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# ANNUAL FINANCIAL REPORT DYER COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2010



**ANNUAL FINANCIAL REPORT  
DYER COUNTY, TENNESSEE  
FOR THE YEAR ENDED JUNE 30, 2010**

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Comptroller of the Treasury*

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State Auditors*

This financial report is available at [www.tn.gov/comptroller](http://www.tn.gov/comptroller)

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# ***Audit Highlights***

Annual Financial Report  
Dyer County, Tennessee  
For the Year Ended June 30, 2010

## ***Scope***

We have audited the basic financial statements of Dyer County as of and for the year ended June 30, 2010.

## ***Results***

Our report on the aggregate discretely presented component units is qualified because the financial statements do not include one component unit whose financial statements were not available from other auditors at the date of this report. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unqualified.

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

## ***Findings and Best Practice***

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

### **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.

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### **OFFICE OF COUNTY MAYOR**

- ◆ The courthouse custodial services contract has not been competitively bid since July 1, 2002.

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### **OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK**

- ◆ Unclaimed funds (numerous old outstanding checks) were not reported and paid to the state.
-

## **OTHER FINDINGS**

- ◆ Dyer County has a material recurring audit finding.
  - ◆ Duties were not segregated adequately among officials and employees in the Offices of Road Supervisor, Circuit and General Sessions Courts Clerk, and Sheriff.
- 

## **BEST PRACTICE**

Dyer County does not have a central system of accounting, budgeting, and purchasing. The Division of County Audit strongly believes that a central system of accounting, budgeting, and purchasing is a best practice that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Dyer County.

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# INTRODUCTORY SECTION

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# Dyer County Officials

## June 30, 2010

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### **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  
Steve Walker, Clerk and Master  
Danny Fowlkes, Register  
Jeffrey Holt, Sheriff

### **Board of County Commissioners**

Milton Magee, Chairman  
David Agee  
Alan Burchfiel  
Bill Cloar  
Connie Evans  
John Flatt  
Debbie Bradshaw Hart  
Jimmy Hester  
W. D. Hilliard  
Larry Maupin

Terry McCreight  
Steve Moore  
Pamela Newell  
Tom Reasons  
Kyle Reynolds  
Al Seward  
Benny Spain  
John Uitendaal  
James Wells  
Adam Williams

### **Board of Education**

Herman Reed, Chairman  
Le Ann Childress  
Steve Dodds  
Carol Feather  
Jim Horn

Bruce Kerr  
Ross Maldonado  
William May  
Mike McLaughlin  
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  
SUITE 1500  
JAMES K. POLK STATE OFFICE BUILDING  
NASHVILLE, TENNESSEE 37243-1402  
PHONE (615) 401-7841**

**INDEPENDENT AUDITOR'S REPORT**

November 9, 2010

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, 2010, 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 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 provides a reasonable basis for our opinions.

The financial statements of the Dyer County Emergency Communications District, a component unit requiring discrete presentation, had not been made available by other auditors as of the date of this report. Accordingly, the aggregate discretely presented component units financial statements referred to above do not include amounts for the Dyer County Emergency Communications District, which should be included to conform with

accounting principles generally accepted in the United States of America. The effects on the financial statements of the aggregate discretely presented component units are not reasonably determinable.

In our opinion, except for the effects of not including the financial statements of the Dyer County Emergency Communications District as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units of Dyer County, Tennessee, at June 30, 2010, and the results of operations of the aggregate discretely presented component units, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Additionally, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Dyer County, Tennessee, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 9, 2010, 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. 51, Accounting and Financial Reporting for Intangible Assets; and Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, which became effective for the year ended June 30, 2010.

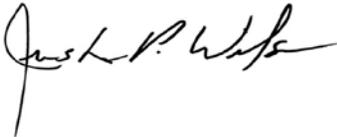
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison, pension, and other postemployment benefits information on pages 63 through 71 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required

supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise 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,



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, 2010

	Primary Government <u>Governmental Activities</u>	Component Unit <u>Dyer County School Department</u>
<u>ASSETS</u>		
Cash	\$ 1,170	\$ 835
Equity in Pooled Cash and Investments	23,473,264	14,343,951
Accounts Receivable	80,684	20,582
Due from Other Governments	917,338	1,044,604
Property Taxes Receivable	8,524,142	4,753,804
Allowance for Uncollectible Property Taxes	(241,037)	(141,892)
Accrued Interest Receivable	38,415	6,645
Deferred Charges - Debt Issuance Costs	605,032	0
Notes Receivable - Long-term	2,411,141	0
Capital Assets:		
Assets Not Depreciated:		
Land	3,554,709	1,042,322
Construction in Progress	223,947	84,879
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	9,500,133	27,762,535
Infrastructure	6,756,638	0
Other Capital Assets	2,727,783	2,918,734
Total Assets	<u>\$ 58,573,359</u>	<u>\$ 51,836,999</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 2,195	\$ 37,317
Accrued Payroll	0	15,816
Payroll Deductions Payable	417	649,323
Cash Overdraft	1,760	0
Contracts Payable	196,423	0
Retainage Payable	0	4,010
Accrued Interest Payable	117,871	0
Deferred Revenue - Current Property Taxes	8,014,276	4,443,417
Noncurrent Liabilities:		
Due Within One Year	945,940	4,848
Due in More Than One Year (net of deferred amount on refunding and unamortized discount on debt)	46,157,441	2,124,780
Total Liabilities	<u>\$ 55,436,323</u>	<u>\$ 7,279,511</u>

(Continued)

Exhibit A

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

	Primary Government <u>Governmental Activities</u>	<u>Component Unit</u> Dyer County School Department
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	\$ 14,605,681	\$ 0
Invested in Capital Assets	0	31,808,470
Restricted for:		
Long-term Notes Receivable	2,411,141	0
Highway/Public Works	2,552,499	0
School Federal Projects	0	150,590
Central Cafeteria	0	552,548
School Transportation	0	676,149
Education Capital Projects	0	8,732,511
Debt Service	3,771,877	0
Workers' Compensation	636,781	0
Other Purposes	153,774	25,646
Unrestricted	<u>(20,994,717)</u>	<u>2,611,574</u>
Total Net Assets	<u>\$ 3,137,036</u>	<u>\$ 44,557,488</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, 2010

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Total Governmental Activities	Dyer County School Department	
Primary Government:							
Governmental Activities:							
General Government	\$ 1,187,253	\$ 239,149	\$ 20,475	\$ 0	\$ (927,629)	\$ 0	0
Finance	1,116,209	909,196	10,347	0	(196,666)	0	0
Administration of Justice	1,402,842	781,385	9,000	0	(612,457)	0	0
Public Safety	4,770,611	1,042,383	85,472	130,732	(3,512,024)	0	0
Public Health and Welfare	650,500	12,461	256,468	21,742	(359,829)	0	0
Social, Cultural, and Recreational Services	640,055	89,995	182,862	0	(367,198)	0	0
Agriculture and Natural Resources	211,438	0	0	0	(211,438)	0	0
Other Operations	208,366	0	0	0	(208,366)	0	0
Highways	3,702,093	800	1,910,341	810,900	(980,052)	0	0
Education	80,006	72,842	0	0	(7,164)	0	0
Interest on Long-term Debt	1,799,427	0	0	0	(1,799,427)	0	0
Other Debt Service	10,651,344	0	0	0	(10,651,344)	0	0
Total Primary Government	\$ 26,420,144	\$ 3,148,211	\$ 2,474,965	\$ 963,374	\$ (19,833,594)	\$ 0	0
Component Unit:							
Dyer County School Department	\$ 29,465,240	\$ 789,673	\$ 4,303,743	\$ 0	\$ 0	\$ (24,371,824)	0
Total Component Unit	\$ 29,465,240	\$ 789,673	\$ 4,303,743	\$ 0	\$ 0	\$ (24,371,824)	0

(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	Component
				Government Total	Unit
	Expenses		Governmental Activities	Dyer County School Department	
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes				\$ 6,747,560	\$ 4,545,381
Property Taxes Levied for Debt Service				508,195	0
Local Option Sales Taxes				92,358	3,063,154
Wheel Tax				0	1,079,429
Litigation Tax				289,816	0
Business Tax				331,976	0
Wholesale Beer Tax				80,155	0
Other Local Taxes				0	2,371
Grants and Contributions Not Restricted to Specific Programs				1,231,485	25,105,833
Unrestricted Investment Income				642,776	154,087
Miscellaneous				79,183	86,470
Gain on Disposal of Capital Assets				0	0
Total General Revenues				<u>\$ 10,003,504</u>	<u>\$ 34,036,725</u>
Change in Net Assets				\$ (9,830,090)	\$ 9,664,901
Net Assets, July 1, 2009				<u>12,967,126</u>	<u>34,892,587</u>
Net Assets, June 30, 2010				<u>\$ 3,137,036</u>	<u>\$ 44,557,488</u>

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

Dyer County, Tennessee  
Balance Sheet  
Governmental Funds  
June 30, 2010

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Special Purpose	Highway/ Public Works	General		
				Debt Service	Other Governmental Funds	
\$	0	0	0	0	0	1,170
Cash	973,524	16,079,362	2,151,224	3,517,013	115,360	22,836,483
Equity in Pooled Cash and Investments	80,684	0	0	0	0	80,684
Accounts Receivable	356,048	0	534,152	18,156	8,982	917,338
Due from Other Governments	1,170	0	0	0	0	1,170
Due from Other Funds	5,254,652	0	1,806,063	1,463,427	0	8,524,142
Property Taxes Receivable	(156,780)	0	(53,886)	(30,371)	0	(241,037)
Allowance for Uncollectible Property Taxes	0	0	0	38,415	0	38,415
Accrued Interest Receivable	0	2,411,141	0	0	0	2,411,141
Notes Receivable - Long-term	0	0	0	0	0	0
Total Assets	\$ 6,509,298	\$ 18,490,503	\$ 4,437,553	\$ 5,006,640	\$ 125,512	\$ 34,569,506

**ASSETS**

**LIABILITIES AND FUND BALANCES**

\$	2,195	0	0	0	0	0	2,195
Liabilities	0	0	417	0	0	0	417
Accounts Payable	0	0	0	0	0	0	0
Payroll Deductions Payable	0	0	0	0	0	1,760	1,760
Cash Overdraft	0	0	196,423	0	0	0	196,423
Contracts Payable	0	0	0	0	0	1,170	1,170
Due to Other Funds	4,911,778	0	1,688,214	1,414,284	0	0	8,014,276
Deferred Revenue - Current Property Taxes	150,148	0	51,611	15,134	0	0	216,893
Deferred Revenue - Delinquent Property Taxes	17,925	0	161,764	10,242	4,089	0	194,020
Other Deferred Revenues	\$ 5,082,046	\$ 0	\$ 2,098,429	\$ 1,439,660	\$ 7,019	\$ 8,627,154	
Total Liabilities	\$ 9,860	\$ 0	\$ 12,497	\$ 0	\$ 0	\$ 0	\$ 22,357
Fund Balances	23,746	0	0	0	0	0	23,746
Reserved for Encumbrances	4,115	0	0	0	0	0	4,115
Reserved for Alcohol and Drug Treatment	356	0	0	0	0	0	356
Reserved for Sexual Offender Registration	2,975	0	0	0	0	0	2,975
Reserved for Automation Purposes - Sheriff	0	2,411,141	0	0	0	0	2,411,141
Reserved for State Reappraisal Grant	1,386,200	0	0	0	0	0	1,386,200
Reserved for Long-term Notes Receivable	0	16,079,362	2,326,627	0	118,493	0	18,524,482
Unreserved, Reported In:	0	0	0	3,566,980	0	0	3,566,980
Special Revenue Fund	\$ 1,427,252	\$ 18,490,503	\$ 2,339,124	\$ 3,566,980	\$ 118,493	\$ 25,942,352	
Debt Service Fund	\$ 6,509,298	\$ 18,490,503	\$ 4,437,553	\$ 5,006,640	\$ 125,512	\$ 34,569,506	
Total Fund Balances	\$ 6,509,298	\$ 18,490,503	\$ 4,437,553	\$ 5,006,640	\$ 125,512	\$ 34,569,506	
Total Liabilities and Fund Balances	\$ 6,509,298	\$ 18,490,503	\$ 4,437,553	\$ 5,006,640	\$ 125,512	\$ 34,569,506	

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, 2010

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)		\$ 25,942,352
(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: construction in progress	223,947	
Add: buildings and improvements net of accumulated depreciation	9,500,133	
Add: infrastructure net of accumulated depreciation	6,756,638	
Add: other capital assets net of accumulated depreciation	<u>2,727,783</u>	22,763,210
(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.		636,781
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	\$ (204,167)	
Less: capital leases payable	(392,249)	
Less: other loans payable	(8,960,000)	
Less: bonds payable	(37,925,000)	
Add: deferred amount on unamortized debt discount	84,412	
Add: deferred amount on refunding	293,623	
Add: deferred charges - debt issuance costs	605,032	
Less: accrued interest on notes, capital leases, and bonds	<u>(117,871)</u>	(46,616,220)
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>410,913</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 3,137,036</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, 2010

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Special Purpose	Highway / Public Works	General Debt Service	Education Capital Projects	Other	Governmental Funds	
<b>Revenues</b>								
Local Taxes	\$ 5,840,772	\$ 0	\$ 1,740,916	\$ 1,662,038	\$ 0	\$ 0	\$ 2,633	\$ 9,246,359
Licenses and Permits	122,669	0	12,220	0	0	0	0	134,889
Fines, Forfeitures, and Penalties	110,997	0	0	0	0	0	7,891	118,888
Charges for Current Services	61,931	0	0	0	0	0	5,822	67,753
Other Local Revenues	236,611	0	38,382	576,147	0	0	4,127	855,267
Fees Received from County Officials	1,633,036	0	0	0	0	0	0	1,633,036
State of Tennessee	1,496,163	0	2,652,200	0	0	0	22,999	4,171,362
Federal Government	378,936	0	53,749	0	0	0	21,742	454,427
Other Governments and Citizens Groups	46,019	0	0	0	0	0	0	46,019
<b>Total Revenues</b>	<b>\$ 9,927,134</b>	<b>\$ 0</b>	<b>\$ 4,497,467</b>	<b>\$ 2,238,185</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 65,214</b>	<b>\$ 16,728,000</b>
<b>Expenditures</b>								
Current:								
General Government	\$ 1,597,855	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 96	\$ 1,597,951
Finance	1,103,720	0	0	0	0	0	1,017	1,104,737
Administration of Justice	1,252,510	0	0	0	0	0	10,968	1,263,478
Public Safety	4,434,679	0	0	0	0	0	4,508	4,439,187
Public Health and Welfare	494,325	0	0	0	0	0	100,026	594,351
Social, Cultural, and Recreational Services	629,855	0	0	0	0	0	0	629,855
Agriculture and Natural Resources	210,373	0	0	0	0	0	0	210,373
Other Operations	208,350	0	0	0	0	0	0	208,350
Highways	0	0	4,034,812	0	0	0	0	4,034,812
Debt Service:								
Principal on Debt	136,483	0	38,616	285,000	0	0	0	460,099
Interest on Debt	7,371	0	12,824	1,714,249	0	0	0	1,734,444
Other Debt Service	0	0	0	1,813,795	0	0	0	1,813,795
Capital Projects	0	0	0	0	8,960,000	0	21,742	8,981,742
<b>Total Expenditures</b>	<b>\$ 10,075,521</b>	<b>\$ 0</b>	<b>\$ 4,086,252</b>	<b>\$ 3,813,044</b>	<b>\$ 8,960,000</b>	<b>\$ 0</b>	<b>\$ 138,357</b>	<b>\$ 27,073,174</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ (148,387)</b>	<b>\$ 0</b>	<b>\$ 411,215</b>	<b>\$ (1,574,859)</b>	<b>\$ (8,960,000)</b>	<b>\$ (73,143)</b>	<b>\$ (10,345,174)</b>	

(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	Education Capital Projects	Other	Governmental Funds	
<u>Other Financing Sources (Uses)</u>								
Notes Issued	\$ 125,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 125,000
Capital Leases Issued	143,284	0	0	0	0	0	0	143,284
Refunding Debt Issued	0	0	0	10,330,000	0	0	0	10,330,000
Other Loans Issued	0	0	0	0	8,960,000	0	0	8,960,000
Transfers In	21,167	0	0	0	0	67,500	67,500	88,667
Transfers Out	(67,500)	0	0	0	0	(21,167)	(21,167)	(88,667)
Discounts on Debt Issued	0	0	0	(39,058)	0	0	0	(39,058)
Payments to Refunded Debt Escrow Agent	0	0	0	(10,000,000)	0	0	0	(10,000,000)
Total Other Financing Sources (Uses)	\$ 221,951	\$ 0	\$ 0	\$ 290,942	\$ 8,960,000	\$ 46,333	\$ 46,333	\$ 9,519,226
Net Change in Fund Balances	\$ 73,564	\$ 0	\$ 411,215	\$ (1,283,917)	\$ 0	\$ (26,810)	\$ (26,810)	\$ (825,948)
Fund Balance, July 1, 2009	1,353,688	18,490,503	1,927,909	4,850,897	0	145,303	145,303	26,768,300
Fund Balance, June 30, 2010	\$ 1,427,252	\$ 18,490,503	\$ 2,339,124	\$ 3,566,980	\$ 0	\$ 118,493	\$ 118,493	\$ 25,942,352

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, 2010

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)		\$ (825,948)
(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	\$ 1,822,710	
Less: current year depreciation expense	<u>(1,517,660)</u>	305,050
(2) The net effect of various miscellaneous transactions involving capital assets (donations) is to decrease net assets.		
Less: loss on disposal of capital assets		(7,222)
(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, 2010	\$ 410,913	
Less: deferred delinquent property taxes and other deferred June 30, 2009	<u>(621,845)</u>	(210,932)
(4) The issuance of long-term debt (e.g. notes, capital leases, other loans, bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Less: note proceeds	\$ (125,000)	
Less: capital lease proceeds	(143,284)	
Less: other loan proceeds	(8,960,000)	
Less: refunding bond proceeds	(10,330,000)	
Add: change in deferred debt issuance costs	75,397	
Add: change in discount on debt issuances	32,651	
Add: change in deferred amount on refunding debt	22,705	
Add: principal payments on notes	39,584	
Add: principal payments on capital leases	135,515	
Add: payment to refunding agent	10,000,000	
Add: principal payments on bonds	<u>285,000</u>	(8,967,432)

(Continued)

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 (Cont.)

(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. Change in accrued interest payable	\$ (34,227)
(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>(89,379)</u>
Change in net assets of governmental activities (Exhibit B)	<u><u>\$ (9,830,090)</u></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, 2010

	Governmental Activities - Internal Service Fund <hr/> Workers' Compensation <hr/>
<u>ASSETS</u>	
Current Assets:	
Equity in Pooled Cash and Investments	\$ 636,781
	<hr/>
Total Assets	\$ 636,781
	<hr/>
<u>NET ASSETS</u>	
Unrestricted	\$ 636,781
	<hr/>
Total Net Assets	\$ 636,781
	<hr/> <hr/>

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, 2010

	Governmental Activities - Internal Service Fund <u>Workers'</u> <u>Compensation</u>
<u>Operating Revenues</u>	
Self-Insurance Premiums	\$ 179,623
Total Operating Revenues	<u>\$ 179,623</u>
<u>Operating Expenses</u>	
Workers' Compensation Insurance	\$ 132,201
Other Self-Insured Claims	<u>136,945</u>
Total Operating Expenses	<u>\$ 269,146</u>
Operating Income (Loss)	<u>\$ (89,523)</u>
<u>Nonoperating Revenues</u>	
Miscellaneous Refunds	<u>\$ 144</u>
Total Nonoperating Revenues	<u>\$ 144</u>
Change in Net Assets	\$ (89,379)
Net Assets, July 1, 2009	<u>726,160</u>
Net Assets, June 30, 2010	<u><u>\$ 636,781</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, 2010

	Governmental Activities - Internal Service Fund <u>Workers'</u> <u>Compensation</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from Self-Insurance Premiums	\$ 184,113
Payments for Claims	(136,945)
Payments for Workers' Compensation Insurance	(132,201)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (85,033)</u>
 Cash Flows from Noncapital Financing Activities	
Miscellaneous Refund	\$ 144
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 144</u>
 Net Increase (Decrease) in Cash	\$ (84,889)
Cash, July 1, 2009	<u>721,670</u>
 Cash, June 30, 2010	<u><u>\$ 636,781</u></u>
 <u>Reconciliation of Operating Income (Loss)</u>	
<u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (89,523)
Adjustments to Reconcile Operating Income (Loss)	
to Net Cash Provided By (Used In) Operating Activities:	
Change in Assets:	
(Increase) Decrease in Due from Other Funds	<u>4,490</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ (85,033)</u></u>
 <u>Reconciliation of Cash with Statement of Net Assets</u>	
Cash per Net Assets	<u>\$ 636,781</u>
 Cash, June 30, 2010	<u><u>\$ 636,781</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, 2010

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 2,566,070
Equity in Pooled Cash and Investments	343,036
Due from Other Governments	896,182
Property Taxes Receivable	3,006,718
Allowance for Uncollectible Property Taxes	<u>(90,355)</u>
Total Assets	<u>\$ 6,721,651</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 4,155,581
Due to Litigants, Heirs, and Others	<u>2,566,070</u>
Total Liabilities	<u>\$ 6,721,651</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, 2010**

**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.

**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 financial statements of the Dyer County Emergency Communications District were not available from other auditors in time for inclusion in this report.

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. Although required by GAAP, the financial statements of the Dyer County Emergency Communications District were not available in time for

inclusion, as previously mentioned. 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. Net debt issues totaling \$8,960,000 were contributed by the county to the School Department during the year ended June 30, 2010.

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.

**Education Capital Projects Fund** – This fund accounts for debt issued by Dyer County that is subsequently contributed to the discretely presented Dyer County School Department for construction and renovation projects.

Additionally, Dyer County reports the following fund types:

**Internal Service Fund** – The Workers’ Compensation Fund is used to account for the self-insured workers’ compensation programs managed by the county for the primary government and the discretely presented Dyer County School Department. Premiums charged to the various 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.

**Education Capital Projects Fund** – This fund is used to account for building construction and renovations for the School Department.

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; deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements; the State Treasurer's Investment Pool; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented 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 1.56 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.

Retainage payable in the School Department's General Purpose School Fund represents amounts withheld from payments made on construction contracts pending completion of the projects. These amounts are held by the county trustee as Equity in Pooled Cash and Investments.

### **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. 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, 2010, Dyer County had \$39,200,000 in outstanding debt issued for capital purposes for the discretely presented Dyer County School Department. In accordance with state statutes, certain county school debt proceeds must be shared with other public school systems in the county (City of Dyersburg School System) based on the average daily attendance proration. This debt is a liability of Dyer County; but the capital assets acquired are reported in the financial statements of the School Department and the City of Dyersburg School System. Therefore, Dyer County has incurred a liability,

significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

In the fund financial statements, governmental funds report reservations of 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 County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, Other Boards 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 \$1,760 at June 30, 2010. This cash overdraft resulted from the issuance of warrants exceeding cash on deposit with the county trustee. The cash overdraft was liquidated subsequent to June 30, 2010.

### 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; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

**Investment Balances.** As of June 30, 2010, Dyer County had the following investments carried at fair value or cost. Separate disclosures concerning pooled investments cannot be made for Dyer County and the discretely presented Dyer County School Department since both pool their deposits and investments through the county trustee.

Investment	Maturities	Fair Value or Cost
State Treasurer's Investment Pool	Daily	\$ 8,732,512
Federal National Mortgage Association	9-22-14	1,789,452
Federal Home Loan Bank	4-14-11	1,021,250
Federal Home Loan Bank	9-9-11	1,051,560
Federal Home Loan Bank	10-14-11	1,035,940
Federal Home Loan Bank	6-25-15	2,000,620
Federal Home Loan Bank	12-13-17	<u>2,042,500</u>
 Total		 <u>\$ 17,673,834</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 and Federal Home Loan Mortgage Corporation 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 and Federal Home Loan Mortgage Corporation 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 National Mortgage Association (10.1 percent), and Federal Home Loan Bank (40.5 percent). These investments are 50.6 percent of the county's total investments.

**B. Notes Receivable – Long-term**

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

**C. Capital Assets**

Capital assets activity for the year ended June 30, 2010, was as follows:

**Primary Government**

**Governmental Activities:**

	Balance 7-1-09	Increases	Decreases	Balance 6-30-10
Capital Assets Not Depreciated:				
Land	\$ 3,554,709	\$ 0	\$ 0	\$ 3,554,709
Construction in Progress	0	223,947	0	223,947
Total Capital Assets Not Depreciated	<u>\$ 3,554,709</u>	<u>\$ 223,947</u>	<u>\$ 0</u>	<u>\$ 3,778,656</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 11,871,758	\$ 0	\$ 0	\$ 11,871,758
Infrastructure	16,853,896	1,294,982	0	18,148,878
Other Capital Assets	6,675,098	303,781	438,431	6,540,448
Total Capital Assets Depreciated	<u>\$ 35,400,752</u>	<u>\$ 1,598,763</u>	<u>\$ 438,431</u>	<u>\$ 36,561,084</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 2,137,191	\$ 234,434	\$ 0	\$ 2,371,625
Infrastructure	10,697,237	695,003	0	11,392,240
Other Capital Assets	3,655,651	588,223	431,209	3,812,665
Total Accumulated Depreciation	<u>\$ 16,490,079</u>	<u>\$ 1,517,660</u>	<u>\$ 431,209</u>	<u>\$ 17,576,530</u>
Total Capital Assets Depreciated, Net	<u>\$ 18,910,673</u>	<u>\$ 81,103</u>	<u>\$ 7,222</u>	<u>\$ 18,984,554</u>
Governmental Activities Capital Assets, Net	<u>\$ 22,465,382</u>	<u>\$ 305,050</u>	<u>\$ 7,222</u>	<u>\$ 22,763,210</u>

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

**Governmental Activities:**

General Government	\$	19,833
Finance		1,895
Administration of Justice		3,350
Public Safety		329,166
Public Health and Welfare		32,614
Social, Cultural, and Recreational Services		22,806
Agriculture and Natural Resources		675
Highways		<u>1,107,321</u>
Total Depreciation Expense - Governmental Activities	\$	<u>1,517,660</u>

**Discretely Presented Dyer County School Department**

**Governmental Activities:**

	Balance 7-1-09	Increases	Decreases	Balance 6-30-10
Capital Assets Not Depreciated:				
Land	\$ 1,042,322	\$ 0	\$ 0	\$ 1,042,322
Construction in Progress	0	84,879	0	84,879
Total Capital Assets Not Depreciated	<u>\$ 1,042,322</u>	<u>\$ 84,879</u>	<u>\$ 0</u>	<u>\$ 1,127,201</u>
Capital Assets Depreciated				
Buildings and Improvements	\$ 36,672,133	\$ 162,346	\$ 0	\$ 36,834,479
Other Capital Assets	5,161,074	965,453	618,410	5,508,117
Total Capital Assets Depreciated	<u>\$ 41,833,207</u>	<u>\$ 1,127,799</u>	<u>\$ 618,410</u>	<u>\$ 42,342,596</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 8,345,672	\$ 726,272	\$ 0	\$ 9,071,944
Other Capital Assets	2,827,126	350,366	588,109	2,589,383
Total Accumulated Depreciation	<u>\$ 11,172,798</u>	<u>\$ 1,076,638</u>	<u>\$ 588,109</u>	<u>\$ 11,661,327</u>
Total Capital Assets Depreciated, Net	<u>\$ 30,660,409</u>	<u>\$ 51,161</u>	<u>\$ 30,301</u>	<u>\$ 30,681,269</u>
Governmental Activities Capital Assets, Net	<u>\$ 31,702,731</u>	<u>\$ 136,040</u>	<u>\$ 30,301</u>	<u>\$ 31,808,470</u>

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

**Governmental Activities:**

Instruction	\$ 635,210
Support Services	385,657
Operation of Non-Instructional Services	<u>55,771</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 1,076,638</u></u>

**D. Construction Commitments**

On June 30, 2010, the General Fund had uncompleted construction contracts of \$9,860 for the installation of a new elevator in the courthouse. Funding has been received for these future expenditures.

On June 30, 2010, the Highway/Public Works Fund had uncompleted construction contracts of \$12,497 for bridge construction. Funding for these future expenditures is expected to be received from state bridge program funds.

**E. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2010, is as follows:

**Due to/from Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 1,170
Discretely Presented		
Dyer County School Department:		
Nonmajor governmental	General Purpose School	50

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

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2010, consisted of the following amounts:

**Primary Government**

<u>Transfers Out</u>	<u>Transfers In</u>	
	General Fund	Nonmajor Governmental Fund
General Fund	\$ 0	\$ 67,500
Nonmajor governmental fund	21,167	0
<b>Total</b>	<b>\$ 21,167</b>	<b>\$ 67,500</b>

**Discretely Presented Dyer County School Department**

<u>Transfers Out</u>	<u>Transfers In</u>	
	General Purpose School Fund	Nonmajor Governmental Fund
General Purpose School Fund	\$ 0	\$ 150,000
Nonmajor governmental fund	28,857	0
<b>Total</b>	<b>\$ 28,857</b>	<b>\$ 150,000</b>

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.

**F. Capital Leases**

Terms of capital lease obligations outstanding at June 30, 2010, are as follows:

<u>Description</u>	<u>Date of Lease</u>	<u>Last Maturity Date</u>	<u>Total Principal Payments</u>	<u>Interest Rate</u>
Dump Trucks	3-12-07	4-20-12	\$ 390,612	4.39 %
Sheriff's Patrol Cars	4-6-09	4-7-11	81,877	2.66
Sheriff's Patrol Cars	10-2-09	10-2-11	143,284	3.47

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, 2010, were as follows:

Year Ending June 30	Governmental Funds
2011	\$ 128,619
2012	287,992
Total Minimum Lease Payments	<u>\$ 416,611</u>
Less: Amount Representing Interest	<u>(24,362)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 392,249</u></u>

**G. 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, six years for notes, and 17 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, 2010, will be retired from the General and General Debt Service funds.

General obligation bonds, capital outlay notes, other loans, and capital leases outstanding as of June 30, 2010, for governmental activities are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-10
General Obligation Bonds –			
Refunding	3 to 4.45 %	\$ 7,980,000	\$ 7,685,000
School Refunding Bonds	2 to 4.1	30,240,000	30,240,000
Capital Outlay Notes	2.88 to 4.15	362,500	204,167
Other Loans	1.515	8,960,000	8,960,000
Capital Leases	2.66 to 4.39	615,773	392,249

Other loans reflected above represent Qualified School Construction Bonds, which were issued through the Tennessee State School Bond Authority and the proceeds loaned to Dyer County and various other local governments across Tennessee. The county pays interest of 1.515 percent on its share of the bonds and also pays a monthly administrative fee to the Tennessee School Bond Authority. The administrative fee totals \$1,493 per month through January 2013 and \$747 per month thereafter. The county and the other borrowers of the bond proceeds are required to comply with federal regulations established for the Qualified School Construction Bond program. Failure to comply with those requirements may result in the loss of the tax credit status on the bonds. This would result in further charges to the borrowers including the requirement to pay the tax-credit rate (5.86 percent) in addition to the 1.515 percent for a total rate of 7.375 percent.

The annual requirements to amortize the bonds, notes, and other loans outstanding as of June 30, 2010, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2011	\$ 285,000	\$ 1,388,249	\$ 1,673,249
2012	1,600,000	1,378,274	2,978,274
2013	1,640,000	1,341,249	2,981,249
2014	1,700,000	1,294,334	2,994,334
2015	1,755,000	1,241,189	2,996,189
2016-2020	9,885,000	5,315,002	15,200,002
2021-2025	16,685,000	3,159,137	19,844,137
2026	4,375,000	182,140	4,557,140
Total	\$ 37,925,000	\$ 15,299,574	\$ 53,224,574

Year Ending June 30	Notes		
	Principal	Interest	Total
2011	\$ 81,250	\$ 6,885	\$ 88,135
2012	81,250	4,043	85,293
2013	41,667	1,200	42,867
Total	\$ 204,167	\$ 12,128	\$ 216,295

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2011	\$ 465,908	\$ 135,744	\$ 14,933	\$ 616,585
2012	559,090	135,744	17,920	712,754
2013	559,090	135,744	14,187	709,021
2014	559,090	135,744	8,960	703,794
2015	559,090	135,744	8,960	703,794
2016-2020	2,795,450	678,720	44,800	3,518,970
2021-2025	2,795,450	678,720	44,800	3,518,970
2026-2027	666,832	147,056	11,201	825,089
Total	\$ 8,960,000	\$ 2,183,216	\$ 165,761	\$ 11,308,977

There is \$3,566,980 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$1,017, based on the 2000 federal census. Debt per capita, including notes, capital leases, other loans, and bonds totaled \$1,274, based on the 2000 federal census.

#### Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2010, was as follows:

#### Governmental Activities:

	Bonds	Notes
Balance, July 1, 2009	\$ 27,880,000	\$ 118,751
Additions	10,330,000	125,000
Deductions	(285,000)	(39,584)
Balance, June 30, 2010	\$ 37,925,000	\$ 204,167
Balance Due Within One Year	\$ 285,000	\$ 81,250

Governmental Activities (Cont.):

	Other Loans	Capital Leases
Balance, July 1, 2009	\$ 10,000,000	\$ 384,480
Additions	8,960,000	143,284
Deductions	<u>(10,000,000)</u>	<u>(135,515)</u>
Balance, June 30, 2010	<u>\$ 8,960,000</u>	<u>\$ 392,249</u>
Balance Due Within One Year	<u>\$ 465,908</u>	<u>\$ 113,782</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2010	\$ 47,481,416
Less: Balance Due Within One Year	(945,940)
Unamortized Discount on Debt	(84,412)
Deferred Amount on Refunding	<u>(293,623)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 46,157,441</u>

**Current Refunding**

On July 28, 2009, Dyer County issued \$10,330,000 of general obligation bonds for a current refunding of \$10,000,000 Other Loans – Series III-G-1. As a result, the refunded other loans payable are considered defeased and the liability has been removed from the county's long-term debt. Because of the refunding, total debt service payments over the next 16 years will be reduced by \$2,818,787 and an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$1,707,034 was obtained.

**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, 2010, was as follows:

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2009	\$ 99,739	\$ 1,779,379
Additions	100,745	571,228
Deductions	(103,533)	(317,930)
Balance, June 30, 2010	<u>\$ 96,951</u>	<u>\$ 2,032,677</u>
Balance Due Within One Year	<u>\$ 4,848</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2010	\$ 2,129,628
Less: Balance Due Within One Year	<u>(4,848)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 2,124,780</u>

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

**H. 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, 2010, were \$96,513 and \$14,672, 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 active employee's health insurance. Pre-65 age retirees are not allowed to remain in the program. 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
2008-09	\$ 0	\$ 223,769	\$ 223,769	0
2009-10	0	269,146	269,146	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.

The discretely presented Dyer County School Department carries 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 any of the past three years.

## **B. Accounting Changes**

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 51, Accounting and Financial Reporting for Intangible Assets; and Statement No. 53, Accounting and Financial Reporting for Derivative Instruments became effective for the year ended June 30, 2010.

GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets. Intangible assets have three characteristics: lack of physical substance, nonfinancial in nature, and a useful life that extends beyond a single reporting period. Assets that have these characteristics and are identifiable to the government should be recorded as capital assets and amortized over their useful lives. Easements, water rights, patents, and computer software are examples of intangible assets that should be recognized under GASB Statement No. 51. Dyer County had no assets that met the definition of intangible assets as of June 30, 2010. However, it is reasonably expected that Dyer County may acquire intangible assets in subsequent years.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by county governments. Derivative instruments are financial arrangements used by governments as investments; hedges against identified financial risks; or to lower the costs of borrowings. Interest rate swaps and locks, options, swaptions, forward contracts, and futures contracts are among the commonly used types of derivatives mentioned in GASB Statement No. 53. Derivative instruments associated with fluctuating financial and commodity prices result in changing cash flows and fair values that can be used as effective risks management and investment tools. For the same reasons, derivative instruments can expose governments to significant risks and liabilities. The requirements of GASB Statement No. 53 are intended to help users of financial information evaluate the effectiveness and associated risks involved with Dyer County's derivative transactions. GASB Statement No. 53 requires most derivatives to be reported at fair value in the Statement of Net Assets. Changes in fair value for derivative instruments that are intended for investments purposes or that are reported like investment derivative instruments because of ineffectiveness are reported as investment revenues in the Statement of Activities. Alternatively, the changes in fair value of derivative instruments that are classified as hedging (i.e., effective) derivative

instruments are reported in the Statement of Net Assets as deferrals. Dyer County has previously participated in derivative transactions; however, as of June 30, 2010, the county is not actively involved in any derivative transactions.

**C. Subsequent Event**

On August 31, 2010, Jeffrey Holt left the Office of Sheriff and was succeeded by Jeff Box.

**D. Contingent Liabilities**

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

As described in Note V.F. 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.

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 one pending lawsuit concerning the port project. This case involves a land condemnation suit 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.

**E. Change in Administration**

On December 31, 2009, Jeff Hoff left the Office of Clerk and Master and was succeeded by Steve Walker on February 2, 2010.

**F. 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 \$94,810 to the operations of the board during the year ended June 30, 2010. 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 were 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 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.

## **G. Retirement Commitments**

### **Plan Description**

Employees of Dyer County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service, who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Dyer County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

### **Funding Policy**

Dyer County requires employees to contribute five percent of their earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2010, was 6.25 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

### **Annual Pension Cost**

For the year ended June 30, 2010, the county's annual pension cost of \$47,347 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2007, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of

return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post retirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. The county's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2007, was 13 years. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010.

### Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-10	\$47,347	100%	\$0
6-30-09	47,003	100	0
6-30-08	59,339	100	0

### Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 86.83 percent funded. The actuarial accrued liability for benefits was \$1.76 million, and the actuarial value of assets was \$1.53 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.23 million. The covered payroll (annual payroll of active employees covered by the plan) was \$.76 million, and the ratio of the UAAL to the covered payroll was 30.67 percent.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

## **School Teachers**

### **Plan Description**

The 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. Cost of living adjustments (COLA) are provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

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

### **Funding Policy**

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2010, was 6.42 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2010, 2009, and 2008, were \$734,746, \$736,034, and \$706,453, respectively, equal to the required contributions for each year.

## H. 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.tn.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 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 \$241.43 to \$263.44 per month. During the year ended June 30, 2010, the Dyer County School Department contributed \$317,930 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan
	<hr/>
ARC	\$ 567,000
Interest on the NPO	80,072
Adjustment to the ARC	(75,844)
Annual OPEB cost	<hr/> \$ 571,228
Less: Amount of contribution	(317,930)
Increase/decrease in NPO	<hr/> \$ 253,298
Net OPEB obligation, 7-1-09	<hr/> 1,779,379
Net OPEB obligation, 6-30-10	<hr/> <hr/> \$ 2,032,677

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
<hr/>		<hr/>	<hr/>	<hr/>
6-30-08	Local Education Group	\$ 1,118,000	22	% \$ 876,671
6-30-09	"	1,131,054	20	1,779,379
6-30-10	"	571,228	56	2,032,677

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2010, was as follows:

	Local Education Group Plan
	<hr/>
Actuarial valuation date	7-1-09
Actuarial accrued liability (AAL)	\$ 5,280,000
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 5,280,000
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 11,331,404
UAAL as a % of covered payroll	47%

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

#### Actuarial Methods and Assumptions

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

In the July 1, 2009, actuarial valuation for the Local Education Group Plan, the projected unit credit actuarial cost method was used and the actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of four percent for fiscal year 2010. The trend will rise to ten percent in fiscal year 2011 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. The rate includes a three percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level of percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

### **I. 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.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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Exhibit F-1

Dyer County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
General Fund  
For the Year Ended June 30, 2010

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 5,840,772	\$ 0	\$ 5,840,772	\$ 5,861,417	\$ 5,861,417	\$ (20,645)
Licenses and Permits	122,669	0	122,669	130,425	130,425	(7,756)
Fines, Forfeitures, and Penalties	110,997	0	110,997	130,534	133,034	(22,037)
Charges for Current Services	61,931	0	61,931	50,944	50,944	10,987
Other Local Revenues	236,611	0	236,611	152,980	184,898	51,713
Fees Received from County Officials	1,633,036	0	1,633,036	1,622,650	1,622,650	10,386
State of Tennessee	1,496,163	0	1,496,163	1,837,682	1,872,554	(376,391)
Federal Government	378,936	0	378,936	455,325	456,325	(77,389)
Other Governments and Citizens Groups	46,019	0	46,019	21,000	21,000	25,019
<b>Total Revenues</b>	<b>\$ 9,927,134</b>	<b>\$ 0</b>	<b>\$ 9,927,134</b>	<b>\$ 10,262,957</b>	<b>\$ 10,333,247</b>	<b>\$ (406,113)</b>
<u>Expenditures</u>						
<u>General Government</u>						
County Commission	\$ 94,685	\$ 0	\$ 94,685	\$ 98,084	\$ 98,084	\$ 3,399
Board of Equalization	2,630	0	2,630	2,500	2,850	220
Other Boards and Committees	4,680	0	4,680	3,050	5,250	570
County Mayor/Executive	207,582	0	207,582	206,675	209,175	1,593
County Attorney	45,398	0	45,398	46,293	46,293	895
Election Commission	300,936	0	300,936	332,995	332,995	32,059
Register of Deeds	175,500	0	175,500	196,691	196,691	21,191
Planning	144,457	0	144,457	147,302	147,302	2,845
County Buildings	432,856	9,860	442,716	323,366	540,416	97,700
Other General Administration	189,131	0	189,131	201,365	201,365	12,234
<u>Finance</u>						
Accounting and Budgeting	151,653	0	151,653	152,930	152,930	1,277

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Finance (Cont.)</u>						
Property Assessor's Office	\$ 320,496	\$ 0	\$ 320,496	\$ 335,300	\$ 334,950	\$ 14,454
Reappraisal Program	49,467	0	49,467	51,267	51,267	1,800
County Trustee's Office	202,020	0	202,020	212,797	212,797	10,777
County Clerk's Office	338,660	0	338,660	361,751	361,751	23,091
Other Finance	41,424	0	41,424	43,451	45,051	3,627
<u>Administration of Justice</u>						
Circuit Court	413,654	0	413,654	421,432	421,432	7,778
General Sessions Court	186,459	0	186,459	195,148	195,148	8,689
Drug Court	38,920	0	38,920	60,133	50,200	11,280
Chancery Court	276,582	0	276,582	298,755	298,755	22,173
Juvenile Court	263,619	0	263,619	226,328	274,820	11,201
Other Administration of Justice	73,276	0	73,276	79,147	81,447	8,171
<u>Public Safety</u>						
Sheriff's Department	1,947,893	0	1,947,893	1,980,295	2,155,497	207,604
Jail	2,020,581	0	2,020,581	2,145,657	2,145,657	125,076
Fire Prevention and Control	178,530	0	178,530	186,375	186,375	7,845
Disaster Relief	173,826	0	173,826	319,725	319,725	145,899
County Coroner/Medical Examiner	6,144	0	6,144	17,500	17,500	11,356
Other Public Safety	107,705	0	107,705	139,738	139,738	32,033
<u>Public Health and Welfare</u>						
Local Health Center	132,084	0	132,084	161,287	161,287	29,203
Rabies and Animal Control	79,750	0	79,750	79,750	79,750	0
Crippled Children Services	2,027	0	2,027	2,027	2,027	0
Other Local Health Services	0	0	0	1,000	1,000	1,000

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Public Health and Welfare (Cont.)</u>						
General Welfare Assistance	\$ 84,282	\$ 0	\$ 84,282	\$ 85,670	\$ 85,670	\$ 1,388
Aid to Dependent Children	105,415	0	105,415	113,300	114,300	8,885
Sanitation Education/Information	59,123	0	59,123	66,277	66,277	7,154
Other Public Health and Welfare	31,644	0	31,644	32,328	32,328	684
<u>Social, Cultural, and Recreational Services</u>						
Adult Activities	136,115	0	136,115	110,241	145,113	8,998
Senior Citizens Assistance	212,755	0	212,755	302,125	302,125	89,370
Libraries	130,895	0	130,895	130,895	130,895	0
Parks and Fair Boards	3,750	0	3,750	3,750	3,750	0
Other Social, Cultural, and Recreational	146,340	0	146,340	172,145	172,145	25,805
<u>Agriculture and Natural Resources</u>						
Agriculture Extension Service	138,617	0	138,617	144,455	144,455	5,838
Soil Conservation	25,780	0	25,780	25,869	25,869	89
Flood Control	31,699	0	31,699	33,619	33,619	1,920
Other Agriculture and Natural Resources	14,277	0	14,277	15,551	15,551	1,274
<u>Other Operations</u>						
Industrial Development	79,712	0	79,712	80,000	80,000	288
ARRA Grant # 1	4,490	0	4,490	0	10,133	5,643
Miscellaneous	124,148	0	124,148	124,000	125,650	1,502
<u>Principal on Debt</u>						
General Government	136,483	0	136,483	127,584	148,751	12,268
<u>Interest on Debt</u>						
General Government	7,371	0	7,371	13,071	13,071	5,700
Total Expenditures	\$ 10,075,521	\$ 9,860	\$ 10,085,381	\$ 10,610,994	\$ 11,119,227	\$ 1,033,846

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Excess (Deficiency) of Revenues Over Expenditures</u>	\$ (148,387)	\$ (9,860)	\$ (158,247)	\$ (348,037)	\$ (785,980)	\$ 627,733
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 125,000	\$ 0	\$ 125,000	\$ 0	\$ 125,000	\$ 0
Capital Leases Issued	143,284	0	143,284	0	143,284	0
Transfers In	21,167	0	21,167	0	21,167	0
Transfers Out	(67,500)	0	(67,500)	(67,500)	(67,500)	0
Total Other Financing Sources (Uses)	\$ 221,951	\$ 0	\$ 221,951	\$ (67,500)	\$ 221,951	\$ 0
Net Change in Fund Balance	\$ 73,564	\$ (9,860)	\$ 63,704	\$ (415,537)	\$ (564,029)	\$ 627,733
Fund Balance, July 1, 2009	1,353,688	0	1,353,688	1,336,385	1,336,385	17,303
Fund Balance, June 30, 2010	\$ 1,427,252	\$ (9,860)	\$ 1,417,392	\$ 920,848	\$ 772,356	\$ 645,036

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, 2010

	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, 2009	18,490,503	18,490,503	18,490,503	0
Fund Balance, June 30, 2010	\$ 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 (Budgetary Basis) and Budget  
Highway/Public Works Fund  
For the Year Ended June 30, 2010

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 1,740,916	\$ 0	\$ 1,740,916	\$ 1,723,131	\$ 1,723,131	\$ 17,785
Licenses and Permits	12,220	0	12,220	18,425	18,425	(6,205)
Other Local Revenues	38,382	0	38,382	58,500	58,500	(20,118)
State of Tennessee	2,652,200	0	2,652,200	2,857,136	3,191,140	(538,940)
Federal Government	53,749	0	53,749	0	0	53,749
Total Revenues	\$ 4,497,467	\$ 0	\$ 4,497,467	\$ 4,657,192	\$ 4,991,196	\$ (493,729)
<u>Expenditures</u>						
<u>Highways</u>						
Administration	\$ 148,528	\$ 0	\$ 148,528	\$ 173,045	\$ 173,045	\$ 24,517
Highway and Bridge Maintenance	1,986,946	0	1,986,946	3,000,190	3,000,190	1,013,244
Operation and Maintenance of Equipment	448,023	0	448,023	505,558	505,558	57,535
Other Charges	113,296	0	113,296	172,000	172,000	58,704
Employee Benefits	234,116	0	234,116	288,200	288,200	54,084
Capital Outlay	1,103,903	12,497	1,116,400	1,189,474	1,523,478	407,078
Principal on Debt						
Highways and Streets	38,616	0	38,616	38,616	38,616	0
Interest on Debt						
Highways and Streets	12,824	0	12,824	12,824	12,824	0
Total Expenditures	\$ 4,086,252	\$ 12,497	\$ 4,098,749	\$ 5,379,907	\$ 5,713,911	\$ 1,615,162
Excess (Deficiency) of Revenues Over Expenditures	\$ 411,215	\$ (12,497)	\$ 398,718	\$ (722,715)	\$ (722,715)	\$ 1,121,433
Net Change in Fund Balance	\$ 411,215	\$ (12,497)	\$ 398,718	\$ (722,715)	\$ (722,715)	\$ 1,121,433
Fund Balance, July 1, 2009	1,927,909	0	1,927,909	1,209,657	1,209,657	718,252
Fund Balance, June 30, 2010	\$ 2,339,124	\$ (12,497)	\$ 2,326,627	\$ 486,942	\$ 486,942	\$ 1,839,685

Exhibit F-4

Dyer County, Tennessee  
Schedule of Funding Progress – Pension Plan  
Primary Government and Discretely Presented Dyer County School Department  
June 30, 2010

(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)
7-1-09	\$ 1,532	\$ 1,764	\$ 232	86.83%	\$ 758	30.67 %
7-1-07	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 went into effect during the 2007 actuarial valuation; therefore, only the two most recent valuations are presented.

Exhibit F-5

Dyer County, Tennessee  
Schedule of Funding Progress – Other Postemployment Benefits Plan  
Discretely Presented Dyer County School Department  
June 30, 2010

(Dollar amounts in thousands)

<u>Plan</u>	<u>Actuarial</u> <u>Valuation</u> <u>Date *</u>	<u>Actuarial</u> <u>Value of</u> <u>Assets</u> <u>(a)</u>	<u>Actuarial</u> <u>Accrued</u> <u>Liability</u> <u>(AAL)</u> <u>(b)</u>	<u>Unfunded</u> <u>AAL</u> <u>(UAAAL)</u> <u>(b)-(a)</u>	<u>Funded</u> <u>Ratio</u> <u>(a/b)</u>	<u>Covered</u> <u>Payroll</u> <u>(c)</u>	<u>UAAAL as a</u> <u>Percentage</u> <u>of Covered</u> <u>Payroll</u> <u>((b-a)/c)</u>
Local Education Group	7-1-07	\$ 0	\$ 9,397	\$ 9,397	0%	\$ 13,442	70%
"	7-1-09	0	5,280	5,280	0	11,331	47

\* Data only available for two actuarial valuations.

**DYER COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2010**

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 County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, 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.

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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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.

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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

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The HUD Grant Projects Fund is used to account for a Community Development Block Grant for sewer improvements. This fund was closed during the year under examination.

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Exhibit G-1

Dyer County, Tennessee  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2010

	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 \$	1,170 \$	1,170 \$	1,170
	32,163	0	79,864	3,333	0	115,360	115,360
	0	8,881	0	101	0	8,982	8,982
\$	32,163 \$	8,881 \$	79,864 \$	3,434 \$	1,170 \$	125,512	125,512

ASSETS

Cash	
Equity in Pooled Cash and Investments	
Due from Other Governments	
Total Assets	

LIABILITIES AND FUND BALANCES

\$	0 \$	1,760 \$	0 \$	0 \$	0 \$	1,760
	0	0	0	0	1,170	1,170
	0	4,089	0	0	0	4,089
\$	0 \$	5,849 \$	0 \$	0 \$	1,170 \$	7,019
\$	32,163 \$	3,032 \$	79,864 \$	3,434 \$	0 \$	118,493
\$	32,163 \$	3,032 \$	79,864 \$	3,434 \$	0 \$	118,493
\$	32,163 \$	8,881 \$	79,864 \$	3,434 \$	1,170 \$	125,512

Liabilities

Cash Overdraft	
Due to Other Funds	
Other Deferred Revenues	
Total Liabilities	

Fund Balances

Unreserved	
Total Fund Balances	

Total Liabilities and Fund Balances

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, 2010

	Special Revenue Funds							Capital Projects Fund		Total Nonmajor Governmental Funds
	Law Library	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitutional Officers - Fees	Total	Capital Projects Fund			
							HUD Grant	Projects		
<u>Revenues</u>										
Local Taxes	\$ 2,633	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,633	\$ 0	\$ 0	\$ 2,633	
Fines, Forfeitures, and Penalties Charges for Current Services	0	0	613	7,278	0	7,891	0	0	7,891	
Other Local Revenues	0	2,305	0	0	3,517	5,822	0	0	5,822	
State of Tennessee	0	3,989	138	0	0	4,127	0	0	4,127	
Federal Government	0	22,999	0	0	0	22,999	0	0	22,999	
Total Revenues	\$ 2,633	\$ 29,293	\$ 751	\$ 7,278	\$ 3,517	\$ 43,472	\$ 21,742	\$ 21,742	\$ 65,214	
<u>Expenditures</u>										
Current:										
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 96	\$ 96	\$ 0	\$ 0	\$ 96	
Finance	0	0	0	0	1,017	1,017	0	0	1,017	
Administration of Justice	233	0	0	8,331	2,404	10,968	0	0	10,968	
Public Safety	0	0	4,508	0	0	4,508	0	0	4,508	
Public Health and Welfare	0	100,026	0	0	0	100,026	0	0	100,026	
Capital Projects	0	0	0	0	0	0	21,742	21,742	21,742	
Total Expenditures	\$ 233	\$ 100,026	\$ 4,508	\$ 8,331	\$ 3,517	\$ 116,615	\$ 21,742	\$ 21,742	\$ 138,357	
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,400	\$ (70,733)	\$ (3,757)	\$ (1,053)	\$ 0	\$ (73,143)	\$ 0	\$ 0	\$ (73,143)	
<u>Other Financing Sources (Uses)</u>										
Transfers In	\$ 0	\$ 67,500	\$ 0	\$ 0	\$ 0	\$ 67,500	\$ 0	\$ 0	\$ 67,500	
Transfers Out	0	0	(21,167)	0	0	(21,167)	0	0	(21,167)	
Total Other Financing Sources (Uses)	\$ 0	\$ 67,500	\$ (21,167)	\$ 0	\$ 0	\$ 46,333	\$ 0	\$ 0	\$ 46,333	
Net Change in Fund Balances	\$ 2,400	\$ (3,233)	\$ (24,924)	\$ (1,053)	\$ 0	\$ (26,810)	\$ 0	\$ 0	\$ (26,810)	
Fund Balance, July 1, 2009	29,763	6,265	104,788	4,487	0	145,303	0	0	145,303	
Fund Balance, June 30, 2010	\$ 32,163	\$ 3,032	\$ 79,864	\$ 3,434	\$ 0	\$ 118,493	\$ 0	\$ 0	\$ 118,493	

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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,633	\$ 2,950	\$ 2,950	\$ (317)
Total Revenues	\$ 2,633	\$ 2,950	\$ 2,950	\$ (317)
<u>Expenditures</u>				
<u>Administration of Justice</u>				
Other Administration of Justice	\$ 233	\$ 5,535	\$ 5,535	\$ 5,302
Total Expenditures	\$ 233	\$ 5,535	\$ 5,535	\$ 5,302
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,400	\$ (2,585)	\$ (2,585)	\$ 4,985
Net Change in Fund Balance	\$ 2,400	\$ (2,585)	\$ (2,585)	\$ 4,985
Fund Balance, July 1, 2009	29,763	24,731	24,731	5,032
Fund Balance, June 30, 2010	\$ 32,163	\$ 22,146	\$ 22,146	\$ 10,017

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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 2,305	\$ 1,000	\$ 1,000	\$ 1,305
Other Local Revenues	3,989	3,000	3,000	989
State of Tennessee	22,999	30,100	30,100	(7,101)
Total Revenues	<u>\$ 29,293</u>	<u>\$ 34,100</u>	<u>\$ 34,100</u>	<u>\$ (4,807)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Sanitation Management	\$ 100,026	\$ 101,213	\$ 101,213	\$ 1,187
Total Expenditures	<u>\$ 100,026</u>	<u>\$ 101,213</u>	<u>\$ 101,213</u>	<u>\$ 1,187</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (70,733)</u>	<u>\$ (67,113)</u>	<u>\$ (67,113)</u>	<u>\$ (3,620)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 67,500	\$ 67,500	\$ 67,500	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 67,500</u>	<u>\$ 67,500</u>	<u>\$ 67,500</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (3,233)	\$ 387	\$ 387	\$ (3,620)
Fund Balance, July 1, 2009	<u>6,265</u>	<u>3,626</u>	<u>3,626</u>	<u>2,639</u>
Fund Balance, June 30, 2010	<u>\$ 3,032</u>	<u>\$ 4,013</u>	<u>\$ 4,013</u>	<u>\$ (981)</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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 613	\$ 9,000	\$ 9,000	\$ (8,387)
Other Local Revenues	138	3,500	3,500	(3,362)
Total Revenues	\$ 751	\$ 12,500	\$ 12,500	\$ (11,749)
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 4,508	\$ 24,200	\$ 24,200	\$ 19,692
<u>Principal on Debt</u>				
General Government	0	31,000	9,833	9,833
Total Expenditures	\$ 4,508	\$ 55,200	\$ 34,033	\$ 29,525
Excess (Deficiency) of Revenues Over Expenditures	\$ (3,757)	\$ (42,700)	\$ (21,533)	\$ 17,776
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (21,167)	\$ 0	\$ (21,167)	\$ 0
Total Other Financing Sources (Uses)	\$ (21,167)	\$ 0	\$ (21,167)	\$ 0
Net Change in Fund Balance	\$ (24,924)	\$ (42,700)	\$ (42,700)	\$ 17,776
Fund Balance, July 1, 2009	104,788	100,183	100,183	4,605
Fund Balance, June 30, 2010	\$ 79,864	\$ 57,483	\$ 57,483	\$ 22,381

# **Major Governmental Fund**

## **General Debt Service Fund**

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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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,662,038	\$ 1,685,524	\$ 1,685,524	\$ (23,486)
Other Local Revenues	576,147	1,000,000	1,000,000	(423,853)
Total Revenues	<u>\$ 2,238,185</u>	<u>\$ 2,685,524</u>	<u>\$ 2,685,524</u>	<u>\$ (447,339)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 285,000	\$ 285,000	\$ 285,000	\$ 0
<u>Interest on Debt</u>				
General Government	361,208	361,208	361,208	0
Education	1,353,041	1,486,372	1,486,372	133,331
<u>Other Debt Service</u>				
General Government	218,565	61,000	304,888	86,323
Education	1,595,230	1,602,000	1,602,000	6,770
Total Expenditures	<u>\$ 3,813,044</u>	<u>\$ 3,795,580</u>	<u>\$ 4,039,468</u>	<u>\$ 226,424</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (1,574,859)</u>	<u>\$ (1,110,056)</u>	<u>\$ (1,353,944)</u>	<u>\$ (220,915)</u>
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 10,330,000	\$ 0	\$ 10,330,000	\$ 0
Discounts on Debt Issued	(39,058)	0	(39,058)	0
Payments to Refunded Debt Escrow Agent	(10,000,000)	0	(10,000,000)	0
Total Other Financing Sources (Uses)	<u>\$ 290,942</u>	<u>\$ 0</u>	<u>\$ 290,942</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (1,283,917)	\$ (1,110,056)	\$ (1,063,002)	\$ (220,915)
Fund Balance, July 1, 2009	<u>4,850,897</u>	<u>4,699,620</u>	<u>4,699,620</u>	<u>151,277</u>
Fund Balance, June 30, 2010	<u>\$ 3,566,980</u>	<u>\$ 3,589,564</u>	<u>\$ 3,636,618</u>	<u>\$ (69,638)</u>

# Fiduciary Funds

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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.

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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.

Exhibit I-1

Dyer County, Tennessee  
Combining Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2010

	Agency Funds					Total
	Cities - Sales Tax	Watershed District	City School ADA - Dyersburg	Constitu- tional Officers - Agency		
	\$ 0	\$ 0	\$ 0	\$ 2,566,070	\$ 2,566,070	\$ 2,566,070
Cash	0	198,469	144,567	0	0	343,036
Equity in Pooled Cash and Investments	516,335	0	379,847	0	0	896,182
Due from Other Governments	0	0	3,006,718	0	0	3,006,718
Property Taxes Receivable	0	0	(90,355)	0	0	(90,355)
Allowance for Uncollectible Property Taxes						
Total Assets	\$ 516,335	\$ 198,469	\$ 3,440,777	\$ 2,566,070	\$ 6,721,651	\$ 6,721,651
	\$ 516,335	\$ 198,469	\$ 3,440,777	\$ 0	\$ 4,155,581	\$ 4,155,581
Due to Other Taxing Units	0	0	0	2,566,070	2,566,070	2,566,070
Due to Litigants, Heirs, and Others						
Total Liabilities	\$ 516,335	\$ 198,469	\$ 3,440,777	\$ 2,566,070	\$ 6,721,651	\$ 6,721,651

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, 2010

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 3,020,717	\$ 3,020,717	\$ 0
Due from Other Governments	497,920	516,335	497,920	516,335
<b>Total Assets</b>	<b>\$ 497,920</b>	<b>\$ 3,537,052</b>	<b>\$ 3,518,637</b>	<b>\$ 516,335</b>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 497,920	\$ 3,537,052	\$ 3,518,637	\$ 516,335
<b>Total Liabilities</b>	<b>\$ 497,920</b>	<b>\$ 3,537,052</b>	<b>\$ 3,518,637</b>	<b>\$ 516,335</b>
<u>Cities - Property Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 2,390	\$ 2,390	\$ 0
<b>Total Assets</b>	<b>\$ 0</b>	<b>\$ 2,390</b>	<b>\$ 2,390</b>	<b>\$ 0</b>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 0	\$ 2,390	\$ 2,390	\$ 0
<b>Total Liabilities</b>	<b>\$ 0</b>	<b>\$ 2,390</b>	<b>\$ 2,390</b>	<b>\$ 0</b>
<u>Watershed District Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 206,870	\$ 11,427	\$ 19,828	\$ 198,469
<b>Total Assets</b>	<b>\$ 206,870</b>	<b>\$ 11,427</b>	<b>\$ 19,828</b>	<b>\$ 198,469</b>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 206,870	\$ 11,427	\$ 19,828	\$ 198,469
<b>Total Liabilities</b>	<b>\$ 206,870</b>	<b>\$ 11,427</b>	<b>\$ 19,828</b>	<b>\$ 198,469</b>
<u>City School ADA - Dyersburg Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 144,890	\$ 8,248,406	\$ 8,248,729	\$ 144,567
Accounts Receivable	1,534	0	1,534	0
Due from Other Governments	750,204	379,847	750,204	379,847
Property Taxes Receivable	3,119,494	3,006,718	3,119,494	3,006,718
Allowance for Uncollectible Property Taxes	(40,810)	(90,355)	(40,810)	(90,355)
<b>Total Assets</b>	<b>\$ 3,975,312</b>	<b>\$ 11,544,616</b>	<b>\$ 12,079,151</b>	<b>\$ 3,440,777</b>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 3,975,312	\$ 11,544,616	\$ 12,079,151	\$ 3,440,777
<b>Total Liabilities</b>	<b>\$ 3,975,312</b>	<b>\$ 11,544,616</b>	<b>\$ 12,079,151</b>	<b>\$ 3,440,777</b>

(Continued)

Exhibit I-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 2,815,745	\$ 7,108,461	\$ 7,358,136	\$ 2,566,070
Total Assets	\$ 2,815,745	\$ 7,108,461	\$ 7,358,136	\$ 2,566,070
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 2,815,745	\$ 7,108,461	\$ 7,358,136	\$ 2,566,070
Total Liabilities	\$ 2,815,745	\$ 7,108,461	\$ 7,358,136	\$ 2,566,070
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 2,815,745	\$ 7,108,461	\$ 7,358,136	\$ 2,566,070
Equity in Pooled Cash and Investments	351,760	11,282,940	11,291,664	343,036
Accounts Receivable	1,534	0	1,534	0
Due from Other Governments	1,248,124	896,182	1,248,124	896,182
Property Taxes Receivable	3,119,494	3,006,718	3,119,494	3,006,718
Allowance for Uncollectible Property Taxes	(40,810)	(90,355)	(40,810)	(90,355)
Total Assets	\$ 7,495,847	\$ 22,203,946	\$ 22,978,142	\$ 6,721,651
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 4,680,102	\$ 15,095,485	\$ 15,620,006	\$ 4,155,581
Due to Litigants, Heirs, and Others	2,815,745	7,108,461	7,358,136	2,566,070
Total Liabilities	\$ 7,495,847	\$ 22,203,946	\$ 22,978,142	\$ 6,721,651

# Dyer County School Department

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

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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.

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

Exhibit J-1

Dyer County, Tennessee  
Statement of Activities  
Discretely Presented Dyer County School Department  
For the Year Ended June 30, 2010

Functions/Programs	Program Revenues		Expenses	Net (Expense) Revenue and Changes in Net Assets
	Charges for Services	Operating Grants and Contributions		
Governmental Activities:				
Instruction	\$ 16,046,156	\$ 9,334	\$ 1,735,754	\$ (14,301,068)
Support Services	10,604,005	67,740	596,450	(9,939,815)
Operation of Non-Instructional Services	2,715,839	712,599	1,971,539	(31,701)
Other Debt Service	99,240	0	0	(99,240)
<b>Total Governmental Activities</b>	<b>\$ 29,465,240</b>	<b>\$ 789,673</b>	<b>\$ 4,303,743</b>	<b>\$ (24,371,824)</b>
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 4,545,381
Local Option Sales Taxes				3,063,154
Wheel Tax				1,079,429
Other Local Taxes				2,371
Grants and Contributions Not Restricted to Specific Programs				25,105,833
Unrestricted Investment Income				154,087
Miscellaneous				86,470
<b>Total General Revenues</b>				<b>\$ 34,036,725</b>
Change in Net Assets				\$ 9,664,901
Net Assets, July 1, 2009				34,892,587
Net Assets, June 30, 2010				\$ 44,557,488

## Exhibit J-2

Dyer County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Dyer County School Department  
June 30, 2010

	Major Funds			Nonmajor Funds	Total Govern- mental Funds
	General Purpose School	School Transpor - tation	Education Capital Projects	Other Govern- mental Funds	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 835	\$ 835
Equity in Pooled Cash and Investments	4,305,076	626,343	8,732,511	680,021	14,343,951
Accounts Receivable	982	19,594	0	6	20,582
Due from Other Governments	1,010,853	0	0	33,751	1,044,604
Due from Other Funds	0	0	0	50	50
Property Taxes Receivable	3,322,468	1,431,336	0	0	4,753,804
Allowance for Uncollectible Property Taxes	(99,161)	(42,731)	0	0	(141,892)
Accrued Interest Receivable	6,645	0	0	0	6,645
Total Assets	\$ 8,546,863	\$ 2,034,542	\$ 8,732,511	\$ 714,663	\$ 20,028,579
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 28,089	\$ 9,123	\$ 0	\$ 105	\$ 37,317
Accrued Payroll	13,012	2,804	0	0	15,816
Payroll Deductions Payable	629,289	8,614	0	11,420	649,323
Retainage Payable	4,010	0	0	0	4,010
Due to Other Funds	50	0	0	0	50
Deferred Revenue - Current Property Taxes	3,105,565	1,337,852	0	0	4,443,417
Deferred Revenue - Delinquent Property Taxes	95,017	40,962	0	0	135,979
Other Deferred Revenues	281,513	0	0	0	281,513
Total Liabilities	\$ 4,156,545	\$ 1,399,355	\$ 0	\$ 11,525	\$ 5,567,425
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 203,493	\$ 17,896	\$ 852,922	\$ 96,454	\$ 1,170,765
Reserved for Driver Education	20,688	0	0	0	20,688
Reserved for Career Ladder - Extended Contract	4,958	0	0	0	4,958
Reserved for Title I Grants to Local Education Agencies	0	0	0	421	421
Reserved for Special Education - Grants to States	0	0	0	169	169
Unreserved, Reported In:					
General Fund	4,161,179	0	0	0	4,161,179
Special Revenue Funds	0	617,291	0	606,094	1,223,385
Capital Projects Funds	0	0	7,879,589	0	7,879,589
Total Fund Balances	\$ 4,390,318	\$ 635,187	\$ 8,732,511	\$ 703,138	\$ 14,461,154
Total Liabilities and Fund Balances	\$ 8,546,863	\$ 2,034,542	\$ 8,732,511	\$ 714,663	\$ 20,028,579

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, 2010

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)		\$ 14,461,154
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,042,322	
Add: construction in progress	84,879	
Add: buildings and improvements net of accumulated depreciation	27,762,535	
Add: other capital assets net of accumulated depreciation	<u>2,918,734</u>	31,808,470
(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	\$ (96,951)	
Less: other postemployment benefits liability	<u>(2,032,677)</u>	(2,129,628)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>417,492</u>
Net assets of governmental activities (Exhibit A)		<u><u>\$ 44,557,488</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, 2010

	Major Funds			Nonmajor	Total
	General Purpose School	School Transportation	Education Capital Projects	Funds Other Governmental Funds	
<b>Revenues</b>					
Local Taxes	\$ 7,032,137	\$ 1,652,111	\$ 0	\$ 0	\$ 8,684,248
Licenses and Permits	2,370	0	0	0	2,370
Charges for Current Services	24,262	46,122	0	712,599	782,983
Other Local Revenues	208,582	24,790	11,416	15,806	260,594
State of Tennessee	16,114,582	606,082	0	20,145	16,740,809
Federal Government	162,558	0	0	3,533,825	3,696,383
Other Governments and Citizens Groups	0	0	8,960,000	0	8,960,000
<b>Total Revenues</b>	<b>\$ 23,544,491</b>	<b>\$ 2,329,105</b>	<b>\$ 8,971,416</b>	<b>\$ 4,282,375</b>	<b>\$ 39,127,387</b>
<b>Expenditures</b>					
Current:					
Instruction	\$ 13,874,426	\$ 0	\$ 0	\$ 1,599,872	\$ 15,474,298
Support Services	7,431,171	2,264,412	0	604,815	10,300,398
Operation of Non-Instructional Services	743,370	0	0	1,890,389	2,633,759
Capital Outlay	676,649	0	0	0	676,649
Debt Service:					
Other Debt Service	0	0	99,240	0	99,240
Capital Projects	0	0	139,665	0	139,665
<b>Total Expenditures</b>	<b>\$ 22,725,616</b>	<b>\$ 2,264,412</b>	<b>\$ 238,905</b>	<b>\$ 4,095,076</b>	<b>\$ 29,324,009</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 818,875	\$ 64,693	\$ 8,732,511	\$ 187,299	\$ 9,803,378
<b>Other Financing Sources (Uses)</b>					
Transfers In	\$ 28,857	\$ 0	\$ 0	\$ 150,000	\$ 178,857
Transfers Out	(150,000)	0	0	(28,857)	(178,857)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (121,143)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 121,143</b>	<b>\$ 0</b>
Net Change in Fund Balances	\$ 697,732	\$ 64,693	\$ 8,732,511	\$ 308,442	\$ 9,803,378
Fund Balance, July 1, 2009	3,692,586	570,494	0	394,696	4,657,776
<b>Fund Balance, June 30, 2010</b>	<b>\$ 4,390,318</b>	<b>\$ 635,187</b>	<b>\$ 8,732,511</b>	<b>\$ 703,138</b>	<b>\$ 14,461,154</b>

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, 2010

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)		\$ 9,803,378
(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	\$ 1,212,678	
Less: current year depreciation expense	<u>(1,076,638)</u>	136,040
(2) The net effect of various miscellaneous transactions involving capital assets (sales) is to decrease net assets		
Less: loss from disposal of capital assets	\$ (26,761)	
Less: proceeds received from the disposal of capital assets	<u>(3,540)</u>	(30,301)
(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, 2010	\$ 417,492	
Less: deferred delinquent property taxes and other deferred June 30, 2009	<u>(411,198)</u>	6,294
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Change in compensated absences payable	\$ 2,788	
Change in other postemployment benefits liability	<u>(253,298)</u>	<u>(250,510)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 9,664,901</u>

Exhibit J-6

Dyer County, Tennessee  
Combining Balance Sheet - Nonmajor Governmental Funds  
Discretely Presented Dyer County School Department  
June 30, 2010

	<u>Special Revenue Funds</u>		<u>Total</u>
	<u>School</u>	<u>Central</u>	<u>Nonmajor</u>
	<u>Federal</u>	<u>Cafeteria</u>	<u>Governmental</u>
	<u>Projects</u>		<u>Funds</u>
<u>ASSETS</u>			
Cash	\$ 0	\$ 835	\$ 835
Equity in Pooled Cash and Investments	116,850	563,171	680,021
Accounts Receivable	0	6	6
Due from Other Governments	33,751	0	33,751
Due from Other Funds	50	0	50
Total Assets	<u>\$ 150,651</u>	<u>\$ 564,012</u>	<u>\$ 714,663</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 61	\$ 44	\$ 105
Payroll Deductions Payable	0	11,420	11,420
Total Liabilities	<u>\$ 61</u>	<u>\$ 11,464</u>	<u>\$ 11,525</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 8,217	\$ 88,237	\$ 96,454
Reserved for Title I Grants to Local Education Agencies	421	0	421
Reserved for Special Education - Grants to States	169	0	169
Unreserved	141,783	464,311	606,094
Total Fund Balances	<u>\$ 150,590</u>	<u>\$ 552,548</u>	<u>\$ 703,138</u>
Total Liabilities and Fund Balances	<u>\$ 150,651</u>	<u>\$ 564,012</u>	<u>\$ 714,663</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, 2010

	<u>Special Revenue Funds</u>		Total
	School Federal Projects	Central Cafeteria	Nonmajor Governmental Funds
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 712,599	\$ 712,599
Other Local Revenues	0	15,806	15,806
State of Tennessee	0	20,145	20,145
Federal Government	2,234,134	1,299,691	3,533,825
Total Revenues	<u>\$ 2,234,134</u>	<u>\$ 2,048,241</u>	<u>\$ 4,282,375</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 1,599,872	\$ 0	\$ 1,599,872
Support Services	604,815	0	604,815
Operation of Non-Instructional Services	0	1,890,389	1,890,389
Total Expenditures	<u>\$ 2,204,687</u>	<u>\$ 1,890,389</u>	<u>\$ 4,095,076</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 29,447</u>	<u>\$ 157,852</u>	<u>\$ 187,299</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 150,000	\$ 0	\$ 150,000
Transfers Out	(28,857)	0	(28,857)
Total Other Financing Sources (Uses)	<u>\$ 121,143</u>	<u>\$ 0</u>	<u>\$ 121,143</u>
Net Change in Fund Balances	\$ 150,590	\$ 157,852	\$ 308,442
Fund Balance, July 1, 2009	0	394,696	394,696
Fund Balance, June 30, 2010	<u>\$ 150,590</u>	<u>\$ 552,548</u>	<u>\$ 703,138</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, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 7,032,137	\$ 0	\$ 0	\$ 7,032,137	\$ 6,933,299	\$ 6,933,299	\$ 98,838
Licenses and Permits	2,370	0	0	2,370	2,033	2,033	337
Charges for Current Services	24,262	0	0	24,262	89,070	89,070	(64,808)
Other Local Revenues	208,582	0	0	208,582	201,079	201,079	7,503
State of Tennessee	16,114,582	0	0	16,114,582	15,905,355	16,092,080	22,502
Federal Government	162,558	0	0	162,558	274,456	274,456	(111,898)
Total Revenues	\$ 23,544,491	\$ 0	\$ 0	\$ 23,544,491	\$ 23,405,292	\$ 23,592,017	\$ (47,526)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 11,966,889	\$ (245,030)	\$ 22,918	\$ 11,744,777	\$ 11,938,306	\$ 11,938,306	\$ 193,529
Special Education Program	1,356,860	0	0	1,356,860	1,502,291	1,502,291	145,431
Vocational Education Program	540,084	(100)	0	539,984	541,126	548,126	8,142
Student Body Education Program	10,593	(4,000)	2,372	8,965	9,800	9,800	835
<u>Support Services</u>							
Attendance	116,066	0	0	116,066	116,081	116,081	15
Health Services	261,882	(495)	0	261,387	271,500	271,500	10,113
Other Student Support	332,827	(1,125)	0	331,702	346,459	346,459	14,757
Regular Instruction Program	782,306	(7,685)	65,857	840,478	871,239	871,239	30,761
Special Education Program	150,358	0	0	150,358	158,842	158,842	8,484
Vocational Education Program	42,272	0	0	42,272	45,313	48,313	6,041
Other Programs	111,185	0	0	111,185	0	111,185	0
Board of Education	406,557	(37)	0	406,520	463,368	463,368	56,848
Director of Schools	239,506	(450)	110	239,166	284,408	284,408	45,242

(Continued)

Exhibit J-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Office of the Principal	\$ 1,484,495	\$ 0	\$ 0	\$ 1,484,495	\$ 1,485,710	\$ 1,485,710	\$ 1,215
Fiscal Services	248,182	(4,087)	0	244,095	256,455	256,455	12,360
Operation of Plant	2,118,755	0	16,375	2,135,130	2,299,647	2,299,647	164,517
Maintenance of Plant	1,136,780	(6,327)	2,928	1,133,381	1,152,828	1,152,828	19,447
<u>Operation of Non-Instructional Services</u>							
Food Service	12,118	0	0	12,118	14,152	14,152	2,034
Community Services	69,064	(2,464)	0	66,600	201,600	197,600	131,000
Early Childhood Education	662,188	(22,637)	1,365	640,916	637,240	641,240	324
<u>Capital Outlay</u>							
Regular Capital Outlay	676,649	(2,465)	91,568	765,752	1,075,566	1,151,106	385,354
Total Expenditures	\$ 22,725,616	\$ (296,902)	\$ 203,493	\$ 22,632,207	\$ 23,671,931	\$ 23,868,656	\$ 1,236,449
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 818,875	\$ 296,902	\$ (203,493)	\$ 912,284	\$ (266,639)	\$ (276,639)	\$ 1,188,923
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 28,857	\$ 0	\$ 0	\$ 28,857	\$ 31,325	\$ 31,325	\$ (2,468)
Transfers Out	(150,000)	0	0	(150,000)	0	(150,000)	0
Total Other Financing Sources (Uses)	\$ (121,143)	\$ 0	\$ 0	\$ (121,143)	\$ 31,325	\$ (118,675)	\$ (2,468)
<u>Net Change in Fund Balance</u>							
Fund Balance, July 1, 2009	\$ 697,732	\$ 296,902	\$ (203,493)	\$ 791,141	\$ (255,314)	\$ (395,314)	\$ 1,186,455
Fund Balance, July 1, 2009	3,692,586	(296,902)	0	3,395,684	3,441,166	3,441,166	(45,482)
<u>Fund Balance, June 30, 2010</u>	\$ 4,390,318	\$ 0	\$ (203,493)	\$ 4,186,825	\$ 3,205,852	\$ 3,045,852	\$ 1,140,973

Exhibit J-9

Dyer County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Dyer County School Department  
School Federal Projects Fund  
For the Year Ended June 30, 2010

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive Negative
				Original	Final	
<u>Revenues</u>						
Federal Government	\$ 2,234,134	\$ 0	\$ 2,234,134	\$ 2,856,506	\$ 2,859,930	\$ (625,796)
Total Revenues	\$ 2,234,134	\$ 0	\$ 2,234,134	\$ 2,856,506	\$ 2,859,930	\$ (625,796)
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 507,377	\$ 0	\$ 507,377	\$ 584,467	\$ 584,467	\$ 77,090
Special Education Program	1,058,163	8,217	1,066,380	1,373,788	1,364,554	298,174
Vocational Education Program	34,332	0	34,332	34,254	34,332	0
<u>Support Services</u>						
Health Services	10,339	0	10,339	10,339	10,339	0
Other Student Support	102,693	0	102,693	109,910	111,121	8,428
Regular Instruction Program	235,289	0	235,289	448,669	450,863	215,574
Special Education Program	178,892	0	178,892	192,489	195,613	16,721
Vocational Education Program	1,670	0	1,670	1,708	1,670	0
Transportation	75,932	0	75,932	69,814	75,932	0
Total Expenditures	\$ 2,204,687	\$ 8,217	\$ 2,212,904	\$ 2,825,438	\$ 2,828,891	\$ 615,987
Excess (Deficiency) of Revenues Over Expenditures	\$ 29,447	\$ (8,217)	\$ 21,230	\$ 31,068	\$ 31,039	\$ (9,809)
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 150,000	\$ 0	\$ 150,000	\$ 0	\$ 0	\$ 150,000
Transfers Out	(28,857)	0	(28,857)	(31,068)	(31,039)	2,182
Total Other Financing Sources (Uses)	\$ 121,143	\$ 0	\$ 121,143	\$ (31,068)	\$ (31,039)	\$ 152,182
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ 150,590	\$ (8,217)	\$ 142,373	\$ 0	\$ 0	\$ 142,373
	0	0	0	0	0	0
Fund Balance, June 30, 2010	\$ 150,590	\$ (8,217)	\$ 142,373	\$ 0	\$ 0	\$ 142,373

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, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 712,599	\$ 0	\$ 0	\$ 712,599	\$ 768,000	\$ 768,000	\$ (55,401)
Other Local Revenues	15,806	0	0	15,806	15,000	15,000	806
State of Tennessee	20,145	0	0	20,145	20,401	20,401	(256)
Federal Government	1,299,691	0	0	1,299,691	1,092,000	1,209,620	90,071
Total Revenues	\$ 2,048,241	\$ 0	\$ 0	\$ 2,048,241	\$ 1,895,401	\$ 2,013,021	\$ 35,220
<u>Expenditures</u>							
<u>Operation of Non-Instructional Services</u>							
Food Service	\$ 1,890,389	\$ (26,291)	\$ 88,237	\$ 1,952,335	\$ 1,895,401	\$ 2,013,021	\$ 60,686
Total Expenditures	\$ 1,890,389	\$ (26,291)	\$ 88,237	\$ 1,952,335	\$ 1,895,401	\$ 2,013,021	\$ 60,686
Excess (Deficiency) of Revenues Over Expenditures	\$ 157,852	\$ 26,291	\$ (88,237)	\$ 95,906	\$ 0	\$ 0	\$ 95,906
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ 157,852	\$ 26,291	\$ (88,237)	\$ 95,906	\$ 0	\$ 0	\$ 95,906
	394,696	(26,291)	0	368,405	373,956	373,956	(5,551)
Fund Balance, June 30, 2010	\$ 552,548	\$ 0	\$ (88,237)	\$ 464,311	\$ 373,956	\$ 373,956	\$ 90,355

Exhibit J-11

Dyer County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Dyer County School Department  
School Transportation Fund  
For the Year Ended June 30, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 1,652,111	\$ 0	\$ 0	\$ 1,652,111	\$ 1,640,023	\$ 1,640,023	\$ 12,088
Charges for Current Services	46,122	0	0	46,122	29,442	29,442	16,680
Other Local Revenues	24,790	0	0	24,790	1,000	1,000	23,790
State of Tennessee	606,082	0	0	606,082	427,482	427,482	178,600
Total Revenues	\$ 2,329,105	\$ 0	\$ 0	\$ 2,329,105	\$ 2,097,947	\$ 2,097,947	\$ 231,158
<u>Expenditures</u>							
<u>Support Services</u>							
Board of Education	\$ 30,356	\$ 0	\$ 0	\$ 30,356	\$ 31,000	\$ 31,000	\$ 644
Operation of Plant	18,248	0	0	18,248	20,454	20,454	2,206
Transportation	2,215,808	(223,481)	17,896	2,010,223	2,111,257	2,111,257	101,034
Total Expenditures	\$ 2,264,412	\$ (223,481)	\$ 17,896	\$ 2,058,827	\$ 2,162,711	\$ 2,162,711	\$ 103,884
Excess (Deficiency) of Revenues Over Expenditures	\$ 64,693	\$ 223,481	\$ (17,896)	\$ 270,278	\$ (64,764)	\$ (64,764)	\$ 335,042
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ 64,693	\$ 223,481	\$ (17,896)	\$ 270,278	\$ (64,764)	\$ (64,764)	\$ 335,042
Fund Balance, July 1, 2009	570,494	(223,481)	0	347,013	477,163	477,163	(130,150)
Fund Balance, June 30, 2010	\$ 635,187	\$ 0	\$ (17,896)	\$ 617,291	\$ 412,399	\$ 412,399	\$ 204,892

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## 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, 2010

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-09	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-10
<b>NOTES PAYABLE</b>									
<u>Payable through General Fund</u>									
Edenton-Lamb Building	\$ 237,500	4.15%	3-30-06	3-29-12	\$ 118,751	\$ 0	\$ 39,584	\$ 0	\$ 79,167
Courthouse Improvements	125,000	2.88	5-25-10	5-25-13	0	125,000	0	0	125,000
Total Notes Payable					\$ 118,751	\$ 125,000	\$ 39,584	\$ 0	\$ 204,167
<b>CAPITAL LEASES PAYABLE</b>									
<u>Payable through General Fund</u>									
Sheriff's Patrol Cars	62,850	4.64	8-22-07	8-22-09	\$ 20,938	\$ 0	\$ 20,938	\$ 0	\$ 0
Sheriff's Patrol Cars	81,877	2.66	4-6-09	4-7-11	53,870	0	26,579	0	27,291
Sheriff's Patrol Cars (7)	143,284	3.47	10-2-09	10-2-11	0	143,284	49,382	0	93,902
Total Payable through General Fund					\$ 74,808	\$ 143,284	\$ 96,899	\$ 0	\$ 121,193
<u>Payable through Highway/Public Works Fund</u>									
Dump Trucks	390,612	4.39	3-12-07	4-20-12	\$ 309,672	\$ 0	\$ 38,616	\$ 0	\$ 271,056
Total Payable through Highway/Public Works Fund					\$ 309,672	\$ 0	\$ 38,616	\$ 0	\$ 271,056
Total Capital Leases Payable					\$ 384,480	\$ 143,284	\$ 135,515	\$ 0	\$ 392,249
<b>OTHER LOANS PAYABLE</b>									
<u>Payable through General Debt Service Fund</u>									
School Construction (Series III-G-1)	10,000,000	Variable	7-15-1999	7-28-09	\$ 10,000,000	\$ 0	\$ 0	\$ 10,000,000	\$ 0
Qualified School Construction Bonds, Series 2009	8,960,000	1.515	12-1-09	9-15-26	0	8,960,000	0	0	8,960,000
Total Other Loans Payable					\$ 10,000,000	\$ 8,960,000	\$ 0	\$ 10,000,000	\$ 8,960,000
<b>BONDS PAYABLE</b>									
<u>Payable through General Debt Service Fund</u>									
General Obligation Bonds, Series 2001	8,500,000	3.4 to 4.95	7-9-01	6-1-10	\$ 250,000	\$ 0	\$ 250,000	\$ 0	\$ 0
General Obligation Refunding Bonds, Series 2005	7,980,000	3 to 4.45	4-21-05	6-1-26	7,720,000	0	35,000	0	7,685,000
School Refunding Bonds, Series 2009A	19,910,000	2 to 4.1	6-4-09	6-1-26	19,910,000	0	0	0	19,910,000
School Refunding Bonds, Series 2009B	10,330,000	2 to 4.1	7-28-09	6-1-26	0	10,330,000	0	0	10,330,000
Total Bonds Payable					\$ 27,880,000	\$ 10,330,000	\$ 285,000	\$ 0	\$ 37,925,000

Exhibit K-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2011	\$ 81,250	\$ 6,885	\$ 88,135
2012	81,250	4,043	85,293
2013	41,667	1,200	42,867
Total	\$ 204,167	\$ 12,128	\$ 216,295

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2011	\$ 113,782	\$ 14,837	\$ 128,619
2012	278,467	9,525	287,992
Total	\$ 392,249	\$ 24,362	\$ 416,611

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2011	\$ 465,908	\$ 135,744	\$ 14,933	\$ 616,585
2012	559,090	135,744	17,920	712,754
2013	559,090	135,744	14,187	709,021
2014	559,090	135,744	8,960	703,794
2015	559,090	135,744	8,960	703,794
2016	559,090	135,744	8,960	703,794
2017	559,090	135,744	8,960	703,794
2018	559,090	135,744	8,960	703,794
2019	559,090	135,744	8,960	703,794
2020	559,090	135,744	8,960	703,794
2021	559,090	135,744	8,960	703,794
2022	559,090	135,744	8,960	703,794
2023	559,090	135,744	8,960	703,794
2024	559,090	135,744	8,960	703,794
2025	559,090	135,744	8,960	703,794
2026	614,125	135,744	8,960	758,829
2027	52,707	11,312	2,241	66,260
Total	\$ 8,960,000	\$ 2,183,216	\$ 165,761	\$ 11,308,977

(Continued)

Exhibit K-2

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

Year Ending June 30	Bonds		Total
	Principal	Interest	
2011	\$ 285,000	\$ 1,388,249	\$ 1,673,249
2012	1,600,000	1,378,274	2,978,274
2013	1,640,000	1,341,249	2,981,249
2014	1,700,000	1,294,334	2,994,334
2015	1,755,000	1,241,189	2,996,189
2016	1,810,000	1,185,689	2,995,689
2017	1,870,000	1,128,201	2,998,201
2018	1,940,000	1,067,851	3,007,851
2019	2,085,000	1,002,989	3,087,989
2020	2,180,000	930,272	3,110,272
2021	2,215,000	849,817	3,064,817
2022	2,305,000	765,545	3,070,545
2023	3,950,000	675,435	4,625,435
2024	4,020,000	515,620	4,535,620
2025	4,195,000	352,720	4,547,720
2026	4,375,000	182,140	4,557,140
Total	\$ 37,925,000	\$ 15,299,574	\$ 53,224,574

Exhibit K-3

Dyer County, Tennessee  
Schedule of Notes Receivable  
June 30, 2010

Description	Debtor	Original Amount of Note	Date of Issue	Date of Maturity	Interest Rate	Balance 6-30-10
Special Purpose Fund	Dyer County Industrial Development Board	\$ 3,744,016	6-2-03	7-5-18	6%	\$ 2,411,141
Total Notes Receivable						<u>\$ 2,411,141</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, 2010

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General Drug Control	Solid Waste/Sanitation General	Operations Patrol car	\$ 67,500 <u>21,167</u>
Total Transfers Primary Government			<u>\$ 88,667</u>
<u>DISCRETELY PRESENTED</u> <u>DYER COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects General Purpose School	General Purpose School School Federal Projects	Indirect costs Cash flow	\$ 28,857 <u>150,000</u>
Total Transfers Discretely Presented Dyer County School Department			<u>\$ 178,857</u>

Exhibit K-5

Dyer County, Tennessee  
Schedule of Salaries and Official Bonds of Principal Officials  
Primary Government and Discretely Presented Dyer County School Department  
For the Year Ended June 30, 2010

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u>	\$ 81,930	\$ 50,000	Travelers Casualty and Surety Company of America
Road Supervisor	Section 8-24-102, <u>TCA</u>	75,338	100,000	"
Director of Schools	State Board of Education and County Board of Education	136,567 (1)	50,000	Fidelity and Deposit Company of Maryland
Trustee	Section 8-24-102, <u>TCA</u>	65,472	1,087,000	Travelers Casualty and Surety Company of America
Assessor of Property	Section 8-24-102, <u>TCA</u>	65,472	10,000	Fidelity and Deposit Company of Maryland
County Clerk	Section 8-24-102, <u>TCA</u>	65,472	50,000	Travelers Casualty and Surety Company of America
Circuit and General Sessions Clerk and Master:	Section 8-24-102, <u>TCA</u>	65,472	50,000	"
John Hoff (7-1-09 through 12-31-09)	Section 8-24-102, <u>TCA</u>	32,736	65,000	"
Vacant (1-1-10 through 1-31-10)				
Steve Walker (2-1-10 through 6-30-10)	Section 8-24-102, <u>TCA</u>	27,280	85,000	"
Register	Section 8-24-102, <u>TCA</u>	65,472	25,000	"
Sheriff	Section 8-24-102, <u>TCA</u>	76,235 (2)	25,000	"
General County/Highway Department Employees			150,000	Local Government Property and Casualty Fund
All School Employees			150,000	Netherlands Insurance Company

(1) Includes chief executive officer training supplement of \$1,000. Does not include life insurance premium of \$1,217 and tax shelter annuity payments of \$9,520.  
(2) Includes a law enforcement training supplement of \$600.

Dyer County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
For the Year Ended June 30, 2010

	Special Revenue Funds					District
	General	Law Library	Solid Waste / Sanitation	Drug Control	Attorney General	
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 4,833,542	\$ 0	\$ 0	\$ 0	\$ 0	0
Trustee's Collections - Prior Year	150,973	0	0	0	0	0
Trustee's Collections - Bankruptcy	2,420	0	0	0	0	0
Circuit/Clerk & Master Collections - Prior Years	49,019	0	0	0	0	0
Interest and Penalty	30,896	0	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	156,690	0	0	0	0	0
Payments in-Lieu-of Taxes - Other	8,984	0	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	0	0	0	0
Litigation Tax - General	172,100	0	0	0	0	0
Litigation Tax - Special Purpose	0	2,633	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0
Business Tax	328,911	0	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	27,082	0	0	0	0	0
Wholesale Beer Tax	80,155	0	0	0	0	0
<b>Total Local Taxes</b>	<b>\$ 5,840,772</b>	<b>\$ 2,633</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>0</b>
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Animal Registration	\$ 10,156	\$ 0	\$ 0	\$ 0	\$ 0	0
Cable TV Franchise	85,584	0	0	0	0	0
<u>Permits</u>						
Beer Permits	3,475	0	0	0	0	0
Building Permits	0	0	0	0	0	0
Other Permits	23,454	0	0	0	0	0
<b>Total Licenses and Permits</b>	<b>\$ 122,669</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>0</b>

(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>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 12,766	\$ 0	\$ 0	\$ 0	\$ 0	0
Officers Costs	6,050	0	0	0	0	0
Drug Control Fines	0	0	0	613	0	0
Drug Court Fees	1,246	0	0	0	0	0
District Attorney General Fees	0	0	0	0	0	2,951
Data Entry Fee - Circuit Court	790	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	33,534	0	0	0	0	0
Officers Costs	14,948	0	0	0	0	0
Game and Fish Fines	77	0	0	0	0	0
Drug Control Fines	2,088	0	0	0	0	0
Drug Court Fees	2,260	0	0	0	0	0
Jail Fees	4,469	0	0	0	0	0
District Attorney General Fees	0	0	0	0	0	2,758
DUI Treatment Fines	5,782	0	0	0	0	0
Data Entry Fee - General Sessions Court	8,798	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	1,257	0	0	0	0	0
Courtroom Security Fee	93	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	5,491	0	0	0	0	0
Data Entry Fee - Chancery Court	4,688	0	0	0	0	0
<u>Courts in Other District Counties</u>						
District Attorney General Fees	0	0	0	0	0	1,569
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	360	0	0	0	0	0
Other Fines, Forfeitures, and Penalties	6,300	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 110,997	\$ 0	\$ 0	\$ 613	\$ 0	7,278

(Continued)

Exhibit K-6

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>Charges for Current Services</u>						
<u>General Service Charges</u>						
Solid Waste Disposal Fees	0 \$	0 \$	2,305 \$	0 \$	0 \$	0
Patient Charges	5,065	0	0	0	0	0
Other General Service Charges	7,300	0	0	0	0	0
<u>Fees</u>						
Copy Fees	326	0	0	0	0	0
Greenbelt Late Application Fee	250	0	0	0	0	0
Telephone Commissions	31,580	0	0	0	0	0
Vending Machine Collections	149	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0	0
Data Processing Fee - Register	11,072	0	0	0	0	0
Data Processing Fee - Sheriff	2,717	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	920	0	0	0	0	0
Data Processing Fee - County Clerk	2,552	0	0	0	0	0
Total Charges for Current Services	61,931 \$	0 \$	2,305 \$	0 \$	0 \$	0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	29,053 \$	0 \$	0 \$	0 \$	0 \$	0
Lease/Rentals	86,006	0	3,989	0	0	0
Commissary Sales	42,175	0	0	0	0	0
Miscellaneous Refunds	64,499	0	0	0	0	0
<u>Nonrecurring Items</u>						
Sale of Equipment	14,678	0	0	0	0	0
Damages Recovered from Individuals	0	0	0	0	0	0
Contributions and Gifts	200	0	0	138	0	0
Total Other Local Revenues	236,611 \$	0 \$	3,989 \$	138 \$	0 \$	0
<u>Fees Received from County Officials</u>						
Fees in-Lieu-of Salary County Clerk	317,736 \$	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	\$ 111,658	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
General Sessions Court Clerk	333,859	0	0	0	0	0
Clerk and Master	214,936	0	0	0	0	0
Register	119,253	0	0	0	0	0
Sheriff	13,502	0	0	0	0	0
Trustee	522,092	0	0	0	0	0
<b>Total Fees Received from County Officials</b>	<b>\$ 1,633,036</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Aging Programs	182,862	0	0	0	0	0
State Reappraisal Grant	10,347	0	0	0	0	0
Solid Waste Grants	0	0	22,999	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	15,600	0	0	0	0	0
Drug Control Grants	37,750	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Health Department Programs	17,590	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	31,983	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	29,721	0	0	0	0	0
Beer Tax	17,778	0	0	0	0	0
Alcoholic Beverage Tax	60,758	0	0	0	0	0
Contracted Prisoner Boarding	1,047,025	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0
Petroleum Special 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>					
Registrar's Salary Supplement	\$ 20,475	\$ 0	\$ 0	\$ 0	\$ 0
Other State Grants	15,274	0	0	0	0
Total State of Tennessee	<u>\$ 1,496,163</u>	<u>\$ 0</u>	<u>\$ 22,999</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA - Other	\$ 50,300	\$ 0	\$ 0	\$ 0	\$ 0
Community Development	0	0	0	0	0
Disaster Relief	27,079	0	0	0	0
Homeland Security Grants	130,732	0	0	0	0
ARRA Grant # 1	4,705	0	0	0	0
Other Federal through State	155,520	0	0	0	0
<u>Direct Federal Revenue</u>					
Other Direct Federal Revenue	10,600	0	0	0	0
Total Federal Government	<u>\$ 378,936</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Prisoner Board	\$ 3,924	\$ 0	\$ 0	\$ 0	\$ 0
Contracted Services	42,095	0	0	0	0
Total Other Governments and Citizens Groups	<u>\$ 46,019</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total	<u>\$ 9,927,134</u>	<u>\$ 2,633</u>	<u>\$ 29,293</u>	<u>\$ 751</u>	<u>\$ 7,278</u>

(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	General Debt Service	HUD Grant Projects			
<u>Local Taxes</u>								
County Property Taxes								
Current Property Tax	\$ 0	\$ 1,660,725	\$ 489,193	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,983,460
Trustee's Collections - Prior Year	0	51,892	15,229	0	0	0	0	218,094
Trustee's Collections - Bankruptcy	0	832	244	0	0	0	0	3,496
Circuit/Clerk & Master Collections - Prior Years	0	16,849	4,945	0	0	0	0	70,813
Interest and Penalty	0	10,618	3,116	0	0	0	0	44,630
Payments in-Lieu-of Taxes - Local Utilities	0	0	0	0	0	0	0	156,690
Payments in-Lieu-of Taxes - Other	0	0	946,112	0	0	0	0	955,096
<u>County Local Option Taxes</u>								
Local Option Sales Tax	0	0	88,116	0	0	0	0	88,116
Litigation Tax - General	0	0	0	0	0	0	0	172,100
Litigation Tax - Special Purpose	0	0	0	0	0	0	0	2,633
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	115,083	0	0	0	0	115,083
Business Tax	0	0	0	0	0	0	0	328,911
<u>Statutory Local Taxes</u>								
Bank Excise Tax	0	0	0	0	0	0	0	27,082
Wholesale Beer Tax	0	0	0	0	0	0	0	80,155
Total Local Taxes	\$ 0	\$ 1,740,916	\$ 1,662,038	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,246,359
<u>Licenses and Permits</u>								
<u>Licenses</u>								
Animal Registration	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,156
Cable TV Franchise	0	0	0	0	0	0	0	85,584
<u>Permits</u>								
Beer Permits	0	0	0	0	0	0	0	3,475
Building Permits	0	12,220	0	0	0	0	0	12,220
Other Permits	0	0	0	0	0	0	0	23,454
Total Licenses and Permits	\$ 0	\$ 12,220	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 134,889

(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>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Fines	\$ 0	0	0	0	0	0	12,766
Officers Costs	0	0	0	0	0	0	6,050
Drug Control Fines	0	0	0	0	0	0	613
Drug Court Fees	0	0	0	0	0	0	1,246
District Attorney General Fees	0	0	0	0	0	0	2,951
Data Entry Fee - Circuit Court	0	0	0	0	0	0	790
<u>General Sessions Court</u>							
Fines	0	0	0	0	0	0	33,534
Officers Costs	0	0	0	0	0	0	14,948
Game and Fish Fines	0	0	0	0	0	0	77
Drug Control Fines	0	0	0	0	0	0	2,088
Drug Court Fees	0	0	0	0	0	0	2,260
Jail Fees	0	0	0	0	0	0	4,469
District Attorney General Fees	0	0	0	0	0	0	2,758
DUI Treatment Fines	0	0	0	0	0	0	5,782
Data Entry Fee - General Sessions Court	0	0	0	0	0	0	8,798
<u>Juvenile Court</u>							
Fines	0	0	0	0	0	0	1,257
Courtroom Security Fee	0	0	0	0	0	0	93
<u>Chancery Court</u>							
Officers Costs	0	0	0	0	0	0	5,491
Data Entry Fee - Chancery Court	0	0	0	0	0	0	4,688
<u>Courts in Other District Counties</u>							
District Attorney General Fees	0	0	0	0	0	0	1,569
<u>Other Fines, Forfeitures, and Penalties</u>							
Proceeds from Confiscated Property	0	0	0	0	0	0	360
Other Fines, Forfeitures, and Penalties	0	0	0	0	0	0	6,300
<b>Total Fines, Forfeitures, and Penalties</b>	<b>\$ 0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>118,888</b>

(Continued)

Exhibit K-6

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

	Special Revenue Funds		Debt Service Fund		Capital Projects Fund	Total
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	HUD Grant Projects		
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Solid Waste Disposal Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	2,305
Patient Charges	0	0	0	0	0	5,065
Other General Service Charges	0	0	0	0	0	7,300
<u>Fees</u>						
Copy Fees	0	0	0	0	0	326
Greenbelt Late Application Fee	0	0	0	0	0	250
Telephone Commissions	0	0	0	0	0	31,580
Vending Machine Collections	0	0	0	0	0	149
Constitutional Officers' Fees and Commissions	3,517	0	0	0	0	3,517
Data Processing Fee - Register	0	0	0	0	0	11,072
Data Processing Fee - Sheriff	0	0	0	0	0	2,717
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	920
Data Processing Fee - County Clerk	0	0	0	0	0	2,552
Total Charges for Current Services	\$ 3,517	\$ 0	\$ 0	\$ 0	\$ 0	\$ 67,753
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 37,576	\$ 576,147	\$ 0	\$ 0	\$ 642,776
Lease/Rentals	0	0	0	0	0	89,995
Commissary Sales	0	0	0	0	0	42,175
Miscellaneous Refunds	0	6	0	0	0	64,505
<u>Nonrecurring Items</u>						
Sale of Equipment	0	0	0	0	0	14,678
Damages Recovered from Individuals	0	800	0	0	0	800
Contributions and Gifts	0	0	0	0	0	338
Total Other Local Revenues	\$ 0	\$ 38,382	\$ 576,147	\$ 0	\$ 0	\$ 855,267
<u>Fees Received from County Officials</u>						
<u>Fees in-Lieu-of Salary</u>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 317,736
County Clerk						

(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>Fees Received from County Officials (Cont.)</u>						
<u>Fees in-Lieu-of Salary (Cont.)</u>						
Circuit Court Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	111,658
General Sessions Court Clerk	0	0	0	0	0	333,859
Clerk and Master	0	0	0	0	0	214,936
Register	0	0	0	0	0	119,253
Sheriff	0	0	0	0	0	13,502
Trustee	0	0	0	0	0	522,092
<b>Total Fees Received from County Officials</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>1,633,036</b>
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	9,000
Aging Programs	0	0	0	0	0	182,862
State Reappraisal Grant	0	0	0	0	0	10,347
Solid Waste Grants	0	0	0	0	0	22,999
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	0	0	0	0	0	15,600
Drug Control Grants	0	0	0	0	0	37,750
<u>Health and Welfare Grants</u>						
Health Department Programs	0	0	0	0	0	17,590
<u>Public Works Grants</u>						
Bridge Program	0	540,873	0	0	0	540,873
State Aid Program	0	270,027	0	0	0	270,027
Litter Program	0	0	0	0	0	31,983
<u>Other State Revenues</u>						
Income Tax	0	0	0	0	0	29,721
Beer Tax	0	0	0	0	0	17,778
Alcoholic Beverage Tax	0	0	0	0	0	60,758
Contracted Prisoner Boarding	0	0	0	0	0	1,047,025
Gasoline and Motor Fuel Tax	0	1,811,361	0	0	0	1,811,361
Petroleum Special Tax	0	29,939	0	0	0	29,939

(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>State of Tennessee (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
Registrar's Salary Supplement	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	20,475
Other State Grants	0	0	0	0	0	15,274
Total State of Tennessee	<u>\$ 0</u>	<u>\$ 2,652,200</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,171,362</u>
<u>Federal Government</u>						
<u>Federal Through State</u>						
USDA - Other	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	50,300
Community Development	0	0	0	21,742	0	21,742
Disaster Relief	0	53,749	0	0	0	80,828
Homeland Security Grants	0	0	0	0	0	130,732
ARRA Grant # 1	0	0	0	0	0	4,705
Other Federal through State	0	0	0	0	0	155,520
<u>Direct Federal Revenue</u>						
Other Direct Federal Revenue	0	0	0	0	0	10,600
Total Federal Government	<u>\$ 0</u>	<u>\$ 53,749</u>	<u>\$ 0</u>	<u>\$ 21,742</u>	<u>\$ 0</u>	<u>\$ 454,427</u>
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Prisoner Board	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	3,924
Contracted Services	0	0	0	0	0	42,095
Total Other Governments and Citizens Groups	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 46,019</u>
Total	<u>\$ 3,517</u>	<u>\$ 4,497,467</u>	<u>\$ 2,238,185</u>	<u>\$ 21,742</u>	<u>\$ 0</u>	<u>\$ 16,728,000</u>

Dyer County, Tennessee  
 Schedule of Detailed Revenues -  
 All Governmental Fund Types  
 Discretely Presented Dyer County School Department  
 For the Year Ended June 30, 2010

	General Purpose School	School Federal Projects	Central Cafeteria	School Transportation	Education Capital Projects	Total
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 3,055,680	\$ 0	\$ 0	\$ 1,316,537	\$ 0	\$ 4,372,217
Trustee's Collections - Prior Year	95,849	0	0	41,175	0	137,024
Trustee's Collections - Bankruptcy	1,531	0	0	660	0	2,191
Circuit/Clerk & Master Collections - Prior Years	31,051	0	0	13,370	0	44,421
Interest and Penalty	19,572	0	0	8,425	0	27,997
Payments in-Lieu-of Taxes - T.V.A.	207	0	0	0	0	207
<u>County Local Option Taxes</u>						
Local Option Sales Tax	3,018,334	0	0	0	0	3,018,334
Wheel Tax	807,485	0	0	271,944	0	1,079,429
<u>Statutory Local Taxes</u>						
Interstate Telecommunications Tax	2,428	0	0	0	0	2,428
Total Local Taxes	\$ 7,032,137	\$ 0	\$ 0	\$ 1,632,111	\$ 0	\$ 8,664,248
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	2,058	0	0	0	0	2,058
<u>Permits</u>						
Other Permits	312	0	0	0	0	312
Total Licenses and Permits	\$ 2,370	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,370
<u>Charges for Current Services</u>						
<u>Fees</u>						
Vending Machine Collections	646	0	0	329	0	975
<u>Education Charges</u>						
Tuition - Summer School	1,316	0	0	0	0	1,316
Lunch Payments - Children	0	0	391,691	0	0	391,691
Lunch Payments - Adults	0	0	61,471	0	0	61,471
Income from Breakfast	0	0	50,375	0	0	50,375
A la carte Sales	0	0	203,806	0	0	203,806
Transportation - Other State Systems	0	0	0	2,950	0	2,950
Contract for Administrative Services with Other LEAs	17,655	0	0	0	0	17,655
Contract for Student Support Services with Other LEAs	0	0	0	17,518	0	17,518
Receipts from Individual Schools	4,645	0	5,256	25,325	0	35,226
Total Charges for Current Services	\$ 24,262	\$ 0	\$ 712,599	\$ 46,122	\$ 0	\$ 782,983

(Continued)

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 Transportation	Education Capital Projects	Total
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 142,671	\$ 0	\$ 8,832	\$ 0	\$ 11,416	\$ 162,919
Lease/Rentals	4,292	0	0	0	0	4,292
Sale of Materials and Supplies	2,093	0	0	0	0	2,093
Refund of Telecommunication & Internet Fees (E-Rate)	37,299	0	0	0	0	37,299
Retirees' Insurance Payments	3,373	0	0	0	0	3,373
Miscellaneous Refunds	18,854	0	6,974	3,969	0	29,797
<u>Nonrecurring Items</u>						
Sale of Equipment	0	0	0	16,994	0	16,994
Damages Recovered from Individuals	0	0	0	3,827	0	3,827
<b>Total Other Local Revenues</b>	<b>\$ 208,582</b>	<b>\$ 0</b>	<b>\$ 15,806</b>	<b>\$ 24,790</b>	<b>\$ 11,416</b>	<b>\$ 260,594</b>
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
On-Behalf Contributions for OPEB	\$ 111,185	\$ 0	\$ 0	\$ 0	\$ 0	\$ 111,185
<u>State Education Funds</u>						
Basic Education Program	13,506,218	0	0	606,082	0	14,112,300
Basic Education Program - ARRA	628,700	0	0	0	0	628,700
Early Childhood Education	640,916	0	0	0	0	640,916
School Food Service	0	0	20,145	0	0	20,145
Driver Education	15,988	0	0	0	0	15,988
Other State Education Funds	3,744	0	0	0	0	3,744
Coordinated School Health - ARRA	115,000	0	0	0	0	115,000
Internet Connectivity - ARRA	12,223	0	0	0	0	12,223
Family Resource Centers - ARRA	66,600	0	0	0	0	66,600
Statewide Student Management System (SSMS) - ARRA	8,607	0	0	0	0	8,607
Career Ladder Program	135,406	0	0	0	0	135,406
Career Ladder - Extended Contract - ARRA	74,500	0	0	0	0	74,500
<u>Other State Revenues</u>						
State Revenue Sharing - T.V.A.	719,406	0	0	0	0	719,406
Other State Grants	65,861	0	0	0	0	65,861
Safe Schools - ARRA	10,228	0	0	0	0	10,228
<b>Total State of Tennessee</b>	<b>\$ 16,114,582</b>	<b>\$ 0</b>	<b>\$ 20,145</b>	<b>\$ 606,082</b>	<b>\$ 0</b>	<b>\$ 16,740,809</b>

(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 Transportation	Education Capital Projects	Total
<b>Federal Government</b>						
<u>Federal Through State</u>						
USDA School Lunch Program	0 \$	0 \$	885,150 \$	0 \$	0 \$	885,150
USDA - Commodities	0	0	96,620	0	0	96,620
Breakfast	0	0	295,162	0	0	295,162
USDA - Other	0	0	8,044	0	0	8,044
USDA Food Service Equipment Grant - ARRA	0	0	14,715	0	0	14,715
Vocational Education - Basic Grants to States	0	53,021	0	0	0	53,021
Title I Grants to Local Education Agencies	101,714	683,162	0	0	0	683,162
Special Education - Grants to States	0	1,289,695	0	0	0	1,391,409
Special Education Preschool Grants	0	38,986	0	0	0	38,986
Safe and Drug-free Schools - State Grants	0	10,339	0	0	0	10,339
Eisenhower Professional Development State Grants	0	139,041	0	0	0	139,041
Other Federal through State	0	19,890	0	0	0	19,890
Direct Federal Revenue	60,844	0	0	0	0	60,844
ROTC Reimbursement	162,558	2,234,134	1,299,691	0	0	3,696,383
Total Federal Government	\$ 60,844	\$ 2,234,134	\$ 1,299,691	\$ 0	\$ 0	\$ 3,696,383
<b>Other Governments and Citizens Groups</b>						
<u>Other Governments</u>						
Contributions	0 \$	0 \$	0 \$	0 \$	8,960,000 \$	8,960,000
Total Other Governments and Citizens Groups	0 \$	0 \$	0 \$	0 \$	8,960,000 \$	8,960,000
Total	\$ 23,544,491	\$ 2,234,134	\$ 2,048,241	\$ 2,329,105	\$ 8,971,416	\$ 39,127,387

Exhibit K-8

Dyer County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2010

General Fund

General Government

County Commission

Other Per Diem and Fees	\$	78,000	
Social Security		4,458	
Employer Medicare		1,043	
Audit Services		11,184	
Total County Commission			\$ 94,685

Board of Equalization

Board and Committee Members Fees	\$	2,630	
Total Board of Equalization			2,630

Other Boards and Committees

Board and Committee Members Fees	\$	4,680	
Total Other Boards and Committees			4,680

County Mayor/Executive

County Official/Administrative Officer	\$	81,930	
Secretary(ies)		76,822	
Other Per Diem and Fees		8,400	
Social Security		8,750	
Local Retirement		6,317	
Employer Medicare		2,046	
Advertising		4,255	
Legal Notices, Recording, and Court Costs		17	
Maintenance and Repair Services - Office Equipment		3,112	
Postal Charges		1,829	
Printing, Stationery, and Forms		534	
Travel		1,921	
Other Contracted Services		6,543	
Office Supplies		4,891	
In Service/Staff Development		215	
Total County Mayor/Executive			207,582

County Attorney

County Official/Administrative Officer	\$	1,200	
Social Security		74	
Employer Medicare		17	
Legal Services		44,107	
Total County Attorney			45,398

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Election Commission

County Official/Administrative Officer	\$	61,535	
Deputy(ies)		94,935	
Part-time Personnel		19,798	
Election Commission		18,055	
Election Workers		13,972	
Social Security		10,325	
Medical Insurance		17,500	
Local Retirement		4,025	
Employer Medicare		2,415	
Legal Notices, Recording, and Court Costs		5,009	
Maintenance and Repair Services - Equipment		23,180	
Postal Charges		4,987	
Printing, Stationery, and Forms		3,606	
Travel		9,224	
Office Supplies		4,093	
Other Charges		5,732	
Office Equipment		2,545	
Total Election Commission			\$ 300,936

Register of Deeds

County Official/Administrative Officer	\$	65,472	
Deputy(ies)		66,481	
Social Security		7,198	
Medical Insurance		11,000	
Local Retirement		5,754	
Employer Medicare		1,684	
Dues and Memberships		609	
Postal Charges		308	
Printing, Stationery, and Forms		939	
Travel		1,237	
Other Contracted Services		767	
Data Processing Supplies		13,088	
Office Supplies		944	
Other Charges		19	
Total Register of Deeds			175,500

Planning

County Official/Administrative Officer	\$	47,930
Assistant(s)		17,155
Secretary(ies)		29,297

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Planning (Cont.)

Other Salaries and Wages	\$	668	
Other Per Diem and Fees		16,800	
Social Security		4,934	
Medical Insurance		12,000	
Local Retirement		2,359	
Employer Medicare		1,154	
Contracts with Private Agencies		475	
Dues and Memberships		100	
Legal Notices, Recording, and Court Costs		179	
Postal Charges		200	
Other Contracted Services		9,250	
Office Supplies		965	
In Service/Staff Development		665	
Other Charges		96	
Office Equipment		230	
Total Planning			\$ 144,457

County Buildings

Custodial Personnel	\$	43,402	
Social Security		2,352	
Medical Insurance		10,539	
Employer Medicare		550	
Janitorial Services		50,228	
Maintenance and Repair Services - Buildings		7,145	
Custodial Supplies		11,928	
Drugs and Medical Supplies		355	
Liability Insurance		116,621	
Other Charges		916	
Office Equipment		3,820	
Other Capital Outlay		185,000	
Total County Buildings			432,856

Other General Administration

Communication	\$	16,569	
Contributions		47,000	
Dues and Memberships		5,018	
Maintenance Agreements		8,870	
Maintenance and Repair Services - Buildings		5,992	
Maintenance and Repair Services - Office Equipment		949	
Pest Control		942	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Other General Administration (Cont.)

Electricity	\$	20,780	
Utilities		6,811	
Workers' Compensation Insurance		65,000	
Liability Claims		11,200	
Total Other General Administration			\$ 189,131

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	61,535	
Assistant(s)		57,535	
Social Security		6,819	
Medical Insurance		11,000	
Local Retirement		2,977	
Employer Medicare		1,595	
Postal Charges		249	
Travel		140	
Other Contracted Services		7,631	
Data Processing Supplies		122	
Office Supplies		50	
Premiums on Corporate Surety Bonds		100	
Office Equipment		1,900	
Total Accounting and Budgeting			151,653

Property Assessor's Office

County Official/Administrative Officer	\$	65,472	
Deputy(ies)		144,110	
Other Per Diem and Fees		4,800	
Social Security		12,129	
Medical Insurance		28,683	
Local Retirement		6,915	
Employer Medicare		2,837	
Contracts with Private Agencies		27,969	
Data Processing Services		10,299	
Dues and Memberships		1,295	
Legal Notices, Recording, and Court Costs		74	
Postal Charges		1,256	
Rentals		3,419	
Travel		2,374	
Other Contracted Services		400	
Data Processing Supplies		3,000	

(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.)

Office Supplies	\$	3,411	
In Service/Staff Development		752	
Other Charges		366	
Office Equipment		935	
Total Property Assessor's Office			\$ 320,496

Reappraisal Program

Other Salaries and Wages	\$	29,987	
Other Per Diem and Fees		8,400	
Social Security		1,691	
Medical Insurance		3,525	
Local Retirement		750	
Employer Medicare		396	
Data Processing Services		3,591	
Postal Charges		1,093	
Office Supplies		34	
Total Reappraisal Program			49,467

County Trustee's Office

County Official/Administrative Officer	\$	65,472	
Deputy(ies)		74,160	
Social Security		7,684	
Medical Insurance		13,135	
Local Retirement		4,973	
Employer Medicare		1,797	
Legal Notices, Recording, and Court Costs		319	
Postal Charges		8,440	
Printing, Stationery, and Forms		800	
Travel		1,650	
Other Contracted Services		18,250	
Data Processing Supplies		812	
Office Supplies		826	
In Service/Staff Development		702	
Office Equipment		3,000	
Total County Trustee's Office			202,020

County Clerk's Office

County Official/Administrative Officer	\$	65,472
Deputy(ies)		179,401
Social Security		13,861

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Medical Insurance	\$	31,000	
Local Retirement		7,239	
Employer Medicare		3,242	
Dues and Memberships		634	
Legal Notices, Recording, and Court Costs		242	
Maintenance and Repair Services - Office Equipment		15,997	
Postal Charges		8,000	
Printing, Stationery, and Forms		1,725	
Rentals		1,418	
Travel		108	
Data Processing Supplies		3,007	
Other Supplies and Materials		6,354	
Other Charges		960	
Total County Clerk's Office			\$ 338,660

Other Finance

Communication	\$	8,202	
Maintenance and Repair Services - Buildings		5,100	
Maintenance and Repair Services - Office Equipment		1,145	
Pest Control		795	
Electricity		15,268	
Utilities		4,330	
Refunds		6,584	
Total Other Finance			41,424

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	65,472	
Deputy(ies)		214,010	
Jury and Witness Expense		26,895	
Social Security		15,586	
Medical Insurance		41,500	
Local Retirement		8,004	
Employer Medicare		3,645	
Maintenance and Repair Services - Office Equipment		9,482	
Printing, Stationery, and Forms		10,735	
Travel		4,103	
Data Processing Supplies		8,516	
Office Supplies		5,316	
Other Charges		390	
Total Circuit Court			413,654

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court

Judge(s)	\$	137,272	
Clerical Personnel		24,407	
Social Security		8,260	
Medical Insurance		1,730	
Local Retirement		8,579	
Employer Medicare		2,384	
Dues and Memberships		1,505	
Travel		781	
Other Contracted Services		576	
Office Supplies		601	
Other Charges		364	
Total General Sessions Court			\$ 186,459

Drug Court

Supervisor/Director	\$	9,600	
Probation Officer(s)		3,600	
Social Security		955	
Employer Medicare		223	
Travel		3,918	
Drug Treatment		20,268	
Other Supplies and Materials		356	
Total Drug Court			38,920

Chancery Court

County Official/Administrative Officer	\$	60,016	
Deputy(ies)		138,536	
Social Security		10,996	
Medical Insurance		28,503	
Local Retirement		6,449	
Employer Medicare		2,572	
Advertising		2,733	
Maintenance and Repair Services - Office Equipment		937	
Postal Charges		2,506	
Printing, Stationery, and Forms		6,353	
Rentals		757	
Travel		337	
Other Contracted Services		1,900	
Data Processing Supplies		6,954	
Office Supplies		2,283	
Premiums on Corporate Surety Bonds		1,382	

(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.)

Office Equipment	\$ 3,368	
Total Chancery Court		\$ 276,582

Juvenile Court

Probation Officer(s)	\$ 76,615	
Youth Service Officer(s)	39,840	
Social Security	6,829	
Medical Insurance	13,895	
Local Retirement	1,435	
Employer Medicare	1,597	
Contracts with Government Agencies	110,492	
Contracts with Other Public Agencies	6,127	
Contracts with Private Agencies	1,500	
Dues and Memberships	50	
Maintenance and Repair Services - Office Equipment	438	
Postal Charges	308	
Printing, Stationery, and Forms	324	
Law Enforcement Supplies	275	
Office Supplies	1,563	
In Service/Staff Development	1,234	
Office Equipment	1,097	
Total Juvenile Court		263,619

Other Administration of Justice

Communication	\$ 11,864	
Maintenance and Repair Services - Buildings	1,967	
Maintenance and Repair Services - Office Equipment	1,517	
Pest Control	118	
Other Contracted Services	16,700	
Electricity	26,657	
Office Supplies	884	
Utilities	12,377	
Office Equipment	1,192	
Total Other Administration of Justice		73,276

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$ 75,635
Deputy(ies)	442,029
Investigator(s)	157,993

(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.)

Captain(s)	\$	47,074	
Lieutenant(s)		117,061	
Sergeant(s)		77,771	
Accountants/Bookkeepers		57,505	
Salary Supplements		15,600	
Dispatchers/Radio Operators		206,338	
Other Salaries and Wages		39,383	
Social Security		70,501	
Medical Insurance		194,610	
Unemployment Compensation		9,950	
Local Retirement		19,552	
Employer Medicare		16,488	
Communication		13,151	
Contracts with Government Agencies		3,716	
Contracts with Private Agencies		15,357	
Dues and Memberships		2,000	
Maintenance and Repair Services - Vehicles		21,370	
Pest Control		582	
Postal Charges		4,131	
Printing, Stationery, and Forms		3,705	
Rentals		5,721	
Transportation - Other than Students		1,814	
Travel		5,036	
Data Processing Supplies		978	
Gasoline		93,028	
Law Enforcement Supplies		29,988	
Lubricants		2,603	
Office Supplies		6,010	
Tires and Tubes		12,033	
Uniforms		14,186	
Premiums on Corporate Surety Bonds		65	
Vehicle and Equipment Insurance		9,000	
In Service/Staff Development		12,645	
Motor Vehicles		143,284	
Total Sheriff's Department			\$ 1,947,893

Jail

Assistant(s)	\$	40,156
Deputy(ies)		226,002
Lieutenant(s)		40,907

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Sergeant(s)	\$	91,758	
Accountants/Bookkeepers		82,876	
Medical Personnel		31,500	
Attendants		568,948	
Cafeteria Personnel		60,011	
Other Salaries and Wages		59,094	
Social Security		70,158	
Medical Insurance		132,900	
Local Retirement		8,759	
Employer Medicare		16,408	
Laundry Service		7,503	
Maintenance and Repair Services - Buildings		30,873	
Maintenance and Repair Services - Equipment		12,349	
Medical and Dental Services		18,740	
Drug Treatment		16,999	
Custodial Supplies		17,959	
Drugs and Medical Supplies		27,702	
Electricity		78,958	
Food Preparation Supplies		17,293	
Food Supplies		167,176	
Prisoners Clothing		11,879	
Uniforms		5,262	
Utilities		55,759	
Building and Contents Insurance		60,000	
Liability Insurance		45,000	
Furniture and Fixtures		11,819	
Law Enforcement Equipment		5,833	
Total Jail			\$ 2,020,581

Fire Prevention and Control

County Official/Administrative Officer	\$	40,847
Investigator(s)		17,154
Part-time Personnel		16,000
Social Security		4,045
Medical Insurance		8,000
Disability Insurance		5,426
Local Retirement		1,391
Employer Medicare		946
Communication		2,675
Contracts with Other Public Agencies		30,600

(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.)

Dues and Memberships	\$	15	
Maintenance and Repair Services - Buildings		11	
Maintenance and Repair Services - Equipment		15,996	
Maintenance and Repair Services - Vehicles		4,970	
Postal Charges		150	
Electricity		688	
Utilities		472	
Other Supplies and Materials		64	
Vehicle and Equipment Insurance		5,650	
Workers' Compensation Insurance		16,250	
Other Charges		911	
Other Equipment		6,269	
Total Fire Prevention and Control			\$ 178,530

Disaster Relief

Supervisor/Director	\$	7,023	
Other Salaries and Wages		7,023	
In-Service Training		1,544	
Social Security		914	
Medical Insurance		2,750	
Local Retirement		410	
Employer Medicare		214	
Communication		3,060	
Maintenance and Repair Services - Equipment		123	
Travel		165	
Instructional Supplies and Materials		889	
Office Supplies		579	
In Service/Staff Development		7,000	
Other Charges		1,637	
Office Equipment		150	
State Aid Projects		140,345	
Total Disaster Relief			173,826

County Coroner/Medical Examiner

Contracts with Private Agencies	\$	4,757	
Other Contracted Services		1,387	
Total County Coroner/Medical Examiner			6,144

Other Public Safety

Contracts with Government Agencies	\$	40,000	
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(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Other Public Safety (Cont.)

Contributions	\$	36,328	
Other Contracted Services		30,000	
Electricity		<u>1,377</u>	
Total Other Public Safety			\$ 107,705

Public Health and Welfare

Local Health Center

Medical Personnel	\$	17,280	
Salary Supplements		43,872	
Social Security		1,038	
Medical Insurance		1,500	
Employer Medicare		243	
Communication		4,543	
Janitorial Services		9,587	
Maintenance Agreements		3,330	
Maintenance and Repair Services - Buildings		1,606	
Maintenance and Repair Services - Office Equipment		1,585	
Pest Control		431	
Postal Charges		1,645	
Travel		1,320	
Drugs and Medical Supplies		3,552	
Electricity		14,320	
Office Supplies		9,526	
Utilities		6,054	
Other Supplies and Materials		8,684	
Office Equipment		<u>1,968</u>	
Total Local Health Center			132,084

Rabies and Animal Control

Contributions	\$	<u>79,750</u>	
Total Rabies and Animal Control			79,750

Crippled Children Services

Contributions	\$	<u>2,027</u>	
Total Crippled Children Services			2,027

General Welfare Assistance

Supervisor/Director	\$	26,898	
Equipment Operators		23,455	
Social Security		2,770	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

General Welfare Assistance (Cont.)

Medical Insurance	\$	12,950	
Local Retirement		586	
Employer Medicare		648	
Communication		2,768	
Maintenance and Repair Services - Buildings		364	
Maintenance and Repair Services - Vehicles		374	
Pest Control		372	
Electricity		6,264	
Gasoline		2,397	
Office Supplies		1,105	
Utilities		3,331	
Total General Welfare Assistance			\$ 84,282

Aid to Dependent Children

Salary Supplements	\$	5,500	
Educational Assistants		25,944	
Communication		150	
Maintenance and Repair Services - Buildings		175	
Rentals		3,400	
Travel		2,420	
Electricity		2,356	
Food Supplies		63,395	
Office Supplies		850	
Other Supplies and Materials		1,225	
Total Aid to Dependent Children			105,415

Sanitation Education/Information

Guards	\$	31,269	
Other Salaries and Wages		2,804	
Social Security		1,734	
Medical Insurance		7,300	
Employer Medicare		405	
Communication		482	
Consultants		7,200	
Maintenance and Repair Services - Vehicles		1,163	
Gasoline		3,528	
Other Supplies and Materials		2,051	
Other Charges		1,187	
Total Sanitation Education/Information			59,123

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Other Public Health and Welfare

Other Per Diem and Fees	\$	600	
Social Security		1,788	
Employer Medicare		418	
Other Contracted Services		28,838	
Total Other Public Health and Welfare			\$ 31,644

Social, Cultural, and Recreational Services

Adult Activities

Supervisor/Director	\$	39,767	
Clerical Personnel		62,862	
Social Security		6,283	
Medical Insurance		604	
Unemployment Compensation		213	
Local Retirement		994	
Employer Medicare		1,469	
Dues and Memberships		155	
Maintenance and Repair Services - Office Equipment		165	
Maintenance and Repair Services - Vehicles		911	
Postal Charges		328	
Travel		3,456	
Other Contracted Services		1,986	
Gasoline		5,698	
Office Supplies		1,686	
Other Supplies and Materials		4,760	
Liability Insurance		918	
Other Charges		2,925	
Office Equipment		935	
Total Adult Activities			136,115

Senior Citizens Assistance

Assistant(s)	\$	23,433
Supervisor/Director		30,432
Other Salaries and Wages		29,751
Social Security		4,787
Medical Insurance		11,000
Local Retirement		761
Employer Medicare		1,120
Communication		544
Dues and Memberships		810
Maintenance and Repair Services - Office Equipment		1,702

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Senior Citizens Assistance (Cont.)

Maintenance and Repair Services - Vehicles	\$	487	
Travel		3,095	
Other Contracted Services		13,435	
Gasoline		408	
Office Supplies		158	
Other Supplies and Materials		667	
Tax Relief Program		90,165	
Total Senior Citizens Assistance			\$ 212,755

Libraries

Contributions	\$	130,895	
Total Libraries			130,895

Parks and Fair Boards

Contributions	\$	3,750	
Total Parks and Fair Boards			3,750

Other Social, Cultural, and Recreational

Communication	\$	7,036	
Contributions		95,738	
Dues and Memberships		13,793	
Maintenance and Repair Services - Buildings		3,988	
Maintenance and Repair Services - Office Equipment		1,305	
Pest Control		698	
Electricity		15,989	
Utilities		7,793	
Total Other Social, Cultural, and Recreational			146,340

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$	114,680	
Communication		1,267	
Maintenance and Repair Services - Buildings		3,310	
Maintenance and Repair Services - Office Equipment		3,030	
Pest Control		970	
Travel		4,599	
Electricity		3,397	
Office Supplies		1,708	
Utilities		3,656	
Office Equipment		2,000	
Total Agriculture Extension Service			138,617

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Soil Conservation

Secretary(ies)	\$	23,474	
Social Security		1,393	
Local Retirement		587	
Employer Medicare		326	
Total Soil Conservation			\$ 25,780

Flood Control

Contracts with Other Public Agencies	\$	31,699	
Total Flood Control			31,699

Other Agriculture and Natural Resources

Other Salaries and Wages	\$	7,019	
Social Security		435	
Employer Medicare		102	
Dues and Memberships		651	
Travel		1,146	
Office Supplies		4,924	
Total Other Agriculture and Natural Resources			14,277

Other Operations

Industrial Development

Site Development	\$	79,712	
Total Industrial Development			79,712

ARRA Grant # 1

Temporary Personnel	\$	4,080	
Social Security		79	
Employer Medicare		19	
Drug Treatment		249	
Other Supplies and Materials		63	
Total ARRA Grant # 1			4,490

Miscellaneous

Trustee's Commission	\$	115,092	
Other Charges		9,056	
Total Miscellaneous			124,148

Principal on Debt

General Government

Principal on Notes	\$	39,584	
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(Continued)

Exhibit K-8

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

General Fund (Cont.)

Principal on Debt (Cont.)

General Government (Cont.)

Principal on Capital Leases	\$ 96,899	
Total General Government		\$ 136,483

Interest on Debt

General Government

Interest on Notes	\$ 4,936	
Interest on Capital Leases	2,435	
Total General Government		<u>7,371</u>

Total General Fund		\$ 10,075,521
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Law Library Fund

Administration of Justice

Other Administration of Justice

Library Books/Media	\$ 207	
Trustee's Commission	26	
Total Other Administration of Justice		<u>\$ 233</u>

Total Law Library Fund		233
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Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Attendants	\$ 9,796	
Social Security	607	
Employer Medicare	142	
Communication	350	
Contracts with Government Agencies	16,900	
Contracts with Private Agencies	70,350	
Utilities	921	
Trustee's Commission	63	
Other Charges	897	
Total Sanitation Management		<u>\$ 100,026</u>

Total Solid Waste/Sanitation Fund		100,026
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Drug Control Fund

Public Safety

Drug Enforcement

Confidential Drug Enforcement Payments	\$ 4,000	
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(Continued)

Exhibit K-8

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

Drug Control Fund (Cont.)

Public Safety (Cont.)

Drug Enforcement (Cont.)

Trustee's Commission	\$	8	
Other Charges		<u>500</u>	
Total Drug Enforcement			<u>\$ 4,508</u>

Total Drug Control Fund \$ 4,508

District Attorney General Fund

Administration of Justice

District Attorney General

Communication	\$	2,574	
Dues and Memberships		3,984	
Postal Charges		176	
Travel		836	
Office Supplies		287	
Trustee's Commission		74	
Other Charges		<u>400</u>	
Total District Attorney General			<u>\$ 8,331</u>

Total District Attorney General Fund 8,331

Constitutional Officers - Fees Fund

General Government

Register of Deeds

Printing, Stationery, and Forms	\$	<u>96</u>	
Total Register of Deeds			\$ 96

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$	<u>769</u>	
Total County Trustee's Office			769

County Clerk's Office

Printing, Stationery, and Forms	\$	<u>248</u>	
Total County Clerk's Office			248

Administration of Justice

Circuit Court

Dues and Memberships	\$	804	
Printing, Stationery, and Forms		<u>34</u>	
Total Circuit Court			838

(Continued)

Exhibit K-8

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

Constitutional Officers - Fees Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court

Printing, Stationery, and Forms	\$ 44	
Total General Sessions Court		\$ 44

Chancery Court

Dues and Memberships	\$ 968	
Legal Notices, Recording, and Court Costs	220	
Printing, Stationery, and Forms	34	
Tuition	300	
Total Chancery Court		<u>1,522</u>

Total Constitutional Officers - Fees Fund \$ 3,517

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 75,338	
Accountants/Bookkeepers	35,006	
Communication	3,413	
Data Processing Services	4,807	
Dues and Memberships	4,090	
Evaluation and Testing	600	
Legal Notices, Recording, and Court Costs	1,064	
Maintenance Agreements	2,621	
Postal Charges	576	
Printing, Stationery, and Forms	596	
Travel	1,203	
Electricity	6,966	
Natural Gas	417	
Office Supplies	1,657	
Uniforms	2,657	
Water and Sewer	3,457	
Other Supplies and Materials	4,060	
Total Administration		\$ 148,528

Highway and Bridge Maintenance

Foremen	\$ 38,522
Equipment Operators	237,077
Equipment Operators - Light	107,924
Truck Drivers	162,497
Laborers	138,201

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Overtime Pay	\$	20,303	
Contracts with Private Agencies		333,451	
Rentals		340	
Asphalt - Hot Mix		343,008	
Asphalt - Liquid		66,870	
Concrete		4,664	
Crushed Stone		189,510	
Fertilizer, Lime, and Seed		200	
General Construction Materials		5,472	
Other Road Supplies		33,321	
Pipe - Metal		204,725	
Road Signs		10,293	
Sand		6,160	
Wood Products		742	
Gravel and Chert		82,182	
Other Supplies and Materials		1,484	
Total Highway and Bridge Maintenance			\$ 1,986,946

Operation and Maintenance of Equipment

Mechanic(s)	\$	102,211	
Laborers		31,346	
Diesel Fuel		148,663	
Equipment and Machinery Parts		93,953	
Garage Supplies		11,337	
Gasoline		16,035	
Lubricants		14,816	
Small Tools		4,110	
Tires and Tubes		21,969	
Other Supplies and Materials		3,583	
Total Operation and Maintenance of Equipment			448,023

Other Charges

Liability Insurance	\$	1,959	
Trustee's Commission		54,793	
Vehicle and Equipment Insurance		47,069	
Workers' Compensation Insurance		9,475	
Total Other Charges			113,296

Employee Benefits

Social Security	\$	55,051	
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(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Employee Benefits (Cont.)

Employee and Dependent Insurance	\$ 153,376	
Local Retirement	12,814	
Employer Medicare	<u>12,875</u>	
Total Employee Benefits		\$ 234,116

Capital Outlay

Engineering Services	\$ 27,951	
Bridge Construction	540,873	
Highway Equipment	107,497	
Office Equipment	1,323	
State Aid Projects	270,027	
Other Equipment	21,500	
Other Capital Outlay	<u>134,732</u>	
Total Capital Outlay		1,103,903

Principal on Debt

Highways and Streets

Principal on Capital Leases	\$ <u>38,616</u>	
Total Highways and Streets		38,616

Interest on Debt

Highways and Streets

Interest on Capital Leases	\$ <u>12,824</u>	
Total Highways and Streets		<u>12,824</u>

Total Highway/Public Works Fund \$ 4,086,252

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ <u>285,000</u>	
Total General Government		\$ 285,000

Interest on Debt

General Government

Interest on Bonds	\$ 325,570	
Interest on Notes	<u>35,638</u>	
Total General Government		361,208

(Continued)

Exhibit K-8

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

General Debt Service Fund (Cont.)

Interest on Debt (Cont.)

Education

Interest on Bonds	\$ 1,011,557	
Interest on Other Loans	341,484	
Total Education	<u>1,353,041</u>	\$ 1,353,041

Other Debt Service

General Government

Financial Advisory Services	\$ 24,000	
Trustee's Commission	30,450	
Underwriter's Discount	56,815	
Other Debt Issuance Charges	106,388	
Other Debt Service	912	
Total General Government	<u>218,565</u>	218,565

Education

Legal Services	\$ 94,980	
Loss on Retirement of Debt	1,500,000	
Other Debt Service	250	
Total Education	<u>1,595,230</u>	1,595,230

Total General Debt Service Fund \$ 3,813,044

HUD Grant Projects Fund

Capital Projects

Other General Government Projects

Other Charges	\$ 21,742	
Total Other General Government Projects	<u>21,742</u>	\$ 21,742

Total HUD Grant Projects Fund 21,742

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Contributions	\$ 8,960,000	
Total Education Capital Projects	<u>8,960,000</u>	\$ 8,960,000

Total Education Capital Projects Fund 8,960,000

Total Governmental Funds - Primary Government \$ 27,073,174

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, 2010

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 7,451,551	
Career Ladder Program	86,113	
Career Ladder Extended Contracts	54,483	
Educational Assistants	582,183	
Other Salaries and Wages	2,500	
Certified Substitute Teachers	11,745	
Non-certified Substitute Teachers	88,083	
Social Security	465,184	
State Retirement	474,299	
Life Insurance	9,635	
Medical Insurance	1,195,623	
Unemployment Compensation	18,125	
Local Retirement	6,706	
Employer Medicare	110,674	
Other Fringe Benefits	5,075	
Contracts with Other School Systems	186,874	
Contracts with Private Agencies	6,279	
Maintenance and Repair Services - Equipment	11,978	
Instructional Supplies and Materials	514,011	
Textbooks	370,956	
Other Charges	11,153	
Regular Instruction Equipment	303,659	
Total Regular Instruction Program		\$ 11,966,889

Special Education Program

Teachers	\$ 979,920
Career Ladder Program	13,000
Career Ladder Extended Contracts	1,467
Clerical Personnel	16,383
Educational Assistants	14,171
Social Security	57,964
State Retirement	62,911
Life Insurance	1,082
Medical Insurance	146,120
Local Retirement	877
Employer Medicare	13,734
Other Fringe Benefits	825
Maintenance and Repair Services - Equipment	383
Other Contracted Services	16,892

(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.)

Instructional Supplies and Materials	\$ 29,029	
Other Supplies and Materials	815	
Other Charges	373	
Special Education Equipment	914	
Total Special Education Program		\$ 1,356,860

Vocational Education Program

Teachers	\$ 363,444	
Career Ladder Program	4,000	
Career Ladder Extended Contracts	3,461	
Educational Assistants	15,781	
Social Security	22,401	
State Retirement	23,812	
Life Insurance	446	
Medical Insurance	58,398	
Local Retirement	394	
Employer Medicare	5,239	
Other Fringe Benefits	200	
Other Contracted Services	7,223	
Instructional Supplies and Materials	35,285	
Total Vocational Education Program		540,084

Student Body Education Program

Instructional Supplies and Materials	\$ 2,828	
Other Supplies and Materials	7,765	
Total Student Body Education Program		10,593

Support Services

Attendance

Supervisor/Director	\$ 64,683	
Career Ladder Program	1,000	
Social Security	3,918	
State Retirement	4,398	
Life Insurance	50	
Medical Insurance	9,516	
Employer Medicare	916	
Communication	915	
Travel	2,826	
Other Contracted Services	27,702	

(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.)

Attendance (Cont.)

Other Supplies and Materials	\$ 142	
Total Attendance		\$ 116,066

Health Services

Medical Personnel	\$ 99,129	
Other Salaries and Wages	52,848	
Social Security	9,161	
State Retirement	9,472	
Life Insurance	149	
Medical Insurance	8,722	
Employer Medicare	2,143	
Communication	1,784	
Printing, Stationery, and Forms	494	
Travel	8,781	
Other Contracted Services	2,171	
Drugs and Medical Supplies	15,033	
Other Supplies and Materials	51,995	
Total Health Services		261,882

Other Student Support

Career Ladder Program	\$ 3,000	
Guidance Personnel	185,898	
Clerical Personnel	19,667	
Social Security	12,278	
State Retirement	12,127	
Life Insurance	231	
Medical Insurance	19,623	
Employer Medicare	2,872	
Contracts with Government Agencies	50,031	
Evaluation and Testing	23,804	
Travel	1,371	
Other Supplies and Materials	1,925	
Total Other Student Support		332,827

Regular Instruction Program

Supervisor/Director	\$ 69,397
Career Ladder Program	7,000
Career Ladder Extended Contracts	5,328
Librarians	84,426

(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.)

Materials Supervisor	\$	33,402	
Instructional Computer Personnel		122,535	
Secretary(ies)		32,766	
Educational Assistants		32,765	
Other Salaries and Wages		29,807	
Social Security		24,670	
State Retirement		12,580	
Life Insurance		459	
Medical Insurance		57,209	
Local Retirement		3,535	
Employer Medicare		5,770	
Communication		2,934	
Consultants		57,722	
Contracts with Other School Systems		50,000	
Travel		28,736	
Other Contracted Services		19,186	
Library Books/Media		28,388	
Other Supplies and Materials		28,291	
In Service/Staff Development		36,643	
Other Charges		68	
Other Equipment		8,689	
Total Regular Instruction Program			\$ 782,306

Special Education Program

Supervisor/Director	\$	73,006
Career Ladder Program		3,000
Career Ladder Extended Contracts		5,328
Clerical Personnel		16,701
Social Security		5,647
State Retirement		5,222
Life Insurance		74
Medical Insurance		13,480
Employer Medicare		1,321
Communication		563
Consultants		300
Travel		5,587
Other Contracted Services		398
Other Supplies and Materials		3,314
In Service/Staff Development		16,336

(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.)

Special Education Program (Cont.)

Other Charges	\$ 81	
Total Special Education Program		\$ 150,358

Vocational Education Program

Clerical Personnel	\$ 16,701	
Social Security	908	
Life Insurance	25	
Medical Insurance	4,758	
Employer Medicare	212	
Maintenance and Repair Services - Equipment	1,246	
Travel	7,213	
Other Contracted Services	4,794	
Other Supplies and Materials	5,587	
In Service/Staff Development	828	
Total Vocational Education Program		42,272

Other Programs

On-Behalf Payments to OPEB	\$ 111,185	
Total Other Programs		111,185

Board of Education

Secretary to Board	\$ 2,268	
Board and Committee Members Fees	25,338	
Social Security	1,571	
Employer Medicare	367	
Audit Services	12,298	
Dues and Memberships	8,414	
Legal Services	60,533	
Travel	2,323	
Other Contracted Services	9,439	
Liability Insurance	39,280	
Premiums on Corporate Surety Bonds	384	
Trustee's Commission	150,170	
Workers' Compensation Insurance	72,842	
In Service/Staff Development	8,566	
Criminal Investigation of Applicants - TBI	5,460	
Other Charges	7,304	
Total Board of Education		406,557

(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

County Official/Administrative Officer	\$	135,567	
Career Ladder Program		1,000	
Secretary(ies)		32,765	
Social Security		8,811	
State Retirement		9,457	
Life Insurance		86	
Local Retirement		876	
Employer Medicare		2,647	
Other Fringe Benefits		10,737	
Communication		10,051	
Dues and Memberships		916	
Postal Charges		417	
Travel		7,941	
Other Contracted Services		1,090	
Office Supplies		6,907	
Other Charges		9,365	
Administration Equipment		873	
Total Director of Schools			\$ 239,506

Office of the Principal

Principals	\$	571,250	
Career Ladder Program		17,000	
Career Ladder Extended Contracts		21,312	
Assistant Principals		282,707	
Secretary(ies)		193,565	
Other Salaries and Wages		3,275	
Social Security		63,329	
State Retirement		57,283	
Life Insurance		956	
Medical Insurance		156,224	
Local Retirement		3,038	
Employer Medicare		14,811	
Other Fringe Benefits		275	
Communication		28,377	
Maintenance and Repair Services - Equipment		165	
Travel		13,575	
Other Contracted Services		12,360	
Office Supplies		14,162	
Other Equipment		30,831	
Total Office of the Principal			1,484,495

(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

Accountants/Bookkeepers	\$	39,564	
Purchasing Personnel		53,153	
Clerical Personnel		33,402	
Other Salaries and Wages		33,402	
Social Security		9,319	
Life Insurance		181	
Medical Insurance		20,939	
Local Retirement		3,988	
Employer Medicare		2,179	
Dues and Memberships		414	
Maintenance and Repair Services - Equipment		5,049	
Travel		5,494	
Other Contracted Services		18,609	
Office Supplies		16,952	
Other Charges		3,500	
Administration Equipment		2,037	
Total Fiscal Services			\$ 248,182

Operation of Plant

Custodial Personnel	\$	515,402	
Other Salaries and Wages		734	
Social Security		28,997	
Life Insurance		1,112	
Medical Insurance		118,884	
Unemployment Compensation		7,496	
Local Retirement		5,721	
Employer Medicare		6,782	
Pest Control		3,535	
Disposal Fees		35,039	
Other Contracted Services		93,020	
Custodial Supplies		98,764	
Electricity		665,535	
Natural Gas		171,199	
Water and Sewer		115,029	
Building and Contents Insurance		249,553	
Plant Operation Equipment		1,953	
Total Operation of Plant			2,118,755

(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

Supervisor/Director	\$	53,153	
Secretary(ies)		32,764	
Other Salaries and Wages		305,852	
Social Security		22,879	
Life Insurance		479	
Medical Insurance		52,811	
Local Retirement		7,004	
Employer Medicare		5,351	
Communication		4,253	
Maintenance and Repair Services - Buildings		263,490	
Maintenance and Repair Services - Equipment		70,282	
Other Contracted Services		101,608	
Equipment and Machinery Parts		12,131	
Gasoline		19,886	
Other Supplies and Materials		170,230	
Other Charges		715	
Maintenance Equipment		13,892	
Total Maintenance of Plant			\$ 1,136,780

Operation of Non-Instructional Services

Food Service

Career Ladder Program	\$	1,000	
Social Security		62	
State Retirement		4,575	
Employer Medicare		15	
Food Supplies		6,466	
Total Food Service			12,118

Community Services

Other Salaries and Wages	\$	51,502	
Social Security		2,912	
Life Insurance		50	
Medical Insurance		6,877	
Local Retirement		565	
Employer Medicare		681	
Communication		731	
Travel		3,178	
Other Supplies and Materials		2,568	
Total Community Services			69,064

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education

Teachers	\$ 271,138	
Educational Assistants	107,941	
Certified Substitute Teachers	232	
Non-certified Substitute Teachers	4,160	
Social Security	21,991	
State Retirement	17,396	
Life Insurance	550	
Medical Insurance	59,623	
Local Retirement	374	
Employer Medicare	5,144	
Travel	10,692	
Other Supplies and Materials	140,310	
Other Equipment	22,637	
Total Early Childhood Education		\$ 662,188

Capital Outlay

Regular Capital Outlay

Architects	\$ 41,830	
Other Contracted Services	860	
Building Construction	8,501	
Building Improvements	446,151	
Site Development	103,375	
Transportation Equipment	75,932	
Total Regular Capital Outlay		<u>676,649</u>

Total General Purpose School Fund \$ 22,725,616

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 190,641
Educational Assistants	178,400
Social Security	18,990
State Retirement	11,592
Life Insurance	786
Medical Insurance	97,022
Unemployment Compensation	557
Employer Medicare	4,587
Other Fringe Benefits	553

(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

Instructional Supplies and Materials	\$ 4,249	
Total Regular Instruction Program		\$ 507,377

Special Education Program

Teachers	\$ 152,956	
Clerical Personnel	16,383	
Educational Assistants	433,618	
Speech Pathologist	37,966	
Other Salaries and Wages	2,849	
Certified Substitute Teachers	3,547	
Non-certified Substitute Teachers	11,414	
Social Security	36,122	
State Retirement	14,321	
Life Insurance	1,355	
Medical Insurance	182,381	
Unemployment Compensation	1,280	
Employer Medicare	8,460	
Other Fringe Benefits	3,990	
Contracts with Private Agencies	78,599	
Maintenance and Repair Services - Equipment	980	
Instructional Supplies and Materials	34,484	
Other Supplies and Materials	14,908	
Special Education Equipment	22,550	
Total Special Education Program		1,058,163

Vocational Education Program

Other Contracted Services	\$ 4,741	
Other Supplies and Materials	18,880	
Vocational Instruction Equipment	10,711	
Total Vocational Education Program		34,332

Support Services

Health Services

Other Salaries and Wages	\$ 7,235	
Social Security	449	
State Retirement	451	
Employer Medicare	105	
In Service/Staff Development	2,099	
Total Health Services		10,339

(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.)

Other Student Support

Assessment Personnel	\$	59,685	
Other Salaries and Wages		5,209	
Social Security		3,706	
State Retirement		3,896	
Life Insurance		65	
Medical Insurance		12,399	
Unemployment Compensation		41	
Employer Medicare		867	
Travel		15,591	
Other Supplies and Materials		833	
In Service/Staff Development		401	
Total Other Student Support			\$ 102,693

Regular Instruction Program

Supervisor/Director	\$	41,892	
Other Salaries and Wages		84,765	
Social Security		7,696	
State Retirement		8,131	
Life Insurance		30	
Medical Insurance		5,233	
Unemployment Compensation		365	
Employer Medicare		1,800	
Communication		960	
Operating Lease Payments		216	
Travel		1,806	
Other Supplies and Materials		1,246	
In Service/Staff Development		65,771	
Other Charges		470	
Other Equipment		14,908	
Total Regular Instruction Program			235,289

Special Education Program

Psychological Personnel	\$	51,141	
Other Salaries and Wages		35,804	
Social Security		5,098	
State Retirement		3,283	
Life Insurance		99	
Medical Insurance		8,751	
Unemployment Compensation		165	

(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.)

Employer Medicare	\$	1,192	
Communication		2,404	
Travel		22,155	
Other Contracted Services		19,800	
Other Supplies and Materials		8,000	
In Service/Staff Development		21,000	
Total Special Education Program			\$ 178,892

Vocational Education Program

Travel	\$	375	
In Service/Staff Development		1,295	
Total Vocational Education Program			1,670

Transportation

Transportation Equipment	\$	75,932	
Total Transportation			75,932

Total School Federal Projects Fund \$ 2,204,687

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	70,259	
Accountants/Bookkeepers		32,765	
Cafeteria Personnel		621,604	
Other Salaries and Wages		35,796	
Social Security		44,236	
Life Insurance		1,903	
Medical Insurance		92,898	
Unemployment Compensation		48	
Local Retirement		3,707	
Employer Medicare		10,345	
Communication		4,784	
Data Processing Services		16,453	
Dues and Memberships		580	
Printing, Stationery, and Forms		174	
Transportation - Other than Students		8,432	
Travel		4,185	
Disposal Fees		2,165	

(Continued)

Exhibit K-9

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Permits	\$	640	
Custodial Supplies		11,739	
Food Supplies		741,575	
Uniforms		240	
USDA - Commodities		96,620	
Other Supplies and Materials		50,542	
In Service/Staff Development		751	
Food Service Equipment		37,948	
Total Food Service			\$ 1,890,389

Total Central Cafeteria Fund \$ 1,890,389

School Transportation Fund

Support Services

Board of Education

Trustee's Commission	\$	30,356	
Total Board of Education			\$ 30,356

Operation of Plant

Disposal Fees	\$	2,304	
Electricity		12,797	
Natural Gas		2,801	
Water and Sewer		346	
Total Operation of Plant			18,248

Transportation

Supervisor/Director	\$	53,153	
Mechanic(s)		173,902	
Bus Drivers		743,296	
Clerical Personnel		32,765	
Other Salaries and Wages		16,444	
Social Security		61,850	
Life Insurance		2,575	
Medical Insurance		51,122	
Unemployment Compensation		1,175	
Local Retirement		4,679	
Employer Medicare		14,465	
Communication		4,135	
Maintenance and Repair Services - Vehicles		24,321	

(Continued)

Exhibit K-9

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

School Transportation Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Other Contracted Services	\$ 20,042	
Food Supplies	513	
Gasoline	229,450	
Lubricants	8,977	
Tires and Tubes	30,974	
Vehicle Parts	92,363	
Other Supplies and Materials	66,117	
Vehicle and Equipment Insurance	45,330	
Other Charges	7,233	
Transportation Equipment	530,927	
Total Transportation		\$ 2,215,808

Total School Transportation Fund \$ 2,264,412

Education Capital Projects Fund

Other Debt Service

Education

Legal Services	\$ 10,858	
Printing, Stationery, and Forms	76	
Underwriter's Discount	61,421	
Other Debt Service	26,885	
Total Education		\$ 99,240

Capital Projects

Education Capital Projects

Architects	\$ 132,600	
Communication	248	
Freight Expenses	88	
Printing, Stationery, and Forms	1,489	
Travel	440	
Site Development	4,800	
Total Education Capital Projects		139,665

Total Education Capital Projects Fund 238,905

Total Governmental Funds - Dyer County School Department \$ 29,324,009

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, 2010

	Cities - Sales Tax Fund	Cities - Property Tax Fund	City School ADA - Dyersburg Fund	Total
<u>Cash Receipts</u>				
Current Property Taxes	\$ 0	\$ 0	\$ 2,765,287	\$ 2,765,287
Trustee's Collections - Prior Years	0	0	104,988	104,988
Trustee's Collections - Bankruptcy	0	0	1,333	1,333
Circuit/Clerk and Master Collections - Prior Years	0	2,071	28,224	30,295
Interest and Penalty	0	319	17,746	18,065
Local Option Sales Tax	3,020,717	0	4,593,347	7,614,064
Wheel Tax	0	0	733,531	733,531
Interstate Telecommunications Tax	0	0	2,097	2,097
Marriage Licenses	0	0	1,700	1,700
Other Permits	0	0	153	153
Total Cash Receipts	<u>\$ 3,020,717</u>	<u>\$ 2,390</u>	<u>\$ 8,248,406</u>	<u>\$ 11,271,513</u>
<u>Cash Disbursements</u>				
Remittance of Revenues Collected	\$ 2,990,510	\$ 2,349	\$ 8,137,334	\$ 11,130,193
Trustee's Commission	30,207	41	111,395	141,643
Total Cash Disbursements	<u>\$ 3,020,717</u>	<u>\$ 2,390</u>	<u>\$ 8,248,729</u>	<u>\$ 11,271,836</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0	\$ 0	\$ (323)	\$ (323)
Cash Balance, July 1, 2009	0	0	144,890	144,890
Cash Balance, June 30, 2010	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 144,567</u>	<u>\$ 144,567</u>

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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  
PHONE (615) 401-7841

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

November 9, 2010

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, 2010, which collectively comprise Dyer County's basic financial statements and have issued our report thereon dated November 9, 2010. Our report on the aggregate discretely presented component units financial statements was qualified due to not including the financial statements of the Dyer County Emergency Communications District, which were not available from other auditors as of the date of this report. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Dyer County's internal control over financial reporting 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses: 10.01 and 10.04.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 10.02 and 10.05.

#### Compliance and Other Matters

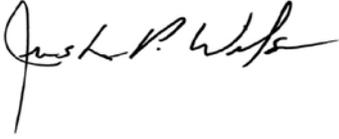
As part of obtaining reasonable assurance about whether Dyer County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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 one instance of noncompliance that is required to be reported under Government Auditing Standards and is described in the accompanying Schedule of Findings and Questioned Costs as item 10.03.

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

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

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 prominent vertical stroke at the beginning.

Justin P. Wilson  
Comptroller of the Treasury

JPW/yu



STATE OF TENNESSEE  
**COMPTROLLER OF THE TREASURY**  
DEPARTMENT OF AUDIT  
DIVISION OF 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

November 9, 2010

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, 2010. 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, 2010.

#### 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Dyer County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency or combination of deficiencies, in internal controls over compliance, such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected, on a timely basis.

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

#### Schedule of Expenditures of Federal Awards

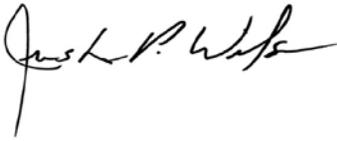
We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Dyer County as of and for the year ended June 30, 2010, and have issued our report thereon dated November 9, 2010. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Dyer County Emergency Communications District, which were not available from other auditors as of the date of this report. 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 response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Dyer County's response and, accordingly, we express no opinion on the response.

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 prominent vertical stroke at the end.

Justin P. Wilson  
Comptroller of the Treasury

JPW/yu

Dyer County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1)  
For the Year Ended June 30, 2010

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 Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	\$ 295,162
National School Lunch Program	10.555	N/A	893,194 (3)
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	96,620 (3)
Child Nutrition Discretionary Grants, Limited Availability	10.579	N/A	14,715
Passed-through State Department of Human Services:			
Summer Food Service Program for Children	10.559	N/A	155,520
Passed-through State Department of Health:			
Commodity Supplemental Food Program	10.565	(4)	50,300
Total U.S. Department of Agriculture			<u>\$ 1,505,511</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants	14.228	GG-07-20546-00	\$ 21,742
Total U.S. Department of Housing and Urban Development			<u>\$ 21,742</u>
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	31601-82310	\$ 9,000
Passed-through State Administrative Office of the Courts:			
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.803	3525	4,705
Total U.S. Department of Justice			<u>\$ 13,705</u>
U.S. Department of Transportation:			
Passed-through State Department of Military:			
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	GG0927357	\$ 8,400
Total U.S. Department of Transportation			<u>\$ 8,400</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 582,344
Title I Grants to Local Educational Agencies, Recovery Act	84.389	N/A	100,396
Special Education Cluster (IDEA):			
Special Education - Grants to States	84.027	N/A	844,101
Special Education - Preschool Grants	84.173	N/A	30,854
Special Education - Grants to States, Recovery Act	84.391	N/A	547,140
Special Education - Preschool Grants, Recovery Act	84.392	N/A	8,132
Career and Technical Education - Basic Grants to States	84.048	N/A	53,021
Safe and Drug-free Schools and Communities - State Grants	84.186	(2)	10,339
Education Technology State Grants Cluster:			
Education Technology State Grants	84.318	N/A	5,750
Education Technology State Grants, Recovery Act	84.386	N/A	14,140
Improving Teacher Quality State Grants	84.367	N/A	139,041
State Fiscal Stabilization Fund Cluster:			
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	N/A	628,700
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	N/A	287,158
Total U.S. Department of Education			<u>\$ 3,251,116</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	(2)	\$ 50,899
Passed-through State Bureau of TennCare:			
Medical Assistance Program	93.778	(2)	8,451
Passed-through Methodist LeBonheur Healthcare Community Outreach:			
Rural Health Care Services Outreach and Rural Health Network Development Program	93.912	D60RH08546	15,274
Total U.S. Department of Health and Human Services			<u>\$ 74,624</u>
U.S. Corporation for National and Community Services:			
Direct Programs:			
Retired and Senior Volunteer Program	94.002	N/A	\$ 57,472
Total U.S. Corporation for National and Community Services			<u>\$ 57,472</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	(5)	\$ 72,428
Homeland Security Grant Program	97.067	GG-08-24126-00	130,732
Total U.S. Department of Homeland Security			<u>\$ 203,160</u>
Total Expenditures of Federal Awards			<u>\$ 5,135,730</u>

<u>State Grants</u>		<u>Contract Number</u>	Expenditures
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	\$ 10,347
Waste Tire Options Grant - State Department of Environment and Conservation	N/A	Z-08-212979-02	22,999
Drug Court Treatment Resources Fund Grant - State Department of Finance and Administration	N/A	4,131	37,750
Preventive Health and Human Services - State Department of Health	N/A	Z-10-219788-01	17,590
Litter Program - State Department of Transportation	N/A	(6)	31,983
Early Childhood Education - State Department of Education	N/A	(2)	640,916
ACT/EXP - Internet Connectivity - State Department of Education	N/A	(2)	3,744
Energy Grant - State Department of Education	N/A	(2)	65,861
Total State Grants			<u>\$ 831,190</u>

CFDA = Catalog of Federal Domestic Assistance

N/A = Not Applicable

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

(2) Information not available.

(3) Total for CFDA No. 10.555 is \$989,814.

(4) GG-09-26172-00: \$11,400; 18632 GG-10-30528-00: \$38,900.

(5) FEMA-1821-DR-TN: \$53,749; 34101-0000000801: \$8,668; 34101-0000003871: \$10,011.

(6) Z-09-212741-00: \$3,419; 4100-24510 Z-10-220323-00: \$28,564.

Dyer County, Tennessee  
Schedule of Audit Findings Not Corrected  
June 30, 2010

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, 2009, which have not been corrected.

**DYER COUNTY AND DYER COUNTY SCHOOL DEPARTMENT**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
09.01	190	Dyer County and the Dyer County School Department do not have the resources to produce financial statements and notes to the financial statements

**OFFICE OF COUNTY MAYOR**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
09.03	192	The courthouse custodial services contract has not been competitively bid since July 1, 2002

**OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
09.04	193	Unclaimed funds were not reported to the state

**OTHER FINDING**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
09.08	195	Duties were not segregated adequately in the Offices of Road Supervisor, 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, 2010**

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**PART I, SUMMARY OF AUDITOR'S RESULTS**

1. Our report on the aggregate discretely presented component units is qualified. Our report on the governmental activities, each major fund, and the aggregate remaining fund information 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 Title I Cluster: Title I Grants to Local Educational Agencies and Title I Grants to Local Educational Agencies, Recovery Act (CFDA Nos. 84.010 and 84.389); the Special Education Cluster: Special Education – Grants to States, Special Education – Preschool Grants, Special Education – Grants to States, Recovery Act, and Special Education – Preschool Grants, Recovery Act (CFDA Nos. 84.027, 84.173, 84.391, and 84.392); and the State Fiscal Stabilization Fund Cluster: State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act and State Fiscal Stabilization Fund (SFSF) – Government Services, Recovery Act (CFDA Nos. 84.394 and 84.397) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Dyer County did not qualify as a low-risk auditee.

## **PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS**

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The written response of the director of schools is paraphrased in this report.

### **DYER COUNTY AND DYER COUNTY SCHOOL DEPARTMENT**

#### **FINDING 10.01      **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 Dyer 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. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report. 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 – Director of Schools**

Dyer County School's 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 schools systems in Tennessee have certified public accountants in their finance department 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 COMMENT

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.

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#### OFFICE OF COUNTY MAYOR

FINDING 10.02      **THE COURTHOUSE CUSTODIAL SERVICES CONTRACT HAS NOT BEEN COMPETITIVELY BID SINCE JULY 1, 2002**  
(Internal Control – Significant Deficiency Under Government Auditing Standards)

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

deficiency exists because management failed to correct the finding noted in prior-year audit reports. Management believes if custodial services were competitively bid it would result in higher costs to the county.

**RECOMMENDATION**

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

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**OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK**

**FINDING 10.03      UNCLAIMED FUNDS WERE NOT REPORTED AND PAID TO THE STATE  
(Noncompliance Under Government Auditing Standards)**

The clerk did not report and pay to the state unclaimed funds (old outstanding checks) totaling \$20,100. At June 30, 2010, Circuit Court had 222 outstanding checks issued before July 1, 2009, totaling \$12,539, and General Sessions Court had 48 outstanding checks totaling \$7,561. The Unclaimed Property Act, Section 66-29-101, et seq., Tennessee Code Annotated, provides that any funds held by the court for more than one year and unclaimed by the owner are considered abandoned. This statute further provides for the funds to be reported and paid to the state Treasurer's Office. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

**RECOMMENDATION**

The clerk should report and pay to the state unclaimed funds held for more than one year as required by state statute.

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**OTHER FINDINGS AND RECOMMENDATIONS**

**FINDING 10.04      DYER COUNTY HAS A MATERIAL RECURRING AUDIT FINDING  
(Internal Control – Material Weakness Under Government Auditing Standards)**

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

<u>Finding Numbers</u>	<u>Description</u>
10.01, 09.01, 08.01	Dyer County does not have the resources to produce financial statements and notes to the financial statements.

The recurring nature of the above-noted finding indicates that management is either unwilling or unable to address the deficiencies. The Local Government Modernization Act of 2005 in Section 9-3-405, Tennessee Code Annotated (TCA), encourages local governments to consider establishing an Audit Committee and further provides that the Comptroller may require that an Audit Committee be established in any local government that (1) is in noncompliance with the accounting and financial reporting standards required by the Governmental Accounting Standards Board, or (2) has recurring findings from the annual audit for three or more consecutive years as determined by the Comptroller to be a material weakness in internal control or material noncompliance under Government Auditing Standards. The responsibilities and duties of an Audit Committee are to address financial and other reporting practices, internal control, compliance with laws and regulations, and ethics.

#### RECOMMENDATION

Dyer County should establish an Audit Committee to address financial and other reporting practices, internal control, compliance with laws and regulations, and ethics. This Audit Committee should provide management with guidance to correct all reported material weaknesses in internal control and material noncompliance. If these findings continue to recur, Dyer County may be required to establish an Audit Committee under the provisions of Section 9-3-405, TCA.

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#### FINDING 10.05

#### **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. Also, this deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

#### RECOMMENDATION

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

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## **BEST PRACTICE**

### **A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING HAS NOT BEEN ADOPTED**

Dyer County does not have 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. The Division of County Audit strongly believes that the adoption of a central system of accounting, budgeting, and purchasing is a best practice that would significantly improve accountability and the quality of services provided to the citizens of Dyer County. Therefore, we recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.

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

There were no findings and questioned costs for federal awards.

**DYER COUNTY, TENNESSEE**  
**AUDITEE REPORTING RESPONSIBILITIES**  
**For the Year Ended June 30, 2010**

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