General Sessions Courts Clerk and Sheriff

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DYER COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2008

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 significant deficiencies in internal control. Two of these deficiencies were considered to be material weaknesses.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Dyer County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program, National School Lunch Program, and Summer Food service Program for Children (CFDA Nos. 10.553, 10.555, and 10.559) was determined to be a major program.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Dyer County did qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

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

DYER COUNTY AND DYER COUNTY SCHOOL DEPARTMENT

FINDING 08.01 **DYER COUNTY AND THE DYER COUNTY SCHOOL DEPARTMENT DO NOT HAVE THE RESOURCES TO PRODUCE FINANCIAL STATEMENTS AND NOTES TO THE FINANCIAL STATEMENTS**
(Internal Control – Material Weakness Under Government Auditing Standards)

Generally accepted auditing standards require that Dyer County's and the Dyer County School Department's financial statements be the product of financial reporting systems that offer reasonable assurance that management is able to produce financial statements and notes to the financial statements that comply with generally accepted accounting principles (GAAP). The preparation of financial statements in accordance with GAAP requires that the county and the School Department have internal controls over reporting government-wide and fund financial information and preparing the related notes. It is permissible for us, as the external auditors, to assist the county and the School Department in preparing their financial statements and notes as a matter of convenience as long as the county and the School Department have the skills needed to prepare the financial statements and notes. However, management, including the accounting staff, does not have the technical skills to prepare GAAP financial statements and disclosures. The inability to prepare financial statements and notes is an indication of a lack of controls, or ineffective controls, because material misstatements may not be detected.

RECOMMENDATION

Dyer County and the Dyer County School Department should develop the ability to produce financial statements and notes to the financial statements that comply with GAAP. This could include having at least one staff member trained in financial statement preparation. This staff member should have sufficient skills necessary to prepare a complete set of year-end financial statements even though the external auditors prepare the county's and the School Department's financial statements as a matter of convenience. If we, as the external auditors, continue to prepare the county's and the School Department's financial statements, this individual must have sufficient knowledge to determine the completeness of financial statement information and disclosures.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

Dyer County does not feel the need to hire someone at this time to prepare financial statements and notes.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

The Dyer County schools management believes that it should be noted by the users of this financial audit that the Government Finance Officers Association (GFOA) Executive Board, on October 19, 2007, released a recommended practice for “Mitigating the Negative Effects of Statement on Auditing Standards No. 112.” In this publication, the GFOA recommended against governments engaging the services of a second accounting firm to assist in preparing its financial statements solely to avoid having a significant deficiency or material weakness reported.

The GFOA further recommends that if system management deems that the costs of remedying a significant deficiency or material weakness in its financial reporting system cannot be justified by the benefits to be obtained, it should take care to alert the governing body as early as possible to explain its conclusion.

The Dyer County School System concurs with the finding that we do not have a person specifically trained in the production of external financial statements as recently recommended by GAAP and defined by GASB.

The new accounting standards do not take into consideration the financial hardship of correcting this finding on local governments and school districts that are small. No consideration is given as to whether the audit is for a large school system or a small school system. It is our understanding that less than ten percent of the school systems in Tennessee have certified public accountants in their financial departments that meet this standard. Management does not believe that the benefits would justify the cost of correcting the finding. Therefore, we find that the costs of remedying this finding cannot be justified by the benefits to be obtained. Dyer County School System’s accounting staff has skills and experience that have been proven over the years.

AUDITOR'S REBUTTAL

The preparation of the financial statements and notes to the financial statements and/or having the knowledge to determine the completeness of the financial statements and notes prepared by external auditors has always been management’s responsibility. Government standard setting bodies are now placing more emphasis on this issue to encourage management to accept responsibility for their financial reports. We are not recommending hiring an outside firm or even additional personnel; however, we are recommending that at least one staff member be trained to have sufficient accounting expertise to prepare the required statements and disclosures.

FINDING 08.02 THE HIGHWAY/PUBLIC WORKS AND GENERAL PURPOSE SCHOOL FUNDS REQUIRED MATERIAL AUDIT ADJUSTMENTS FOR PROPER FINANCIAL STATEMENT PRESENTATION
(Internal Control – Material Weakness Under Government Auditing Standards)

At June 30, 2008, certain general ledger account balances in the Highway/Public Works and General Purpose School funds were not materially correct, and audit adjustments were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require Dyer County and the Dyer County School Department to have adequate internal controls over the maintenance of their accounting records. Material audit adjustments were required because the county's and the School Department's financial reporting systems did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the county and the School Department have ineffective controls over the maintenance of their accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

Dyer County and the Dyer County School Department should have appropriate processes in place to ensure that their general ledgers are materially correct.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

Dyer County School System will correct this finding by making year-end balance sheet entries to defer August sales tax revenue into the closing year.

OFFICE OF COUNTY MAYOR

FINDING 08.03 EXPENDITURES EXCEEDED APPROPRIATIONS
(Noncompliance Under Government Auditing Standards)

Our examination of the Dyer County's budget operations revealed the following deficiencies:

- A. Expenditures exceeded appropriations approved by the County Commission in the Jail (\$59,039) and Aid to Dependent Children (\$10,207) major appropriation categories (the legal level of control) in the General Fund.

- B. Expenditures exceeded total appropriations in the Law Library and Solid Waste/Sanitation funds by \$91 and \$1,088, respectively.

Section 5-9-401, Tennessee Code Annotated, states, "All funds from whatever source derived including, but not limited to taxes, county aid funds, federal funds, and fines that are to be used in the operation and respective programs of the various departments,

commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies.” These deficiencies exist because budget amendments for these major categories and funds were approved subsequent to June 30, 2008. Therefore, these amendments have not been included in the financial statements of this report since they were approved after June 30, 2008. The failure to hold spending limits within amounts authorized by the County Commission results in unauthorized expenditures.

RECOMMENDATION

Expenditures should be held within appropriations approved by the County Commission. All budget amendments should be presented to the County Commission during the budget year.

MANAGEMENT’S RESPONSE – COUNTY MAYOR

In the future, Dyer County will schedule a County Commission meeting the last week of June each fiscal year to handle any transfers or appropriations that will be needed to ensure that accounts do not exceed their budgeted amounts.

FINDING 08.04 **THE OFFICE FAILED TO COMPLY WITH STATE STATUTES WHEN ENTERING INTO A LEASE-PURCHASE AGREEMENT** (Noncompliance Under Government Auditing Standards)

On August 22, 2007, the county mayor entered into a two-year lease-purchase agreement for three patrol vehicles (\$62,850) for the Sheriff’s Department. The office did not file a Report on Debt Obligation with the state director of Local Finance until January 28, 2009. Section 9-21-151, Tennessee Code Annotated, requires that within 45 days following the issuance of debt, the county must provide to the state director of Local Finance certain information, such as a description of the purchase for which the debt was issued, and a description of the debt obligation. The failure to file the Report on Debt Obligation to the state director of Local Finance was due to management’s oversight.

RECOMMENDATION

The office should file a Report on Debt Obligation with the state director of Local Finance within 45 days of the issuance of the debt.

FINDING 08.05 **COMPETITIVE BIDS WERE NOT SOLICITED FOR A COURTROOM SECURITY SYSTEM AND A CUSTODIAL SERVICES CONTRACT** (Noncompliance Under Government Auditing Standards)

Our review of purchasing procedures noted the following deficiencies:

- A. Competitive bids were not solicited for the purchase of a courtroom security system totaling \$28,622. Management advised that bids were not solicited for the courtroom security system because of the limited time funds would be available for the purchase.
- B. 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 dictates that contracts have expiration dates and periodically be bid to ensure that the county obtains the most competitive price available. This deficiency exists because of the failure of management to correct the finding noted in prior audit reports. Management believes if custodial services were competitively bid it would result in higher costs to the county.

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. This act provides for all purchases exceeding \$10,000 to be competitively bid through newspaper advertisement. Without soliciting competitive bids, the county does not know whether they are paying the most competitive price.

RECOMMENDATION

Purchases estimated to exceed \$10,000 should be competitively bid as required by state statute. Service contracts should have expiration dates and should be competitively bid on a periodic basis.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

Currently Dyer County contracts for cleaning services for all county buildings and offices excluding the Highway Department and the Dyer County Board of Education. The current contract was entered into on July 1, 2002. The current provider of the services has not had an increase since the time of renewal of the contract even though they have continued to provide the same level of service. As we all are aware, costs of living have increased over the last several years and so have labor and materials, however the current provider has not felt the need to increase the costs of his services to Dyer County. The current contract states that it shall remain in effect until the time that management is not happy with the services provided or wishes to terminate the contract. Dyer County is very satisfied with the level of service from this provider, who is trustworthy and dependable; therefore, it is not a violation of the current contract for management to continue with this service as it sees fit.

**FINDING 08.06 THE COUNTY DID NOT ALWAYS COMPLY WITH THE TRAVEL POLICY ADOPTED BY THE COUNTY COMMISSION
(Internal Control – Significant Deficiency Under Government Auditing Standards)**

Travel policies and procedures adopted by the County Commission provide that employees be reimbursed for meals at the rates of \$5 for breakfast, \$8 for lunch, and \$13 for dinner when conducting county business while on overnight travel status. Employees are also reimbursed for the business use of their personal vehicles at the rate of \$.46 per mile.

Our audit disclosed the following deficiencies in travel reimbursements:

- A. On several occasions it was noted that actual expenses for meals were submitted for reimbursement in-lieu-of the county's per meal allowance. The amounts submitted for reimbursement ranged from \$22.25 to \$218.45 per meal. The \$218.45 reimbursement was a meal for the county mayor and two county commissioners.
- B. County officials attended a conference in Gatlinburg and charged certain expenses to the county's credit card. Included in the credit card expenses were meals for two of the attending county officials' spouses. Expenses for spouses are not appropriate county expenses.
- C. On two occasions, it was noted that fuel was purchased for employees personal vehicles and charged to the county's credit card in-lieu-of the employees filing for mileage reimbursements. The county's travel and credit card policies do not provide for fuel to be charged to the county's credit card.

RECOMMENDATION

The county should follow its travel policy when reimbursing employees for their business related mileage and meal expenses. Travel expenses for spouses of county officials should not be paid by the county. Fuel should not be charged to the county's credit card.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

As the county mayor, I felt like I could compensate for meals by not turning in mileage for this meeting. The mileage alone for this meeting would have been in excess of \$400. I voluntarily told the auditor about paying for the spouses' meals. I was trying to save the county money, but in the end it just made it appear that I was doing something wrong. I do not turn in mileage for trips to meetings and haven't since I have been county mayor.

In the future, I will make certain that all employees are paid mileage for trips, and that the county's travel policy concerning meals are adhered to by this office. I will also encourage the other elected officials to do the same.

OFFICE OF COUNTY CLERK

FINDING 08.07 **THE OFFICE DID NOT REVIEW SOFTWARE AUDIT LOGS
(Internal Control – Significant Deficiency Under Government Auditing Standards)**

The software application used by the office generated a daily log that displayed changes made by users. Since this log provided the only audit trail of these changes, it should be reviewed daily for inappropriate activity. Because they were not aware of its importance, management did not begin reviewing this log until several months into the fiscal year. Procedures for reviewing this log are currently in place.

OFFICE OF SHERIFF

FINDING 08.08 **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. Section 5-8-207, Tennessee Code Annotated, requires county officials to deposit public funds within three days of receiving the funds. This deficiency exists because only one person in the office makes deposits, and if that employee is away from the office for any reason, deposits are not made. Also, management failed to correct this finding noted in the prior audit report. The failure to deposit funds currently increases the risk of fraud and abuse.

RECOMMENDATION

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

OFFICES OF CIRCUIT AND GENERAL SESSIONS COURT CLERK AND SHERIFF

FINDING 08.09 **THE OFFICES HAD DEFICIENCIES IN CONTROLS OVER THEIR INFORMATION SYSTEM ENVIRONMENTS
(Internal Control – Significant Deficiency Under Government Auditing Standards)**

System backups were not stored off-site on a regular basis. 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. Sound business practices dictate that proper backup procedures be implemented. This deficiency is the result of management's failure to implement adequate disaster recovery planning procedures.

RECOMMENDATION

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.

OTHER FINDINGS AND RECOMMENDATIONS

FINDING 08.10 **A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING HAD NOT BEEN ADOPTED**
(Internal Control – Control Deficiency Under Government Auditing Standards)

County officials had not adopted a central system of accounting, budgeting, and purchasing. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the County Commission resulting in decentralization and some duplication of effort.

RECOMMENDATION

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

MANAGEMENT’S RESPONSE – COUNTY MAYOR

Dyer County officials have considered adopting the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting and budgeting. At the present time, the County Commission has reviewed and considered adopting this system; however, the County Commission doesn’t feel that Dyer County is in the position to do this.

FINDING 08.11 **DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF ROAD SUPERVISOR, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, AND SHERIFF**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

Duties were not segregated adequately among the officials and employees in the Offices of Road Supervisor, Circuit and General Sessions Courts Clerk, and Sheriff. The employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. Accounting standards provide that internal controls be designed to provide reasonable assurance of the reliability of financial reporting and of the

effectiveness and efficiency of operations. The lack of segregation of duties is the result of management's decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions.

RECOMMENDATION

Officials should segregate duties to the extent possible using available resources.

**PART III, FINDINGS AND QUESTIONED
COSTS FOR FEDERAL AWARDS**

There were no findings and questioned costs for federal awards.

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DYER COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2008

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